

WATER FOR PEOPLE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

**WATER FOR PEOPLE
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YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Water For People
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Water For People, which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of thirteen country programs which statements reflect total assets of \$1,844,407 and \$2,375,802 as of September 30, 2014 and 2013, respectively, and total support and revenues of \$9,510,855 and \$7,841,199, respectively, for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the thirteen country programs, is based solely on the reports of the other auditors. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Water For People as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The management discussion and analysis on pages 3 to 8, the consolidating statement of financial position, the consolidating statement of activity and the cost of programs schedule on pages 27 through 31, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 10, 2015

MANAGEMENT DISCUSSION AND ANALYSIS
SUPPLEMENTARY INFORMATION



water for people
everyone | forever

BEHIND THE NUMBERS

FISCAL YEAR 2014





WHO WE ARE

Water For People has a small global footprint, yet a large global vision. We want a world where no one dies from water or sanitation-related disease; where Everyone has access to safe drinking water and sanitation, Forever. To achieve our vision of ***Everyone Forever (EF)***, Water For People is:

- 1 | Working with mayors in **30 districts across nine countries** to reach every household (4 million people), every school, and every clinic in the district in the next four years. No one is left out.
- 2 | **Unlocking local funds** by leveraging charitable donations with local investment.
- 3 | Reinforcing local institutions and stimulating local capital markets to ensure **long-term systems change** and aid independence.
- 4 | Monitoring whether water is flowing and sanitation services are accessed by **Everyone** and will continue to be—**Forever**.
- 5 | Creating **scalable momentum** driving towards national coverage in at least four countries where we work.
- 6 | **Accelerating EF** around the world.

EVERYONE FOREVER MOMENTUM

In 2014, when the majority of our 30 districts reached 55% or greater coverage, demonstrating a clear line of sight to reaching Everyone in the next four years. This success has caught the attention of neighboring districts, national ministries, and neighboring countries. Examples of our progress in 2014 include:

Water For People EF Investment

Three years of monitoring data (2012-2014) across all target districts allow us to see significant changes in our **EF** program across a very diverse global landscape.

- a. Most notably in Bolivia, 6 districts went from 14% to 82% water coverage; a 68% increase.
- b. In Rwanda, two districts went from 14% to 57% water coverage; a 43% increase. With the local government committing to 45% of the costs, the path to full coverage is closer than ever.
- c. In India, two districts reached 64% water coverage, up 24% with the local government contributing 32% of total costs.
- d. Even more important, sustainability of the water systems has increased from 20% to 56% globally, confirming that the investments we make today have the real potential to last Forever, freeing districts from a cycle of aid dependency.
- e. On the sanitation side, our Sanitation as a Business programs supporting sanitation entrepreneurs has helped increase coverage from 7% to 61% across our country programs. In large part, this growth is achieved using the power of local capital markets.

National EF Influence

Within the nine countries where Water For People works, momentum around **EF** is extending beyond the 30 districts. There are 76 additional districts interested in implementing **EF** representing an additional 105 million people. Most significantly:

- a. In Bolivia, Water For People signed an agreement with 41 other districts to replicate **EF**. The Vice Minister of Water and Environment in La Paz is looking to replicate **EF** across Bolivia, pushing it closer to national policy.
- b. In Honduras, there are an additional 19 districts interested in implementing **EF**, scaling it to one third of the country.
- c. In Rwanda, eight additional districts formally requested support from Water For People to implement **EF**.

Global EF Influence

Momentum around **EF** is extending beyond the nine countries where Water For People works with the potential to impact tens of millions of people.

- a. A group of five mayors from Kenya traveled to the Rulindo district of Rwanda to learn the principles of **EF** to bring back to their districts in Kenya.
- b. In Ghana, 64 districts (30% of the country) are interested in implementing **EF** through our alliance with IRC and AKVO.
- c. In Liberia, there is interest at a national level to implement **EF** across all 68 districts.

GLOBAL SUSTAINABILITY OF WATER SYSTEMS HAS INCREASED FROM

20%



56%

RE-BALANCE ORGANIZATIONALLY

In 2014, Water For People was able to recoup the 2013 deficit with a \$1.7 million surplus in unrestricted cash. With four months of unrestricted operating reserves, we were able to grow our 2015 budget to \$17.3 million, on our way to our annual operating goal of \$25 million. This increased funding in 2014 is a direct result of greater investment in our sales team, clarity of our programmatic goals, and demonstrated impact. Other investments in 2014 include:

- Building our brand through strategic partnerships with TOMS and American Standard
- Enhancing our risk and compliance department to stay ahead of a growing and increasingly complex funding base
- Expanding the global finance team to effectively oversee and support our nine country programs

Other areas to pay attention to as we grow:

- Managing our growth with greater investment in technology and staff capacities
- Preparing for the impacts of increased global instability, both natural and man-made
- Understanding our costs to ensure efficiency and effectiveness of our investments
- Maintaining the highest standards of practice in accountability and transparency





ACCELERATOR

THE (NEAR-TERM) FUTURE

In the next five years, the **EF** movement will continue to grow as new districts reach full coverage in water and sanitation. It is a critical time to look more broadly to meet the demands of our global vision. We've made several key strategic business decisions:

- 1 |** Frustrated with the pace of change, Water For People felt it was time to take **EF** to the next level. In 2015, Water For People will launch a new initiative called **Everyone Forever** Accelerator dedicated to creating a global **EF** movement across the water and sanitation sector. Ned Breslin will transition from CEO of Water For People and double down on this new effort. Ned's drive for bigger, bolder, transformative programming in the WASH sector and philanthropy as a whole is just what this effort needs to succeed. Water For People will name a new CEO in 2015.
- 2 |** It will cost \$125 million to reach **EF** in the 30 districts where we work. To this end, we are building a group of global partners with the ability to give \$1 million or more over five years, to help secure a commitment to our vision.
- 3 |** Water For People can't do this alone, so we will continue to prioritize unlocking local funds. We have been successful in leveraging, on average, 35% from local governments, annually.
- 4 |** A renewed investment in our Re-imagining Reporting platform allows us to see and share the impact of our work with our funders and partners, ensuring we build on positive results and learn from negative ones.
- 5 |** Water For People is growing our unrestricted reserves to \$5 million. This will allow us to innovate, invest, and push our mission when we see opportunities.

