

WATER FOR PEOPLE
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

**WATER FOR PEOPLE
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Water For People
Denver, Colorado

We have audited the accompanying statements of financial position of Water For People (the Organization) as of December 31, 2007 and 2006, and the related statement of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, changes in its net assets and cash flows of Water For People as of and for the years ended December 31, 2007 and 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the Organization adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of December 31, 2007.

Larson Allen LLP

LarsonAllen LLP

Minneapolis, Minnesota
March 28, 2008



**WATER FOR PEOPLE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006**

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,918,656	\$ 1,399,218
Contributions Receivable	224,583	521,573
Grants Receivable	7,039	15,846
Prepaid Expenses and Other Assets	48,546	34,617
Total Current Assets	2,198,824	1,971,254
PREPAID PENSION ASSET	49,809	-
INVESTMENTS	2,617,003	2,529,012
PROPERTY AND EQUIPMENT, NET	67,868	81,432
Total Assets	\$ 4,933,504	\$ 4,581,698
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 198,163	\$ 180,027
Due to American Water Works Association	8,772	153,871
Deferred Revenue	129,600	4,345
Total Current Liabilities	336,535	338,243
NET ASSETS		
Unrestricted	1,185,314	906,540
Temporarily Restricted	874,594	886,862
Permanently Restricted	2,537,061	2,450,053
Total Net Assets	4,596,969	4,243,455
Total Liabilities and Net Assets	\$ 4,933,504	\$ 4,581,698

See accompanying Notes to Financial Statements.

**WATER FOR PEOPLE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUE				
Contributions, Grants and Sponsorships	\$ 2,742,571	\$ 1,247,998	\$ 5,000	\$ 3,995,569
In-kind Contribution	798,959	-	-	798,959
Special Events, Net of Direct Cost of \$201,177 and \$164,764, Respectively	383,276	28,329	-	411,605
Interest Income	62,174	53,446	3,541	119,161
Unrealized Gain	-	-	75,329	75,329
Realized Gains	-	-	3,138	3,138
Other Income	64,054	100,000	-	164,054
Subtotal	<u>4,051,034</u>	<u>1,429,773</u>	<u>87,008</u>	<u>5,567,815</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,442,041</u>	<u>(1,442,041)</u>	<u>-</u>	<u>-</u>
Total Revenue	5,493,075	(12,268)	87,008	5,567,815
EXPENSE				
Program Services:				
Developing Countries	4,433,734	-	-	4,433,734
Supporting Services:				
Management and General	434,657	-	-	434,657
Fundraising	347,677	-	-	347,677
Total Support Services	<u>782,334</u>	<u>-</u>	<u>-</u>	<u>782,334</u>
Total Expenses	<u>5,216,068</u>	<u>-</u>	<u>-</u>	<u>5,216,068</u>
CHANGE IN NET ASSETS, BEFORE RECOGNITION OF CHANGE IN PENSION LIABILITY	277,007	(12,268)	87,008	351,747
CHANGE IN PENSION LIABILITY				
Adoption of FAS 158	<u>1,767</u>	<u>-</u>	<u>-</u>	<u>1,767</u>
CHANGE IN NET ASSETS	278,774	(12,268)	87,008	353,514
Net Assets - Beginning of Year	<u>906,540</u>	<u>886,862</u>	<u>2,450,053</u>	<u>4,243,455</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,185,314</u></u>	<u><u>\$ 874,594</u></u>	<u><u>\$ 2,537,061</u></u>	<u><u>\$ 4,596,969</u></u>

See accompanying Notes to Financial Statements.

