

**THE WATER TRUST, INC.  
AND AFFILIATE**

**CONSOLIDATING FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**MARCH 31, 2018 AND 2017**

**THE WATER TRUST, INC.  
AND AFFILIATE**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Water Trust, Inc.

We have audited the accompanying consolidating financial statements of The Water Trust, Inc. (a nonprofit organization) and Affiliate, which comprise the consolidating statements of financial position as of March 31, 2018 and 2017, and the related consolidating statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating financial statements based on our audits. We did not audit the financial statements of The Water Trust Limited, a foreign affiliate, which statements reflect total assets of \$144,445 and \$207,839 as of March 31, 2018 and 2017, respectively, and total support and revenue of \$378,326 and \$434,274, for the years then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities as issued by the International Accounting Standards board, were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us. Our opinion, insofar as it relates to the amounts included for The Water Trust Limited, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors. We have applied audit procedures on the conversion adjustments to the financial statements of The Water Trust Limited, which conform those financial statements to accounting principles generally accepted in the United States of America. 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 consolidating financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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, based on our audits and the report of the other auditors, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of The Water Trust, Inc. and Affiliate as of March 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
February 28, 2019

**THE WATER TRUST, INC.  
AND AFFILIATE**

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

**MARCH 31, 2018 AND 2017**

	2018				2017			
	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals
<b>Assets</b>								
Cash (Notes 1c and 11)	\$ 372,676	\$ 82,626	\$ -	\$ 455,302	\$ 178,626	\$ 69,782	\$ -	\$ 248,408
Investments (Notes 1d and 4)	-	-	-	-	12,368	-	-	12,368
Unconditional promises to give (Notes 1e and 5)								
Unrestricted	150,188	-	-	150,188	76,483	-	-	76,483
Restricted to future programs and periods	151,286	-	-	151,286	69,216	-	-	69,216
Accounts receivable	6,523	4,417	-	10,940	-	908	-	908
Prepaid expenses and other assets	1,579	6,767	-	8,346	2,190	11,993	-	14,183
Water pump inventory	-	13,999	-	13,999	-	73,956	(16,677)	57,279
Property and equipment, net of accumulated depreciation (Notes 1f and 6)	-	36,636	-	36,636	7,440	51,200	-	58,640
<b>Total Assets</b>	<b>\$ 682,252</b>	<b>\$ 144,445</b>	<b>\$ -</b>	<b>\$ 826,697</b>	<b>\$ 346,323</b>	<b>\$ 207,839</b>	<b>\$ (16,677)</b>	<b>\$ 537,485</b>
<b>Liabilities and Net Assets</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 5,415	\$ 34,646	\$ -	\$ 40,061	\$ 46,440	\$ 49,390	\$ (16,677)	\$ 79,153
Commitments (Note 9)								
Net Assets								
Unrestricted	227,225	73,033	-	300,258	21,408	57,903	-	79,311
Temporarily restricted (Note 2b)	449,612	36,766	-	486,378	278,475	100,546	-	379,021
Total Net Assets	676,837	109,799	-	786,636	299,883	158,449	-	458,332
<b>Total Liabilities and Net Assets</b>	<b>\$ 682,252</b>	<b>\$ 144,445</b>	<b>\$ -</b>	<b>\$ 826,697</b>	<b>\$ 346,323</b>	<b>\$ 207,839</b>	<b>\$ (16,677)</b>	<b>\$ 537,485</b>

See notes to consolidating financial statements.