It was a great year. Without the trust and support of all our donors, champions and local partners around the world, we would never have made such significant progress. Thank you for joining us on a journey that does not end until water and sanitation poverty is eradicated for ***Everyone Forever.*** It is a big goal, but as we all know the alternative is unacceptable.

Susan N. Dorsey, CFO



water for people
everyone | forever

**WATER FOR PEOPLE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013**

| | 2014 | 2013 |
|--|---------------|--------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 6,367,832 | \$ 3,372,075 |
| Current Contributions Receivable | 1,257,072 | 2,571,391 |
| Prepaid Expenses and Other Assets | 249,034 | 282,285 |
| Total Current Assets | 7,873,938 | 6,225,751 |
| INVESTMENTS | 1,312,820 | 1,084,065 |
| LONG-TERM CONTRIBUTIONS RECEIVABLE, NET | 463,669 | 464,775 |
| PROPERTY AND EQUIPMENT, NET | 592,923 | 609,160 |
| Total Assets | \$ 10,243,350 | \$ 8,383,751 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 1,602,531 | \$ 1,607,883 |
| Deferred Rent | 132,254 | 66,269 |
| Total Current Liabilities | 1,734,785 | 1,674,152 |
| PENSION LIABILITY | 167,391 | 140,958 |
| NET ASSETS | | |
| Unrestricted: | | |
| Designated | - | 72,247 |
| Unrestricted, Undesignated | 5,750,110 | 2,875,253 |
| Temporarily Restricted | 2,591,064 | 3,621,141 |
| Total Net Assets | 8,341,174 | 6,568,641 |
| Total Liabilities and Net Assets | \$ 10,243,350 | \$ 8,383,751 |

See accompanying Notes to Consolidated Financial Statements.

WATER FOR PEOPLE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

| | 2014 | | | Total |
|--|---------------------|---------------------------|---------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| REVENUE | | | | |
| Contributions, Grants and Sponsorships | \$ 16,185,057 | \$ 1,281,956 | \$ - | \$ 17,467,013 |
| In-Kind Contributions | 386,091 | - | - | 386,091 |
| Special Events | 342,076 | - | - | 342,076 |
| Interest Income | 23,916 | - | - | 23,916 |
| Unrealized Gain | (3,504) | - | - | (3,504) |
| Other Income | 300,458 | - | - | 300,458 |
| Subtotal | <u>17,234,094</u> | <u>1,281,956</u> | <u>-</u> | <u>18,516,050</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | <u>2,312,033</u> | <u>(2,312,033)</u> | <u>-</u> | <u>-</u> |
| Total Revenue | 19,546,127 | (1,030,077) | - | 18,516,050 |
| EXPENSE | | | | |
| Program Services | 12,976,772 | - | - | 12,976,772 |
| Supporting Services: | | | | |
| Management and General | 2,112,854 | - | - | 2,112,854 |
| Fundraising | 1,653,891 | - | - | 1,653,891 |
| Total Support Services | <u>3,766,745</u> | <u>-</u> | <u>-</u> | <u>3,766,745</u> |
| Total Expense | <u>16,743,517</u> | <u>-</u> | <u>-</u> | <u>16,743,517</u> |
| CHANGE IN NET ASSETS | 2,802,610 | (1,030,077) | - | 1,772,533 |
| Net Assets - Beginning of Year | <u>2,947,500</u> | <u>3,621,141</u> | <u>-</u> | <u>6,568,641</u> |
| NET ASSETS - END OF YEAR | <u>\$ 5,750,110</u> | <u>\$ 2,591,064</u> | <u>\$ -</u> | <u>\$ 8,341,174</u> |

See accompanying Notes to Consolidated Financial Statements.

**WATER FOR PEOPLE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

| | 2013 | | | Total |
|--|---------------------|---------------------------|---------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| REVENUE | | | | |
| Contributions, Grants and Sponsorships | \$ 8,497,807 | \$ 4,388,588 | \$ - | \$ 12,886,395 |
| In-Kind Contributions | 408,117 | - | - | 408,117 |
| Special Events | 445,162 | - | - | 445,162 |
| Interest Income | 21,037 | 885 | - | 21,922 |
| Unrealized Gain | (2,717) | 4,118 | - | 1,401 |
| Other Income | (214,000) | - | - | (214,000) |
| Subtotal | <u>9,155,406</u> | <u>4,393,591</u> | <u>-</u> | <u>13,548,997</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | <u>4,873,503</u> | <u>(4,758,503)</u> | <u>(115,000)</u> | <u>-</u> |
| Total Revenue | 14,028,909 | (364,912) | (115,000) | 13,548,997 |
| EXPENSE | | | | |
| Program Services | 12,060,589 | - | - | 12,060,589 |
| Supporting Services: | | | | |
| Management and General | 1,434,208 | - | - | 1,434,208 |
| Fundraising | 1,256,393 | - | - | 1,256,393 |
| Total Support Services | <u>2,690,601</u> | <u>-</u> | <u>-</u> | <u>2,690,601</u> |
| Total Expense | <u>14,751,190</u> | <u>-</u> | <u>-</u> | <u>14,751,190</u> |
| CHANGE IN NET ASSETS | (722,281) | (364,912) | (115,000) | (1,202,193) |
| Net Assets - Beginning of Year | <u>3,669,781</u> | <u>3,986,053</u> | <u>115,000</u> | <u>7,770,834</u> |
| NET ASSETS - END OF YEAR | <u>\$ 2,947,500</u> | <u>\$ 3,621,141</u> | <u>\$ -</u> | <u>\$ 6,568,641</u> |

See accompanying Notes to Consolidated Financial Statements.