2006

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,036,788	\$ 1,161,718	\$ -	\$ 3,198,506
405,621	-	-	405,621
341,579	-	-	341,579
42,772	76,175	21,665	140,612
-	-	220,924	220,924
7,003	-	-	7,003
79,198	-	-	79,198
<u>2,912,961</u>	<u>1,237,893</u>	<u>242,589</u>	<u>4,393,443</u>
1,202,192	(1,202,192)	-	-
<u>4,115,153</u>	<u>35,701</u>	<u>242,589</u>	<u>4,393,443</u>
3,338,207	-	-	3,338,207
353,037	-	-	353,037
373,866	-	-	373,866
<u>726,903</u>	<u>-</u>	<u>-</u>	<u>726,903</u>
<u>4,065,110</u>	<u>-</u>	<u>-</u>	<u>4,065,110</u>
50,043	35,701	242,589	328,333
-	-	-	-
<u>50,043</u>	<u>35,701</u>	<u>242,589</u>	<u>328,333</u>
<u>856,497</u>	<u>851,161</u>	<u>2,207,464</u>	<u>3,915,122</u>
<u>\$ 906,540</u>	<u>\$ 886,862</u>	<u>\$ 2,450,053</u>	<u>\$ 4,243,455</u>

**WATER FOR PEOPLE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Supporting Services			Total Expenses
	Program Services	Management and General	Fundraising	
	Developing Countries	Total	Total	
EXPENSES				
Salaries and benefits	\$ 1,051,216	\$ 267,121	\$ 139,567	\$ 1,457,904
Country Contributions	2,766,710	-	-	2,766,710
Professional Fees and Contract Services	93,738	36,312	76,104	206,154
Travel and Meetings	77,429	19,462	55,297	152,188
Printing and Publications	92,602	23,276	30,069	145,947
Depreciation	28,814	7,231	3,811	39,856
Telephone	8,901	2,237	1,179	12,317
Insurance	6,030	1,516	799	8,345
Supplies	11,029	2,772	1,461	15,262
Postage	45,211	11,364	5,990	62,565
Other	252,054	63,366	33,400	348,820
Total Expenses	\$ 4,433,734	\$ 434,657	\$ 347,677	\$ 5,216,068

See accompanying Notes to Financial Statements.

**WATER FOR PEOPLE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2006**

	Program Services		Supporting Services		Total Expenses
	Developing Countries	Management and General	Fundraising	Total	
EXPENSES					
Salaries and Benefits	\$ 906,695	\$ 213,527	\$ 185,341	\$ 398,868	\$ 1,305,563
Country Contributions	1,756,274	-	-	-	1,756,274
Professional Fees and Contract Services	374,010	80,467	97,783	178,249	552,260
Travel and Meetings	89,890	9,995	42,458	52,453	142,343
Printing and Publications	60,397	14,018	18,009	32,027	92,423
Depreciation	17,889	4,152	3,588	7,740	25,628
Telephone	9,202	2,136	1,846	3,981	13,183
Insurance	5,825	1,352	1,168	2,520	8,345
Supplies	49,591	11,510	9,947	21,456	71,047
Postage	36,852	8,553	7,392	15,945	52,797
Other	31,582	7,330	6,334	13,664	45,246
Total Expenses	\$ 3,338,207	\$ 353,037	\$ 373,866	\$ 726,903	\$ 4,065,110

See accompanying Notes to Financial Statements.

**WATER FOR PEOPLE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 353,514	\$ 328,333
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Contributed Noncash Assets	(29,179)	(45,778)
Depreciation	39,856	25,604
Gain on Sale of Property and Equipment	(346)	-
Realized Gains on Investments	(3,138)	(7,003)
Unrealized Gain on Investments	(75,329)	(220,924)
Changes in Assets and Liabilities:		
Receivables	305,797	(361,480)
Prepaid Expenses and Other Assets	(13,929)	(16,813)
Prepaid Pension Asset	(49,809)	
Accounts Payable and Accrued Expenses	18,136	60,812
Due to American Water Works Association	(145,099)	59,114
Contributions Payable	-	(10,256)
Deferred Revenue	125,255	(36,655)
Net Cash Provided (Used) by Operating Activities	525,729	(225,046)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	2,410	-
Purchase of Property and Equipment	(26,556)	(18,478)
Proceeds from Sale of Investments	136,141	14,619,327
Purchase of Investments	(118,286)	(13,713,114)
Net Cash Provided (Used) by Investing Activities	(6,291)	887,735
NET INCREASE IN CASH AND CASH EQUIVALENTS	519,438	662,689
Cash and Cash Equivalents - Beginning of Year	1,399,218	736,529
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,918,656	\$ 1,399,218
SUPPLEMENTAL DISCLOSURES		
Noncash Investing Transactions:		
Donated Securities	\$ (27,379)	\$ (15,818)
Donated Property and Equipment	(1,800)	(29,960)
Total Contributed Noncash Assets	\$ (29,179)	\$ (45,778)

See accompanying Notes to Financial Statements.