**THE WATER TRUST, INC.  
AND AFFILIATE**

**CONSOLIDATING STATEMENTS OF ACTIVITIES**

**YEARS ENDED MARCH 31, 2018 AND 2017**

	2018				2017			
	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals
<b>Changes in Unrestricted Net Assets</b>								
Revenue and Support								
Contributions (Notes 3 and 7)	\$ 370,023	\$ 19,452	\$ -	\$ 389,475	\$ 273,901	\$ 10,168	\$ -	\$ 284,069
Donated services (Note 8)	2,800	-	-	2,800	18,653	-	-	18,653
Other income	12	1,678	-	1,690	4	1,313	-	1,317
Net realized and unrealized gain on investments	5,860	-	-	5,860	2,486	-	-	2,486
Loss on disposal of assets	-	-	-	-	(97)	-	-	(97)
Net assets released from restrictions								
Satisfaction of time and program restrictions	480,130	420,976	(357,196)	543,910	575,704	333,064	(422,793)	485,975
Total Revenue and Support	858,825	442,106	(357,196)	943,735	870,651	344,545	(422,793)	792,403
Expenses								
Program Services	547,473	420,976	(363,488)	604,961	643,066	352,389	(424,170)	571,285
Supporting Services								
Management and general	50,483	-	-	50,483	75,746	-	-	75,746
Fundraising	55,052	-	-	55,052	76,530	-	-	76,530
Total Supporting Services	105,535	-	-	105,535	152,276	-	-	152,276
Total Expenses	653,008	420,976	(363,488)	710,496	795,342	352,389	(424,170)	723,561
Increase (Decrease) in Unrestricted Net Assets Before Item Below	205,817	21,130	6,292	233,239	75,309	(7,844)	1,377	68,842
Foreign currency translation adjustment	-	(6,000)	(6,292)	(12,292)	-	(3,256)	(1,377)	(4,633)
Increase (Decrease) in Unrestricted Net Assets	205,817	15,130	-	220,947	75,309	(11,100)	-	64,209
<b>Changes in Temporarily Restricted Net Assets</b>								
Contributions (Notes 3 and 7)	651,267	357,196	(357,196)	651,267	724,829	422,793	(422,793)	724,829
Net assets released from restrictions	(480,130)	(420,976)	357,196	(543,910)	(575,704)	(333,064)	422,793	(485,975)
Increase (Decrease) in Temporarily Restricted Net Assets	171,137	(63,780)	-	107,357	149,125	89,729	-	238,854
Increase (decrease) in net assets (Note 2a)	376,954	(48,650)	-	328,304	224,434	78,629	-	303,063
Net assets, beginning of year	299,883	158,449	-	458,332	75,449	79,820	-	155,269
<b>Net Assets, End of Year</b>	<b>\$ 676,837</b>	<b>\$ 109,799</b>	<b>\$ -</b>	<b>\$ 786,636</b>	<b>\$ 299,883</b>	<b>\$ 158,449</b>	<b>\$ -</b>	<b>\$ 458,332</b>

See notes to consolidating financial statements.