WATER FOR PEOPLE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2014

| EXPENSES | Program Services | Management and General | Fundraising | Total |
|--|----------------------|---------------------------|---------------------|----------------------|
| Salaries and Benefits | \$ 4,092,101 | \$ 1,000,474 | \$ 876,570 | \$ 5,969,145 |
| Direct Program Expenses and Country Contributions | 6,034,259 | - | - | 6,034,259 |
| Professional Fees and Contract Services | 895,035 | 264,250 | 141,237 | 1,300,522 |
| Training, Travel and Meetings | 499,651 | 346,726 | 104,218 | 950,595 |
| Printing, Publications and Website | 87,888 | 13,351 | 13,580 | 114,819 |
| Rent / Occupancy | 332,905 | 78,541 | 69,697 | 481,143 |
| Depreciation | 163,782 | 41,387 | 37,785 | 242,954 |
| Telephone | 90,584 | 14,742 | 10,528 | 115,854 |
| Insurance | 59,471 | 15,621 | 14,475 | 89,567 |
| Technology and Supplies | 134,164 | 37,762 | 35,865 | 207,791 |
| Postage | 25,107 | 7,790 | 7,924 | 40,821 |
| Special Events Expense | - | - | 122,638 | 122,638 |
| In-Kind Expenses | 220,306 | 81,758 | 84,028 | 386,092 |
| Other | 341,519 | 210,452 | 135,346 | 687,317 |
| Total Expenses | <u>\$ 12,976,772</u> | <u>\$ 2,112,854</u> | <u>\$ 1,653,891</u> | <u>\$ 16,743,517</u> |

See accompanying Notes to Consolidated Financial Statements.

WATER FOR PEOPLE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2013

| EXPENSES | Program Services | Management and General | Fundraising | Total |
|--|----------------------|---------------------------|---------------------|----------------------|
| Salaries and Benefits | \$ 4,945,705 | \$ 523,663 | \$ 349,109 | \$ 5,818,477 |
| Direct Program Expenses and Country Contributions | 5,143,073 | 143,018 | 95,345 | 5,381,436 |
| Professional Fees and Contract Services | 374,030 | 107,106 | 75,535 | 556,671 |
| Training, Travel and Meetings | 668,157 | 70,746 | 47,164 | 786,067 |
| Printing, Publications and Website | 156,763 | 16,599 | 11,066 | 184,428 |
| Rent / Occupancy | 347,183 | 36,761 | 24,507 | 408,451 |
| Depreciation | 12,649 | 164,442 | 75,896 | 252,987 |
| Telephone | 6,998 | 76,981 | 55,986 | 139,965 |
| Insurance | 3,920 | 43,124 | 31,363 | 78,407 |
| Technology and Supplies | 16,596 | 182,555 | 132,768 | 331,919 |
| Postage | 43,628 | 4,619 | 3,080 | 51,327 |
| Special Events Expense | - | - | 257,463 | 257,463 |
| In-Kind Expenses | 326,494 | 20,406 | 61,218 | 408,118 |
| Other | 15,393 | 44,188 | 35,893 | 95,474 |
| Total Expenses | <u>\$ 12,060,589</u> | <u>\$ 1,434,208</u> | <u>\$ 1,256,393</u> | <u>\$ 14,751,190</u> |

See accompanying Notes to Consolidated Financial Statements.

WATER FOR PEOPLE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

| | 2014 | 2013 |
|---|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,772,533 | \$ (1,202,193) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 242,954 | 252,987 |
| Unrealized Gain on Investments | 3,504 | (1,401) |
| Changes in Assets and Liabilities: | | |
| Receivables | 1,315,425 | (919,594) |
| Prepaid Expenses and Other Assets | 33,251 | 41,291 |
| Accounts Payable and Accrued Expenses | (5,352) | 669,582 |
| Deferred Rent | 65,985 | 66,269 |
| Pension Liability | 26,433 | (117,624) |
| Net Cash Provided (Used) by Operating Activities | 3,454,733 | (1,210,683) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (226,717) | (468,987) |
| Proceeds from Sale of Investments | 730,237 | 2,599,265 |
| Purchase of Investments | (962,496) | (818,559) |
| Net Cash Provided (Used) by Investing Activities | (458,976) | 1,311,719 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,995,757 | 101,036 |
| Cash and Cash Equivalents - Beginning of Year | 3,372,075 | 3,271,039 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 6,367,832 | \$ 3,372,075 |

See accompanying Notes to Consolidated Financial Statements.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

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. Water For People's does this through a model called Everyone, Forever.

Success is defined as every household, every school, and every public health facility/clinic in the regions where Water For People works, have access to improved water and sanitation services. To do this, financial, physical, and operational investments are made by local and national governments, community residents, and other organizations to address current and future challenges of water systems and services. Development agencies monitor field results for at least 10 years, but the monitoring capacity and responsibility are firmly embedded within communities and government. Data and results are publicly available to everyone through Water For People's visually dynamic reporting platform, Re-Imagine Reporting.

Everyone, Forever programming grows from full coverage at district levels to national level and beyond, freeing countries from water and sanitation aid dependency. This way of working allows Water For People to think and act beyond toilets and beyond today to focus instead on building a foundation for the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements include the accounts of the Water For People country offices in Malawi, Bolivia, Guatemala, Honduras, India, Rwanda, Central America's Regional Office (CAMRO), Peru, South America's Regional Office (SAMRO), Uganda, Ecuador, Nicaragua, and Africa's Regional Office (AFRO) (included in 'Other'). The accounts of these country offices are consolidated due to the control the Denver office has over the offices. All material intercompany activity has been eliminated. During the fiscal year ended September 30, 2014, CAMRO and Ecuador closed operations.