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 ORGANIZATION

The purpose of Water For People (the "Organization") is to help people in developing countries improve their quality of life by supporting the development of locally sustainable drinking water resources, sanitation facilities and health and hygiene education programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from the payment of Federal income taxes on its related activities under 501(c)(3) of the Internal Revenue Code and has been designated by the Internal Revenue Service as a "publicly supported" organization under Section 509(a) of the Code.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers cash and cash equivalents to include cash in banks, and liquid investments with an original maturity of three months or less.

Investments

Investments are recorded at fair market value.

Property and Equipment

Acquisitions of property and equipment with a cost greater than \$1,000 are capitalized and depreciated on the straight-line basis over the estimated useful life of the related assets (three to five years). Property and equipment is valued at cost if purchased, or fair value if contributed.

Contributions Receivable

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions receivable at December 31, 2007 and 2006 are due within one year.

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Organization reports its net assets as unrestricted, temporarily restricted or permanently restricted based on the donor's intent. The purposes of each class of net assets are as follows:

Unrestricted – Represents net assets available for general operations.

Temporarily Restricted – Includes amounts with specific donor imposed purpose and/or time restrictions.

Permanently Restricted – Includes amounts received from donors which must be held in perpetuity.

Revenue Recognition

The Organization records revenue received as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets become unrestricted when the time restrictions expire, or the funds are used for their restricted purpose and are reported in the accompanying statements of activities as net assets released from restrictions.

Grant Revenue

Grants are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as deferred revenue.

Allocation of Expenses

The Organization's expenses have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments, which subject the Organization to a concentration of credit risk, consist of demand deposits placed with financial institutions. At certain times during 2007 and 2006, the Organization had funds invested with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk of loss in these situations is minimal.

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give and are stated at their net realizable value. As of December 31, 2007 and 2006, there are \$224,583 and \$521,573, respectively, in unconditional promises to give that are expected to be collected in less than one year.

NOTE 5 INVESTMENTS

The investments of the Organization consist of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Mutual Funds	<u>\$ 2,617,003</u>	<u>\$ 2,529,012</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Furniture and Equipment	\$ 110,250	\$ 97,148
Computer Equipment and Software	144,195	135,699
Total	<u>254,445</u>	<u>232,847</u>
Accumulated Depreciation	<u>(186,577)</u>	<u>(151,415)</u>
Total	<u>\$ 67,868</u>	<u>\$ 81,432</u>

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 7 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Bolivia	\$ 36,358	\$ 15,358
Guatemala	11,606	2,978
Honduras	23,706	10,819
Malawi	33,826	64,155
India	1,564	42,657
Africa	28,324	22,489
Ecuador	500	-
Vietnam	9,252	9,252
Dominican Republic	1,000	-
Nicaragua	500	-
Rwanda	3,000	-
Tsunami	21,541	21,541
Country Project ¹	214,269	201,968
Ware Fellowship	384,016	353,480
New Initiatives	60,367	57,010
Other	44,765	85,157
	<u>\$ 874,594</u>	<u>\$ 886,862</u>
Total	<u>\$ 874,594</u>	<u>\$ 886,862</u>

¹ Project to be selected by donor at a later date.

Permanently Restricted Net Assets

Net assets were permanently restricted for the following purposes at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
E&C Johnson Endowment	\$ 2,313,328	\$ 2,242,589
JH Ware Scholarship Fund	113,643	100,000
Endowment Fund	110,090	107,464
Total	<u>\$ 2,537,061</u>	<u>\$ 2,450,053</u>

The E&C Johnson Endowment requires that the market appreciation stay invested permanently restricted and the interest and dividends be temporarily restricted for new initiatives. For the JH Ware Scholarship Fund and the General Endowment Fund, the policy provides for distributing approximately 5 percent of market value, or the interest earned less administrative fees, whichever is less to the general fund of Water For People.