**THE WATER TRUST, INC.  
AND AFFILIATE**

**CONSOLIDATING STATEMENTS OF CASH FLOWS**

**YEARS ENDED MARCH 31, 2018 AND 2017**

	2018				2017			
	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals
<b>Cash Flows From Operating Activities</b>								
Increase (decrease) in net assets	\$ 376,954	\$ (48,650)	\$ -	\$ 328,304	\$ 224,434	\$ 78,629	\$ -	\$ 303,063
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:								
Effect of exchange rate changes on property and equipment	-	1,331	-	1,331	-	1,764	-	1,764
Depreciation	7,440	9,945	-	17,385	11,730	15,800	-	27,530
Unrealized (gain) loss on investments	2,486	-	-	2,486	(2,486)	-	-	(2,486)
Realized gain on investments	(8,288)	-	-	(8,288)	-	-	-	-
Loss on disposal of property and equipment	-	5,848	-	5,848	97	-	-	97
(Increase) decrease in:								
Unconditional promises to give	(155,775)	-	-	(155,775)	(145,699)	10,817	-	(134,882)
Accounts receivable	(6,523)	(3,509)	-	(10,032)	-	510	-	510
Prepaid expenses and other assets	611	5,226	-	5,837	(990)	(10,211)	-	(11,201)
Water pump inventory	-	59,957	-	59,957	-	(45,827)	16,677	(29,150)
Increase (decrease) in accounts payable and accrued expenses	(41,025)	(14,744)	-	(55,769)	25,247	(4,898)	(16,677)	3,672
Net Cash Provided By Operating Activities	<u>175,880</u>	<u>15,404</u>	<u>-</u>	<u>191,284</u>	<u>112,333</u>	<u>46,584</u>	<u>-</u>	<u>158,917</u>
<b>Cash Flows From Investing Activities</b>								
Purchases of investments	(10,167)	-	-	(10,167)	(9,882)	-	-	(9,882)
Proceeds from sale of investments	28,337	-	-	28,337	-	-	-	-
Sale of property and equipment	-	-	-	-	170	-	-	170
Purchase of property and equipment	-	(2,560)	-	(2,560)	-	(16,798)	-	(16,798)
Net Cash Provided (Used) By Investing Activities	<u>18,170</u>	<u>(2,560)</u>	<u>-</u>	<u>15,610</u>	<u>(9,712)</u>	<u>(16,798)</u>	<u>-</u>	<u>(26,510)</u>
<b>Cash Flows From Financing Activities</b>								
Loan proceeds	70,000	-	-	70,000	-	-	-	-
Loan repayments	(70,000)	-	-	(70,000)	-	-	-	-
Net Cash Provided By Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash	194,050	12,844	-	206,894	102,621	29,786	-	132,407
Cash, beginning of year	<u>178,626</u>	<u>69,782</u>	<u>-</u>	<u>248,408</u>	<u>76,005</u>	<u>39,996</u>	<u>-</u>	<u>116,001</u>
<b>Cash, End of Year</b>	<u>\$ 372,676</u>	<u>\$ 82,626</u>	<u>\$ -</u>	<u>\$ 455,302</u>	<u>\$ 178,626</u>	<u>\$ 69,782</u>	<u>\$ -</u>	<u>\$ 248,408</u>

See notes to consolidating financial statements.

**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

The Water Trust, Inc. was incorporated as a not-for-profit corporation in Connecticut on June 18, 2007. The Water Trust Limited was incorporated in The Republic of Uganda in 2012 as a non-governmental organization to conduct program activities in Africa. The mission of The Water Trust, Inc. and The Water Trust Limited (together the "Organization") is to develop and implement sustainable access to clean water, improved sanitation, and proper hygiene knowledge in partnership with the rural poor in Africa.

b - Principles of Consolidation

The accompanying consolidating financial statements include the accounts of The Water Trust, Inc. and The Water Trust Limited, which are under common control through an overlapping board of directors. All significant intercompany transactions have been eliminated.

c - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

d - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets.

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels. Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.



**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Investments (continued)

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

e - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

f - Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets.

g - Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency, at exchange rates in effect at the consolidating statement of financial position date, and revenue and expenses are translated at rates which approximate those in effect on transactions dates. Net transaction and translation gains and losses are included as foreign currency exchange gain or loss in the accompany consolidating statements of activities.

h - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

i - Estimates

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

**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

j - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management.

k - Tax Status

The Water Trust, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

The Water Trust Limited was formed as a non-governmental organization under the laws of the Republic of Uganda. Accordingly, it is subject to separate filing and reporting requirements in its country of formation.

l - Subsequent Events

The Organization has evaluated subsequent events through February 28, 2019, the date that the consolidating financial statements are considered available to be issued.

m - Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the impact of ASU 2016-14 on its financial statements.

**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 2 - Restricted Net Assets**

a - Changes in Net Assets

The following summarizes the Organization's changes in net assets for the years ended March 31:

	<b>2018</b>		
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
Balance, beginning of year	\$ 79,311	\$379,021	\$ 458,332
Revenue and support	399,825	651,267	1,051,092
Net assets released from restrictions	543,910	(543,910)	-
Expenses	(710,496)	-	(710,496)
Foreign currency translation adjustment	<u>(12,292)</u>	<u>-</u>	<u>(12,292)</u>
Balance, End of Year	<u>\$300,258</u>	<u>\$486,378</u>	<u>\$ 786,636</u>

  

	<b>2017</b>		
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
Balance, beginning of year	\$ 15,102	\$140,167	\$ 155,269
Revenue and support	306,428	724,829	1,031,257
Net assets released from restrictions	485,975	(485,975)	-
Expenses	(723,561)	-	(723,561)
Foreign currency translation adjustment	<u>(4,633)</u>	<u>-</u>	<u>(4,633)</u>
Balance, End of Year	<u>\$ 79,311</u>	<u>\$379,021</u>	<u>\$ 458,332</u>

b - Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2018 and 2017 are restricted for future programs and periods.