Basis of Accounting

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

Estimates

The preparation of consolidated 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.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (IRS) as a “publicly supported” organization under Section 509(a) of the Code.

The Organization follows the guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements. The Organization has no current obligation for unrelated business income tax. The Organization files as a tax-exempt organization. The Organization’s 2011, 2012 and 2013 tax years are open for examination by the IRS.

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.

Fair Value Measurements

The Organization follows a policy that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The Organization accounts for its investments at fair value. In accordance with the policy, the Organization has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The Organization follows a policy allowing the option of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value, however may elect to measure newly acquired financial instruments at fair value in the future.

Investments

Investments consist of certificates of deposit and are recorded at fair market value based on quoted market prices.

**WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated statements of financial position.

Property and Equipment

Acquisitions of property and equipment with a cost greater than \$1,500 are capitalized and depreciated on the straight-line basis over the estimated useful life of the related assets (two to four years). Leasehold improvements are amortized over the shorter of the life of the lease or the life of the asset. 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.

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 resources over which the board of directors has discretionary control. Designated amounts represent revenues that the Organization has set aside for a particular purpose.

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.

Restricted gifts received and fully satisfied during the fiscal year will be shown as unrestricted activity. Net assets that have no donor-stipulated restrictions, as well as contributions for which donors have stipulated restrictions that have been met within the same reporting period, are reported as unrestricted support.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated statements of activities as net assets released from restrictions. Funds received but not yet earned are shown as deferred revenue.

Grant Revenue

Grants are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made.

Allocation of Expenses

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

Foreign Currency Remeasurement Policy

For the foreign subsidiaries whose functional currency is the local foreign currency, statements of financial position accounts are translated at exchange rates in effect at the end of the year and statements of activities accounts are translated at average exchange rates for the years ended September 30, 2014 and 2013. Translation gains and losses are included in Other Income.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 10, 2015, the date the financial statements were available to be issued.

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 2014, the Organization had funds invested with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Organization's funds exceeded FDIC limits by approximately \$2,234,000 and \$1,100,000 at September 30, 2014 and 2013, respectively. Management believes the risk of loss in these situations is minimal.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give and are stated at their net realizable value. Contributions receivable are all due within one year and are as follows as of September 30:

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|--------------------|
| Contributions Receivable | \$ 1,758,347 | \$ 3,094,827 |
| Less: Discount (2.91% to 2.93%) on Contributions Receivable | (36,331) | (35,225) |
| Less: Allowance for Uncollectible Contributions Receivable | <u>(1,275)</u> | <u>(23,436)</u> |
| Subtotal | 1,720,741 | 3,036,166 |
| Less: Current Portion | <u>(1,257,072)</u> | <u>(2,571,391)</u> |
| Net Long-Term Contributions Receivable | <u>\$ 463,669</u> | <u>\$ 464,775</u> |

The allowance for uncollectible contributions is included within the current portion of contributions receivable.

The Organization received 40% of total contribution revenue from two donors and 19% of total contribution revenue from one donor as of September 30, 2014 and 2013, respectively. As of September 30, 2014 and 2013, 57% and 73%, respectively, of total contributions receivable is from two donors.

The Organization has conditional gifts outstanding that are not recorded as either contributions receivable or recognized contribution revenue due to the Organization needing to meet certain requirements. As of September 30, 2014 and 2013, the Organization had the following conditional gifts where the conditional requirements were not yet met as of September 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|---------------------|-------------------|
| Raise Matching Funds | \$ 4,500,000 | \$ 415,319 |
| Obtain Third Party Funding | 1,149,638 | - |
| Meeting Specific Performance Targets | 1,074,624 | - |
| Meeting Specific Spending Metrics | 57,284 | 415,319 |
| Total | <u>\$ 6,781,546</u> | <u>\$ 830,638</u> |

NOTE 5 INVESTMENTS

The investments of the Organization consist of the following at September 30:

| | <u>2014</u> | <u>2013</u> |
|-------------------------|---------------------|---------------------|
| Certificates of Deposit | <u>\$ 1,312,820</u> | <u>\$ 1,084,065</u> |

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 5 INVESTMENTS (CONTINUED)

The following tables present the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>2014 Total</u> |
|-------------------------|----------------|---------------------|----------------|-----------------------|
| Assets: | | | | |
| Certificates of Deposit | <u>\$ -</u> | <u>\$ 1,312,820</u> | <u>\$ -</u> | <u>\$ 1,312,820</u> |
| | | | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>2013 Total</u> |
| Assets: | | | | |
| Certificates of Deposit | <u>\$ -</u> | <u>\$ 1,084,065</u> | <u>\$ -</u> | <u>\$ 1,084,065</u> |

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|-------------------|-------------------|
| Furniture and Equipment | \$ 233,797 | \$ 222,039 |
| Collections | 7,000 | 7,000 |
| Computer Equipment and Software | 666,233 | 596,104 |
| Leasehold Improvements | 120,885 | 117,322 |
| Vehicles | 536,035 | 432,333 |
| Total | <u>1,563,950</u> | <u>1,374,798</u> |
| Accumulated Depreciation | <u>(971,027)</u> | <u>(765,638)</u> |
| Total | <u>\$ 592,923</u> | <u>\$ 609,160</u> |