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 8 IN-KIND CONTRIBUTIONS

Contributions of noncash assets (materials and equipment) are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

The Organization received contributed services and rent from the American Water Works Association (the "Association") for the years ended December 31, 2007 and 2006. The Organization also received donated legal services for the years ended December 31, 2007 and 2006. These in-kind contributions benefited program and supporting services as summarized in the accompanying statements of functional expenses. Beginning in 2007, Water For People began the World Water Corp initiative which utilizes volunteer time and services to further project activities in its program countries. An estimate of the value of volunteer time and expenses has been included as in-kind contributions. The total in-kind contributions consist of the following for the years ended December 31, 2007 and 2006:

	2007	2006
Donated Services ²	\$ 168,616	\$ 181,785
Rent	82,982	79,790
Legal Services	26,777	61,823
Donated Goods	49,161	82,223
World Water Corp	471,423	-
Total	\$ 798,959	\$ 405,621

² Includes receptionist, pension audit and actuarial costs, business insurance, internet service, etc.

NOTE 9 RELATED PARTIES

American Water Works Association

The Organization is affiliated with the American Water Works Association (the "Association"). One member of the Association's Board of Directors serves along with 29 other Directors on the Organization's Board of Directors.

The Association provided the Organization with in-kind contributions totaling \$251,598 and \$261,575 for the years ended December 31, 2007 and 2006, respectively, as detailed in Note 8. In addition, the Association provided the Organization with cash contributions totaling \$113,489 and \$169,900 for the years ended December 31, 2007 and 2006, respectively.

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 9 RELATED PARTIES (CONTINUED)

American Water Works Association (Continued)

At December 31, 2007 and 2006, the Organization was owed \$56 from the Association and indebted to the Association \$153,871, respectively.

Water For People - Canada

The Organization is affiliated with Water For People - Canada (the "WFPC"). One of the nine members on the WFPC board of directors also serves along with 29 other Directors on the Organization's Board of Directors. The Organization provides support in the form of administrative services and facilities for the benefit of WFPC. Expenditures made by the Organization, at no charge to WFPC, totaled \$-0- and \$22,029 for the years ended December 31, 2007 and 2006, respectively. In addition, WFPC provided the Organization with cash contributions in support of projects totaling \$227,022 and \$80,502 for the years ended December 31, 2007 and 2006, respectively.

NOTE 10 COMMITMENTS

Operating Lease

During 2007, the Organization began renting an office copier which will expire in 2011. In 2007, rent expense for the lease totaled \$3,796.

Minimum annual rental payments under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$ 5,061
2009	5,061
2010	5,061
2011	1,265
Total	<u>\$ 16,448</u>

Software Contract

In 2007, the Organization signed a contract for fundraising software which will expire at the end of 2010. In 2007, contract expense totaled \$17,513.

Minimum annual payments under this contract are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$ 17,513
2009	17,513
2010	17,513
Total	<u>\$ 52,539</u>

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 11 EMPLOYEE BENEFIT PLAN

Water For People, American Water Works Association (the Association) and Awwa Research Foundation (the Foundation) participate in a common defined benefit pension plan (the Plan) to provide pension benefits to substantially all employees. The Plan was amended as January 1, 2007 approving Water For People as a participating employer in the Plan and participation in the Plan by Water For People employees. Water For People employees and accumulated benefits were transferred from the Association on January 1, 2007. Benefits under the Plan are based upon the participant's length of service and level of compensation. Water For People's policy is to make periodic contributions in conformity with minimum funding requirements.

Effective December 31, 2007, the participating employers froze the defined benefit pension plan for all participants. There was a curtailment on February 28, 2007 due to this amendment. The effect of the curtailment was to reduce the remaining prior service cost and unrecognized gain/(loss) and is reflected in the disclosures.

Water For People adopted the recognition provisions of Statement of Financial Accounting Standards No. 158 (FAS 158), *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of December 31, 2007 which requires that the funded status of defined benefit pension and other postretirement plans be fully recognized in the statement of financial position. The incremental effects of applying FAS 158 on individual line items in the statement of financial position as of that date are as follows:

	Before Application	Adjustment	After Application
Prepaid Pension Asset	\$ 51,576	\$ (1,767)	\$ 49,809

A pension asset at December 31, 2007 of \$49,809 is recognized in the Statement of Financial Position.