**Note 3 - Concentration**

For the year ended March 31, 2018, the Organization received approximately 55% of total contributions from three donors. For the year ended March 31, 2017, the Organization received approximately 63% of total contributions from three donors.

**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 4 - Investments**

Investments at March 31, 2017 are classified within Level 1 of the fair value hierarchy and consist of domestic equities with a cost basis of \$9,882. Investment income for the year ended March 31, 2017 was comprised of unrealized gains of \$2,486. The Organization did not hold any investments at March 31, 2018.

**Note 5 - Unconditional Promises to Give**

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

		<b>2018</b>		
<u>Life</u>	<u>The Water Trust, Inc.</u>	<u>The Water Trust Limited</u>	<u>Total</u>	
Vehicles	4 years	\$ -	\$ 75,851	\$ 75,851
Machinery and equipment	5-7 years	-	13,603	13,603
Website and software	3 years	32,689	-	32,689
Computer equipment	3-5 years	3,163	5,733	8,896
Office equipment	3-5 years	1,143	6,499	7,642
Office furniture	5-7 years	-	2,644	2,644
		<u>36,995</u>	<u>104,330</u>	<u>141,325</u>
Less: Accumulated depreciation		<u>(36,995)</u>	<u>(67,694)</u>	<u>(104,689)</u>
		<u>\$ -</u>	<u>\$ 36,636</u>	<u>\$ 36,636</u>
		<b>2017</b>		
<u>Life</u>	<u>The Water Trust, Inc.</u>	<u>The Water Trust Limited</u>	<u>Total</u>	
Vehicles	4 years	\$ -	\$ 90,977	\$ 90,977
Machinery and equipment	5-7 years	-	14,042	14,042
Website and software	3 years	32,689	-	32,689
Computer equipment	3-5 years	5,039	6,491	11,530
Office equipment	3-5 years	1,143	6,410	7,553
Office furniture	5-7 years	-	2,267	2,267
		<u>38,871</u>	<u>120,187</u>	<u>159,058</u>
Less: Accumulated depreciation		<u>(31,431)</u>	<u>(68,987)</u>	<u>(100,418)</u>
		<u>\$ 7,440</u>	<u>\$ 51,200</u>	<u>\$ 58,640</u>

**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 6 - Property and Equipment (continued)**

Depreciation expense for the years ended March 31, 2018 and 2017 was \$17,385 and \$27,530, respectively.

**Note 7 - Contribution Revenue**

The following summarizes contribution revenue (excluding intercompany transactions) for the years ended March 31:

	<b>2018</b>			
	<b>Unrestricted</b>		<b>Temporarily Restricted</b>	
	<b>The Water Trust, Inc.</b>	<b>The Water Trust Limited</b>	<b>The Water Trust, Inc.</b>	<b>Total</b>
Foundations	\$ 66,200	\$19,452	\$651,267	\$ 736,919
Individuals	264,605	-	-	264,605
Corporations	39,218	-	-	39,218
	<b>\$370,023</b>	<b>\$19,452</b>	<b>\$651,267</b>	<b>\$1,040,742</b>
	<b>2017</b>			
	<b>Unrestricted</b>		<b>Temporarily Restricted</b>	
	<b>The Water Trust, Inc.</b>	<b>The Water Trust Limited</b>	<b>The Water Trust, Inc.</b>	<b>Total</b>
Foundations	\$ 70,500	\$10,168	\$684,694	\$ 765,362
Individuals	176,089	-	4,450	180,539
Corporations	27,312	-	35,685	62,997
	<b>\$273,901</b>	<b>\$10,168</b>	<b>\$724,829</b>	<b>\$1,008,898</b>

**Note 8 - Donated Services**

The Organization received donated legal services for the years ended March 31, 2018 and 2017 of \$2,800 and \$18,653, respectively.