NOTE 7 LINE OF CREDIT

The Organization has a \$1,500,000 line of credit with a bank that has no maturity date. Collateral on the line is securities held with the bank. Borrowing under the line bears interest 2.75% over LIBOR (2.90% as of September 30, 2014). As of September 30, 2014 and 2013, there were no outstanding draws on the line of credit.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 8 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

| | 2014 | 2013 |
|--|---------------------|---------------------|
| Nicaragua Water-Sanitation-Hygiene Education | \$ 752,882 | \$ 995,000 |
| Global Sanitation as a Business | 404,932 | 1,443,811 |
| India Everyone Forever - West Bengal, Bihar, Rajasthan | 258,234 | - |
| India Everyone Forever - Sheohar | 227,451 | - |
| Malawi Blantyre WASH in Schools | 201,725 | - |
| Malawi Water-Sanitation-Hygiene | 183,768 | 109,408 |
| India Fecal Sludge Management | 108,062 | - |
| Skoll Branding Study | 89,258 | - |
| India Water-Sanitation-Hygiene | 84,489 | 81,245 |
| India Schools | 78,498 | - |
| Guatemala Water-Sanitation-Hygiene | 50,093 | 28,366 |
| Bolivia Sanitation-Hygiene | 47,504 | 5,069 |
| Programs in Bihar San | 28,006 | 587 |
| Honduras Coke/FEMSA Water-Sanitation-Hygiene | 26,899 | 50,134 |
| South America Regional Sanitation | 26,013 | 71,833 |
| Rwanda Water-Sanitation-Hygiene | 12,643 | 420,999 |
| Innovation in WASH Uganda | 5,675 | 58,222 |
| Malawi Maintenance Model Design Study | 4,171 | - |
| Uganda Everyone Forever | 761 | - |
| Bolivia Everyone Forever | - | 250,000 |
| India & Peru Water-Sanitation-Hygiene and Flow - 2013 | - | 32,223 |
| CAMRO Coke/FEMSA Water-Sanitation-Hygiene | - | 32,000 |
| Bolivia Country Programs | - | 20,465 |
| Re-Imagining Reporting | - | 12,295 |
| Rwanda Country Programs | - | 9,484 |
| Total | <u>\$ 2,591,064</u> | <u>\$ 3,621,141</u> |

Releases of \$2,312,033 for the year ended September 30, 2014 were all purpose releases for program expenditures. Releases of \$4,873,503 for the year ended September 30, 2013 were made up of \$4,758,503 purposes releases for program expenditures and \$115,000 of a donor allowed endowment release (see below).

Permanently Restricted Net Assets

During the prior year, the Organization received approval from a donor to release the final remaining permanently restricted endowment. During the fiscal year ended September 30, 2013, this fund was released into operations in accordance with the donor release request.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 9 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 donated legal services for the year ended September 30, 2014. These in-kind contributions benefited program and supporting services as summarized in the accompanying consolidated 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 September 30:

| | 2014 | 2013 |
|-------------------------------|------------|------------|
| Donated Services ¹ | \$ 187,207 | \$ 43,228 |
| Donated Goods ¹ | 45,427 | 20,332 |
| World Water Corp | 153,457 | 344,557 |
| Total | \$ 386,091 | \$ 408,117 |

¹ Includes legal services, silent auction donations, etc.

NOTE 10 COMMITMENTS

Operating Lease

The Organization rents equipment and office facilities under non-cancelable operating leases that will expire between 2015 and 2022. Effective April 1, 2013, the Organization entered into a lease for space with a term of nine years ending March 2022. Rent expense for the leases totaled \$106,499 and \$133,881 at September 30, 2014 and 2013, respectively.

Minimum annual rental payments under these leases are as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2015 | \$ 141,447 |
| 2016 | 138,227 |
| 2017 | 143,346 |
| 2018 | 148,466 |
| 2018 | 153,585 |
| Thereafter | 409,560 |
| Total | \$ 1,134,631 |

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 10 COMMITMENTS (CONTINUED)

The Organization entered into an agreement with a partner to contribute \$5,000,000 to carrying out a WASH program in the district of Sheohar, in the State of Bihar in India between January 1, 2014 and September 30, 2018. As of September 30, 2014, the Organization intends to contribute approximately \$4,100,000 before September 30, 2018.

NOTE 11 EMPLOYEE BENEFIT PLAN

Water For People participates in a common defined benefit pension plan (the Plan) with American Water Works Association (the Association) and Water Research Foundation (the Foundation) to provide pension benefits to employees. Each organization's plan assets, periodic benefits costs and funded status are allocated based upon projected benefit obligation.

Effective December 31, 2007, the participating employers froze the defined benefit pension plan for all participants.

Water For People has a pension liability at September 30, 2014 and 2013 of \$167,391 and \$140,958, respectively, which is recognized in the consolidated statement of financial position.

The measurement date used for the Plan disclosures is as of September 30, 2014.

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 11 EMPLOYEE BENEFIT PLAN (CONTINUED)

The changes in the projected benefit obligation for Water For People's portion of the Plan are as follows for the years ended September 30:

| | 2014 | 2013 |
|---|--------------|--------------|
| Change in Projected Benefit Obligation | | |
| Projected Benefit Obligation at Beginning of Year | \$ 1,003,156 | \$ 993,582 |
| Interest Cost | 44,937 | 41,432 |
| Benefits Paid | (46,831) | (44,137) |
| Actuarial Gain | 59,358 | 12,279 |
| Projected Benefit Obligation at End of Year | \$ 1,060,620 | \$ 1,003,156 |
| Change in Plan Assets | | |
| Fair Value of Plan Assets at Beginning of Year | \$ 862,198 | \$ 735,000 |
| Employer Contributions | 42,723 | 30,557 |
| Benefits Paid | 46,831 | 44,137 |
| Actual Return on Plan Assets | (58,523) | 52,504 |
| Fair Value of Plan Assets at End of Year | \$ 893,229 | \$ 862,198 |
| | 2014 | 2013 |
| Funded Status of the Plan | | |
| Benefit Obligation | \$ 1,060,620 | \$ 1,003,156 |
| Fair Value of Plan Assets | 893,229 | 862,198 |
| Deficit of Fair Value Over Benefit Obligation of Plan Assets | \$ (167,391) | \$ (140,958) |
| Components of Net Periodic Benefit Costs | | |
| Interest Cost | \$ 44,937 | \$ 41,432 |
| Expected Return on Plan Assets | (48,318) | (49,342) |
| Amortization of Loss | 48,089 | 49,109 |
| Net Periodic Pension Cost | \$ 44,708 | \$ 41,198 |

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

| | 2014 | 2013 |
|--|-------|-------|
| Actuarial Assumptions | | |
| Assumptions Used to Determine Benefit Obligations at September 30: | | |
| Assumed Discount Rate | 4.09% | 4.68% |
| Assumptions Used to Determine Benefit Obligations for Years Ended September 30: | | |
| Assumed Discount Rate | 4.68% | 3.80% |
| Expected Long-Term Return on Plan Assets | 6.00% | 6.00% |

**WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

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. For the year, the asset mix was approximately 39% equities and 61% fixed income which results in an expected rate of return of approximately 6.0%, of which 5.0% is expected from equity funds and 1.0% is expected from fixed income fund.