The measurement dates used for the Plan disclosures are as of December 31, 2007.

The changes in the projected benefit obligation are as follows:

Change in Projected Benefit Obligation

Projected Benefit Obligation at Beginning of Year	\$ -
Liability Transferred in Connection with Transfer of Employees*	732,726
Service Cost	14,394
Interest Cost	39,437
Settlements/Curtailments	(130,418)
Benefits Paid	(860)
Actuarial (Gain) Loss	(6,706)
	(6,706)
Projected Benefit Obligation at End of Year	\$ 648,573

* "Transfer of Employees" represents former Association employees who became Water For People employees during 2007 and whose prior benefit obligation and prior investment values transferred to Water For People.

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 11 EMPLOYEE BENEFIT PLAN (CONTINUED)

Change in Plan Assets

Fair Value of Plan Assets at Beginning of Year	\$	-
Employer Contributions		124,021
Benefits Paid		(860)
Assets Transferred in Connection with Transfer of Employees*		533,448
Actual Return on Plan Assets		41,772
		<u>41,772</u>
Fair Value of Plan Assets at End of Year	\$	<u>698,382</u>

Funded Status of the Plan

Benefit Obligation	\$	648,573
Fair Value of Plan Assets		<u>698,382</u>

Excess of Fair Value Over Benefit Obligation of Plan Assets	\$	<u>49,809</u>
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Components of Net Periodic Benefit Costs

Service Cost	\$	14,394
Interest Cost		39,437
Expected Return on Plan Assets		(47,807)
Amortization of Unrecognized Actuarial Net Loss		6,722
		<u>6,722</u>
Net Periodic Pension Cost	\$	<u>12,747</u>

Overfunded Plan Information

Projected Benefit Obligation at End of Year	\$	648,573
Accumulated Benefit Obligation at End of Year		648,573
Fair Value of Assets at End of Year		698,382

Weighted average assumptions used to determine net periodic benefit cost are as follows:

Actuarial Assumptions

Assumptions Used to Determine Benefit Obligations at December 31:		
Assumed Discount Rate		6.40%
Assumptions Used to Determine Benefit Obligations for Years Ended December 31:		
Assumed Discount Rate		6.00%
Expected Long-Term Return on Plan Assets		7.50%

**WATER FOR PEOPLE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 11 EMPLOYEE BENEFIT PLAN (CONTINUED)

Basis Used to Determine Expected Long-Term Rate of Return

The determination of the long-term rate of return on assets was developed based on the mix of assets in the portfolio. Based on an overall mix of 65 percent of plan assets invested in equities with an expected long-term rate of return of 8.53 percent, and 35 percent of plan assets invested in fixed income investments with an expected long-term rate of return of 5.77 percent, the overall long-term rate of return is 7.5 percent.

Investment Policies and Strategies, Including Target Allocations

The investment policy for the plan is to have approximately 65 percent of the plan's assets in equity funds and approximately 35 percent in fixed income investments. The percentage of the fair value of total plan assets held as of December 31, 2007 (the measurement date) by asset category is as follows:

Asset Category	
Equity	63 %
Debt	29
Other	8
	100 %

Water For People attempts to mitigate investment risk by rebalancing between debt and equity classes as the contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains and losses, such gains and losses would not be realized unless the investments are sold.

Expected Water For People contributions in fiscal year 2008 are \$12,000. Estimated future benefit payments are as follows:

December 31, 2008	\$	25,891
December 31, 2009		30,755
December 31, 2010		35,657
December 31, 2012		44,314
Years Ended December 31, 2013 through 2017		292,804

NOTE 12 SUBSEQUENT EVENTS

On March 20, 2008, Water For People entered into a 36 month subscription license with NetSuite, software as a service vendor, totaling approximately \$159,000. Additionally, Water For People entered into an agreement with Next Business Systems to assist Water For People staff to implement NetSuite services, with a term of approximately 120 days totaling \$80,000 plus out-of-pocket costs.