**THE WATER TRUST, INC.  
AND AFFILIATE**

**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 9 - Commitment**

The Organization leases office space on a month-to-month basis. Rent expense for the years ended March 31, 2018 and 2017 was \$15,306 and \$18,112, respectively.

**Note 10 - Loan Payable**

In August 2017, Water Trust, Inc., received a loan of \$70,000 from Open Road Ventures to help support its mission and certain of its projects undertaken during 2018. The loan bore interest at 2% per annum and was repaid in full in January 2018. Interest expense for the year ended March 31, 2018 was \$486.

**Note 11 - Concentration of Credit Risk**

Water Trust, Inc. maintains its cash balances in a financial institution located in New York, New York, which at times exceeds federally insured limits.

**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
The Water Trust, Inc.

We have audited the consolidating financial statements of The Water Trust, Inc. and Affiliate as of and for the years ended March 31, 2018 and 2017, and our report thereon dated February 28, 2019, which expressed an unmodified opinion on those consolidating financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The Consolidating Schedule of Functional Expenses for the year ended March 31, 2018 with comparative totals for 2017 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidating financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
February 28, 2019



**THE WATER TRUST, INC.  
AND AFFILIATE**

**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**

**YEAR ENDED MARCH 31, 2018 WITH COMPARATIVE TOTALS FOR 2017**

	The Water Trust, Inc.			The Water Trust Limited				Consolidating	2018	2017	
	Supporting Services			Supporting Services					Entries	Consolidated	Consolidated
	Program	Management	Fundraising	Total	Program	Management	Fundraising	Total		Total	Total
	Services	and General			Services	and General				Expenses	Expenses
Salaries, payroll taxes and benefits	\$149,175	\$ 8,792	\$ 20,685	\$178,652	\$167,595	\$ -	\$ -	\$167,595	\$ -	\$ 346,247	\$ 324,177
Direct program construction costs	-	-	-	-	167,683	-	-	167,683	-	167,683	116,706
Vehicular expenses	-	-	-	-	21	-	-	21	-	21	34,981
Contract and professional services	3,862	33,916	16,738	54,516	36,745	-	-	36,745	-	91,261	92,530
Donated professional services	-	2,800	-	2,800	-	-	-	-	-	2,800	18,653
Marketing	602	-	2,359	2,961	407	-	-	407	-	3,368	3,222
Travel and conferences	13,149	638	1,490	15,277	5,965	-	-	5,965	-	21,242	28,428
Grant expense	363,488	-	-	363,488	-	-	-	-	(363,488)	-	-
Rent, office and phone expenses	13,556	886	2,855	17,297	22,054	-	-	22,054	-	39,351	42,908
Event expense	-	-	7,434	7,434	-	-	-	-	-	7,434	9,562
Bank fees and miscellaneous expenses	665	1,219	1,259	3,143	10,561	-	-	10,561	-	13,704	24,864
Depreciation expense	2,976	2,232	2,232	7,440	9,945	-	-	9,945	-	17,385	27,530
<b>Total Expenses, 2018</b>	<b>\$547,473</b>	<b>\$ 50,483</b>	<b>\$ 55,052</b>	<b>\$653,008</b>	<b>\$420,976</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$420,976</b>	<b>\$ (363,488)</b>	<b>\$ 710,496</b>	
<b>Total Expenses, 2017</b>	<b>\$643,066</b>	<b>\$ 75,746</b>	<b>\$ 76,530</b>	<b>\$795,342</b>	<b>\$352,389</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$352,389</b>	<b>\$ (424,170)</b>		<b>\$ 723,561</b>

See independent auditors' report on supplementary information.