Investment Policies and Strategies, Including Target Allocations

The investment policy for the Plan is to have approximately 40% of the Plan's assets in equity funds and approximately 60% in fixed income investments. The percentage allocation to each asset class may vary as much as plus or minus 10% from the original target depending upon market conditions.

The percentage of the fair value of total Plan assets held as of September 30, 2014 and 2013 (the measurement dates) by asset category are as follows:

| Asset Category | <u>2014</u> | <u>2013</u> |
|-----------------------|--------------|--------------|
| Equity | 39 % | 40 % |
| Debt | 61 | 60 |
| Total | <u>100 %</u> | <u>100 %</u> |

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 2015 are \$43,000. Estimated future benefit payments are as follows:

| <u>Year Ending September 30.</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2015 | \$ 49,178 |
| 2016 | 52,330 |
| 2017 | 54,002 |
| 2018 | 55,560 |
| 2019 | 57,488 |
| 2020-2024 | 311,589 |

WATER FOR PEOPLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

NOTE 11 EMPLOYEE BENEFIT PLAN (CONTINUED)

Investment Policies and Strategies, Including Target Allocations (Continued)

The Plan uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The following tables present the fair value hierarchy for the balances of the assets of the Plan measured at fair value on a recurring basis as of September 30, 2014 and 2013:

| <u>2014</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>2014 Total</u> |
|-------------------------|----------------|-------------------|----------------|-----------------------|
| Collective Trust Funds: | | | | |
| Equity Funds | \$ - | \$ 348,359 | \$ - | \$ 348,359 |
| Fixed Income Funds | - | 544,870 | - | 544,870 |
| | <u>\$ -</u> | <u>\$ 893,229</u> | <u>\$ -</u> | <u>\$ 893,229</u> |
| | | | | |
| <u>2013</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>2013 Total</u> |
| Collective Trust Funds: | | | | |
| Equity Funds | \$ - | \$ 344,879 | \$ - | \$ 344,879 |
| Fixed Income Funds | - | 517,319 | - | 517,319 |
| | <u>\$ -</u> | <u>\$ 862,198</u> | <u>\$ -</u> | <u>\$ 862,198</u> |

SUPPLEMENTARY INFORMATION

WATER FOR PEOPLE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – UNAUDITED
SEPTEMBER 30, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

| ASSETS | <u>Denver</u> | <u>Malawi</u> | <u>Bolivia</u> | <u>Guatemala</u> | <u>Honduras</u> | <u>India</u> | <u>Rwanda</u> |
|--|---------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| CURRENT ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 5,346,516 | \$ 145,007 | \$ 90,395 | \$ 168,664 | \$ 11,215 | \$ 131,951 | \$ 320,871 |
| Current Contributions Receivable | 1,067,010 | 142,945 | 80 | 20,462 | 551 | - | - |
| Intercompany Receivable | 51,827 | 146,283 | - | 15,234 | 12,224 | 3,374 | 14,484 |
| Prepaid Expenses and Other Assets | 72,228 | 32,193 | 57,626 | 2,347 | 2,559 | 2,616 | 11,688 |
| Total Current Assets | <u>6,537,581</u> | <u>466,428</u> | <u>148,101</u> | <u>206,707</u> | <u>26,549</u> | <u>137,941</u> | <u>347,043</u> |
| INVESTMENTS | 1,312,820 | - | - | - | - | - | - |
| LONG-TERM CONTRIBUTIONS RECEIVABLE, NET | | | | | | | |
| | 463,669 | - | - | - | - | - | - |
| PROPERTY AND EQUIPMENT, NET | | | | | | | |
| | <u>344,772</u> | <u>37,520</u> | <u>21,370</u> | <u>13,146</u> | <u>26,187</u> | <u>17,245</u> | <u>78,648</u> |
| Total Assets | <u>\$ 8,658,842</u> | <u>\$ 503,948</u> | <u>\$ 169,471</u> | <u>\$ 219,853</u> | <u>\$ 52,736</u> | <u>\$ 155,186</u> | <u>\$ 425,691</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| CURRENT LIABILITIES | | | | | | | |
| Accounts Payable and Accrued Expenses | \$ 548,860 | \$ 224,989 | \$ 108,741 | \$ 94,995 | \$ 109,222 | \$ 66,207 | \$ 333,265 |
| Intercompany Payable | 209,368 | 2,773 | - | 15,202 | 470 | - | 123 |
| Deferred Rent | 132,254 | - | - | - | - | - | - |
| Total Current Liabilities | <u>890,482</u> | <u>227,762</u> | <u>108,741</u> | <u>110,197</u> | <u>109,692</u> | <u>66,207</u> | <u>333,388</u> |
| PENSION LIABILITY | 167,391 | - | - | - | - | - | - |
| NET ASSETS | | | | | | | |
| Unrestricted | 5,367,316 | 117,684 | 13,225 | 59,562 | (83,855) | 58,899 | 79,660 |
| Temporarily Restricted | 2,233,653 | 158,502 | 47,505 | 50,094 | 26,899 | 30,080 | 12,643 |
| Total Net Assets | <u>7,600,969</u> | <u>276,186</u> | <u>60,730</u> | <u>109,656</u> | <u>(56,956)</u> | <u>88,979</u> | <u>92,303</u> |
| Total Liabilities and Net Assets | <u>\$ 8,658,842</u> | <u>\$ 503,948</u> | <u>\$ 169,471</u> | <u>\$ 219,853</u> | <u>\$ 52,736</u> | <u>\$ 155,186</u> | <u>\$ 425,691</u> |

WATER FOR PEOPLE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – UNAUDITED (CONTINUED)
SEPTEMBER 30, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

| ASSETS | <u>CAMRO</u> | <u>Peru</u> | <u>SAMRO</u> | <u>Other</u> | <u>Eliminations</u> | <u>Consolidated Total</u> |
|--|--------------|------------------|------------------|-------------------|---------------------|-------------------------------|
| CURRENT ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ - | \$ 6,276 | \$ 32,600 | \$ 114,337 | \$ - | \$ 6,367,832 |
| Current Contributions Receivable | - | - | - | 26,024 | - | 1,257,072 |
| Intercompany Receivable | - | 10,096 | 2,592 | 3,785 | (259,899) | - |
| Prepaid Expenses and Other Assets | - | 4,939 | 87 | 62,751 | - | 249,034 |
| Total Current Assets | <u>-</u> | <u>21,311</u> | <u>35,279</u> | <u>206,897</u> | <u>(259,899)</u> | <u>7,873,938</u> |
| INVESTMENTS | - | - | - | - | - | 1,312,820 |
| LONG-TERM CONTRIBUTIONS RECEIVABLE, NET | | | | | | |
| | - | - | - | - | - | 463,669 |
| PROPERTY AND EQUIPMENT, NET | | | | | | |
| | - | - | - | 54,035 | - | 592,923 |
| Total Assets | <u>\$ -</u> | <u>\$ 21,311</u> | <u>\$ 35,279</u> | <u>\$ 260,932</u> | <u>\$ (259,899)</u> | <u>\$ 10,243,350</u> |
| LIABILITIES AND NET ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts Payable and Accrued Expenses | \$ - | \$ 16,152 | \$ 3,018 | \$ 97,082 | \$ - | \$ 1,602,531 |
| Intercompany Payable | - | - | 24,260 | 7,703 | (259,899) | - |
| Deferred Rent | - | - | - | - | - | 132,254 |
| Total Current Liabilities | <u>-</u> | <u>16,152</u> | <u>27,278</u> | <u>104,785</u> | <u>(259,899)</u> | <u>1,734,785</u> |
| PENSION LIABILITY | - | - | - | - | - | 167,391 |
| NET ASSETS | | | | | | |
| Unrestricted | - | 5,159 | (18,012) | 150,472 | - | 5,750,110 |
| Temporarily Restricted | - | - | 26,013 | 5,675 | - | 2,591,064 |
| Total Net Assets | <u>-</u> | <u>5,159</u> | <u>8,001</u> | <u>156,147</u> | <u>-</u> | <u>8,341,174</u> |
| Total Liabilities and Net Assets | <u>\$ -</u> | <u>\$ 21,311</u> | <u>\$ 35,279</u> | <u>\$ 260,932</u> | <u>\$ (259,899)</u> | <u>\$ 10,243,350</u> |

WATER FOR PEOPLE
CONSOLIDATING STATEMENT OF ACTIVITY – UNAUDITED
YEAR ENDED SEPTEMBER 30, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

| | Denver | | Malawi | | Bolivia | | Guatemala | |
|--|---------------------|------------------------|-------------------|------------------------|------------------|------------------------|------------------|------------------------|
| | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted |
| REVENUE | | | | | | | | |
| Contributions, Grants and Sponsorships | \$ 15,281,925 | \$ 1,075,254 | \$ 401,232 | \$ 99,365 | \$ 203,038 | \$ 43,304 | \$ 166,833 | \$ 29,605 |
| In-Kind Contributions | 359,573 | - | 11,902 | - | - | - | - | - |
| Special Events | 342,076 | - | - | - | - | - | - | - |
| Interest Income | 11,827 | - | 2,739 | - | - | - | 1,507 | - |
| Unrealized Gain | (669) | - | - | - | - | - | - | - |
| Other Income | 151,539 | - | 1,302,833 | - | 660,243 | - | 341,332 | - |
| Subtotal | 16,146,271 | 1,075,254 | 1,718,706 | 99,365 | 863,281 | 43,304 | 509,672 | 29,605 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 2,065,518 | (2,065,518) | 50,271 | (50,271) | 868 | (868) | 7,877 | (7,877) |
| Total Revenue | 18,211,789 | (990,264) | 1,768,977 | 49,094 | 864,149 | 42,436 | 517,549 | 21,728 |
| EXPENSE | | | | | | | | |
| Program Services | 12,425,610 | - | 1,748,921 | - | 864,701 | - | 466,449 | - |
| Supporting Services: | | | | | | | | |
| Management and General | 1,327,460 | - | 155,460 | - | 76,862 | - | 41,462 | - |
| Fundraising | 1,486,257 | - | 38,865 | - | 19,216 | - | 10,366 | - |
| Total Support Services | 2,813,717 | - | 194,325 | - | 96,078 | - | 51,828 | - |
| Total Expense | 15,239,327 | - | 1,943,245 | - | 960,779 | - | 518,277 | - |
| CHANGE IN NET ASSETS | 2,972,462 | (990,264) | (174,268) | 49,094 | (96,630) | 42,436 | (728) | 21,728 |
| Net Assets - Beginning of Year | 2,394,854 | 3,223,917 | 291,952 | 109,408 | 109,855 | 5,069 | 60,290 | 28,366 |
| NET ASSETS - END OF YEAR | <u>\$ 5,367,316</u> | <u>\$ 2,233,653</u> | <u>\$ 117,684</u> | <u>\$ 158,502</u> | <u>\$ 13,225</u> | <u>\$ 47,505</u> | <u>\$ 59,562</u> | <u>\$ 50,094</u> |

WATER FOR PEOPLE
CONSOLIDATING STATEMENT OF ACTIVITY – UNAUDITED (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

| | Honduras | | India | | Rwanda | | CAMRO | | Peru |
|--|--------------------|------------------------|------------------|------------------------|------------------|------------------------|--------------|------------------------|-----------------|
| | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Unrestricted |
| REVENUE | | | | | | | | | |
| Contributions, Grants and Sponsorships | \$ - | \$ - | \$ - | \$ 19,419 | \$ - | \$ 12,643 | \$ - | \$ - | \$ - |
| In-Kind Contributions | - | - | - | - | - | - | - | - | - |
| Special Events | - | - | - | - | - | - | - | - | - |
| Interest Income | 612 | - | - | - | 7,016 | - | 12 | - | - |
| Unrealized Gain | - | - | - | - | - | - | (2,835) | - | - |
| Other Income | 326,210 | - | 455,298 | - | 2,487,667 | - | 298,134 | - | 411,094 |
| Subtotal | 326,822 | - | 455,298 | 19,419 | 2,494,683 | 12,643 | 295,311 | - | 411,094 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 23,235 | (23,235) | 31,531 | (31,531) | - | - | 32,000 | (32,000) | - |
| Total Revenue | 350,057 | (23,235) | 486,829 | (12,112) | 2,494,683 | 12,643 | 327,311 | (32,000) | 411,094 |
| EXPENSE | | | | | | | | | |
| Program Services | 447,330 | - | 433,585 | - | 2,183,849 | - | 186,127 | - | 370,143 |
| Supporting Services: | | | | | | | | | |
| Management and General | 39,763 | - | 38,541 | - | 194,120 | - | 16,545 | - | 32,902 |
| Fundraising | 9,941 | - | 9,635 | - | 48,530 | - | 4,136 | - | 8,225 |
| Total Support Services | 49,703 | - | 48,176 | - | 242,650 | - | 20,681 | - | 41,127 |
| Total Expense | 497,033 | - | 481,761 | - | 2,426,499 | - | 206,808 | - | 411,270 |
| CHANGE IN NET ASSETS | (146,976) | (23,235) | 5,068 | (12,112) | 68,184 | 12,643 | 120,503 | (32,000) | (176) |
| Net Assets - Beginning of Year | 63,121 | 50,134 | 53,831 | 42,192 | 11,476 | - | (120,503) | 32,000 | 5,335 |
| NET ASSETS - END OF YEAR | <u>\$ (83,855)</u> | <u>\$ 26,899</u> | <u>\$ 58,899</u> | <u>\$ 30,080</u> | <u>\$ 79,660</u> | <u>\$ 12,643</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,159</u> |

WATER FOR PEOPLE
CONSOLIDATING STATEMENT OF ACTIVITY – UNAUDITED (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014
(SEE INDEPENDENT AUDITORS' REPORT)

| | SAMRO | | Other | | Eliminations | Consolidated | | | Total |
|--|--------------------|------------------------|-------------------|------------------------|--------------|---------------------|------------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Unrestricted | Temporarily Restricted | Unrestricted | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| REVENUE | | | | | | | | | |
| Contributions, Grants and Sponsorships | \$ - | \$ - | \$ 132,029 | \$ 2,366 | \$ - | \$ 16,185,057 | \$ 1,281,956 | \$ - | \$ 17,467,013 |
| In-Kind Contributions | - | - | 14,616 | - | - | 386,091 | - | - | 386,091 |
| Special Events | - | - | - | - | - | 342,076 | - | - | 342,076 |
| Interest Income | - | - | 203 | - | - | 23,916 | - | - | 23,916 |
| Unrealized Gain | - | - | - | - | - | (3,504) | - | - | (3,504) |
| Other Income | 510,442 | - | 1,545,601 | - | (8,189,935) | 300,458 | - | - | 300,458 |
| Subtotal | 510,442 | - | 1,692,449 | 2,366 | (8,189,935) | 17,234,094 | 1,281,956 | - | 18,516,050 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 33,674 | (33,674) | 67,059 | (67,059) | - | 2,312,033 | (2,312,033) | - | - |
| Total Revenue | 544,116 | (33,674) | 1,759,508 | (64,693) | (8,189,935) | 19,546,127 | (1,030,077) | - | 18,516,050 |
| EXPENSE | | | | | | | | | |
| Program Services | 478,591 | - | 1,561,401 | - | (8,189,935) | 12,976,772 | - | - | 12,976,772 |
| Supporting Services: | | | | | | | | | |
| Management and General | 42,541 | - | 147,198 | - | - | 2,112,854 | - | - | 2,112,854 |
| Fundraising | 10,635 | - | 8,086 | - | - | 1,653,891 | - | - | 1,653,891 |
| Total Support Services | 53,177 | - | 155,284 | - | - | 3,766,745 | - | - | 3,766,745 |
| Total Expense | 531,768 | - | 1,716,685 | - | (8,189,935) | 16,743,517 | - | - | 16,743,517 |
| CHANGE IN NET ASSETS | 12,348 | (33,674) | 42,823 | (64,693) | - | 2,802,610 | (1,030,077) | - | 1,772,533 |
| Net Assets - Beginning of Year | (30,360) | 59,687 | 107,649 | 70,368 | - | 2,947,500 | 3,621,141 | - | 6,568,641 |
| NET ASSETS - END OF YEAR | <u>\$ (18,012)</u> | <u>\$ 26,013</u> | <u>\$ 150,472</u> | <u>\$ 5,675</u> | <u>\$ -</u> | <u>\$ 5,750,110</u> | <u>\$ 2,591,064</u> | <u>\$ -</u> | <u>\$ 8,341,174</u> |