



MILLENNIUM WATER
ALLIANCE

FISCAL YEAR 2023 ANNUAL REPORT

October 2022 – September 2023

The Millennium Water Alliance is a permanent global alliance of leading humanitarian, research, and business organizations in water, sanitation, and hygiene that serves as a hub for collective impact, accelerates learning, and influences priorities and funding to scale sustained water security, sanitation, and hygiene services globally

MILLENNIUM WATER ALLIANCE MEMBERS IN FY 2023



Our member organizations collectively work in more than 100 countries around the world to bring safely-managed drinking water, better sanitation, and hygiene practices to more than 50 million of the world's poorest people every year

MEMBERSHIP GROWTH, NEW MODEL PROGRAMS, EXPANDING EXPERTISE NETWORK AND ADVOCACY

The Millennium Water Alliance continued to grow in Fiscal Year 2023 in its leadership of model service delivery programming, in expanding the shared knowledge base for its members and the sector, and in engaging the expertise of other major actors in the international water and sanitation community.

Our New Members – and Why

Mindful that adding members just to add members has not been the MWA tradition, this year we sought to expand the **range of expertise** that members bring to the shared network. We brought on four new organizations, each with a skillset and geographic reach that adds to the value of the Alliance for all of its members:

[Chemonics International](#), our second business member to join and probably the world's largest development contractor working in WASH today, founded 40 years ago and working on nearly every continent in more than 100 countries. Chemonics brings a depth of perspective and technical understanding that significantly adds to the knowledge base of our members, most of them NGOs.

[The Global Water Center](#), headquartered in Charleston, South Carolina, employs a four-pronged strategy that incentivizes collaboration among all organizations working in the WASH sector, incentivizes compliance with performance and quality standards, provides training and support services that enable the organizations to meet those standards, and provides monitoring, evaluation, and response services.

[PATH](#), a global nonprofit working to accelerate health equity, advises and partners with governments, multilateral organizations, businesses, and social investors to help solve the world's health challenges. The PATH team includes scientists, clinicians, business leaders, engineers, advocates, and experts from dozens of other specialties.

The [World Resources Institute](#) (WRI) brings a much-needed focus and skillset to the water security, sanitation, and hygiene sector, with its expertise in water resource management, climate resilience, and conservation of the ecosystems in which MWA members deliver services. As climate stress increases risk to our work, WRI's voice and skillset will be a distinct asset.

Initiatives to Share Knowledge for Members and Beyond

Throughout the year, Millennium Water Alliance contributed to the scaling of water security, sanitation, and hygiene (WSSH) services by **convening** members and partners for collective impact, **accelerating** critical learning, and **influencing** sector policy, resource levels, and decision makers.

In February, MWA hosted a learning session on localization for MWA and its members. This session focused on the practical perspectives of local organizations with a range of experiences in working with others adapting to localization efforts – what they have seen and what they hope to have in the future.

Throughout the year, MWA organized several other learning events and initiatives to support its members:

MWA conducted monthly member spotlights to provide members the opportunity to share innovations, documents, exciting results, or learnings with the sector. These spotlights were featured on the front page of the MWA website, mentioned on Twitter, and included in email blasts to the MWA list. Each spotlight had a permanent link on the MWA learning website.

The MWA website was refreshed with new resources sourced from the Global Water Center, offering members enriched information and tools. MWA also invited members to participate in the "MWA Member Spotlights" initiative, allowing them to showcase their missions, achievements, and ongoing work in the WASH sector on the MWA website. Members could submit written spotlights or 2-minute video versions to engage with the community and share impactful stories or updates.

These initiatives reflect MWA's commitment to fostering a learning culture and providing valuable resources and platforms for its members to share their knowledge and experiences.

MWA Leads Advocacy Events, WASH Sector Faces More Threats in Congress

MWA played a pivotal and leading role in **U.S. advocacy for water security, sanitation, and hygiene (WASH)**, directly meeting with many members of Congress and the Biden Administration to urge continued U.S. leadership for universal access to safe water and sanitation. Although WASH as an issue remains bipartisan and generally popular with Congress, overall pressure has mounted because of major crises, such as the Ukraine war, global inflation, and the after-effects of COVID in previous years, to make deep cuts in international programs.

Our work continued into FY 2023 to persuade Congress to spare WSSH from major cuts in **FY 2022 appropriations** (decided in FY 2023), although as with most USAID sector accounts, we saw a Congressional effort to make serious reductions across the board. At the end of FY 2023, Congress had still not settled on funding for *any* programs, leaving that huge task for well into **FY 2024**. WASH funding to this point was \$475 million, same as the past two years.

As 2023 had been declared "The Year of Water" by the United Nations, **the first UN global water conference in 20 years** was held in New York in March 2023, and MWA led its partners in hosting an event that brought **senior representatives** of the U.S. State Department, USAID, and dozens of conference attendees from the private sector, NGOs, and research institutions together. The week-long conference did not require countries to make new goal commitments

but focused more on reaffirming commitment and supporting public will to continue. Also, MWA joined as a founding member the global Lead-Free Coalition, launched at the conference.

At the **annual Water and Health conference at the University of North Carolina Water Institute (October 2022)**, with our partners IAPMO and the Water Institute, **MWA led the closing plenary** of the conference, featuring MWA's advocacy director and speakers from several countries, USAID, U.S. State Department, and staff from the U.S. Senate, to consider whether the U.S. was showing signs of backing away from its leadership role in WSSH. Panelists felt there was no clear intention to back away, in spite of some conflicting signals from the Biden Administration, but they were concerned about accelerated "aid fatigue" affecting many donor countries and other institutions.

MWA-Led Model Programs



In Kenya, MWA continued its five-year program in the northern arid counties with major funding from the Swiss Corporation for Development and Cooperation (SDC), which had been a major funder of the previous MWA Kenya program, **Kenya RAPID** (Resilient Arid Lands Partnership for Integrated Development), 2016

-2021. [Kenya RAPID+](#) builds on the success of Kenya RAPID, which brought improved or first-time access to more than 650,000 people. **RAPID+** has a total budget of **\$15,365,230 USD** from November 2021 through October 2026, with SDC's primary contribution joining match and investment funds from private sector actors, implementing partners, and participating county governments.

By the program's end in 2026, RAPID+ will provide first-time or improved access to water and rangeland services for more than 200,000 people in Garissa, Isiolo, Marsabit, Turkana, and Wajir counties. MWA members **CARE**, **CRS**, **Food for the Hungry**, and **World Vision** work closely with local communities, the five county governments, and the Government of Kenya to build their own sustainable capacity to maintain community systems.

The [Sustainable WASH Program](#) in Ethiopia, funded primarily by the Conrad N. Hilton Foundation, continued into FY 2023 and supported three woreda governments in the Amhara National Regional State to achieve their long-term plans for full WASH coverage. MWA will support district governments to achieve improved service delivery levels by reaching 18% safely managed and 69% basic water supply service levels by 2024. MWA members **CARE**, **Catholic Relief Services**, **Food for the Hungry**, **IRC WASH**, **WaterAid**, and **World Vision** will implement, along with technical support partners **Evidence Action**, **Splash**, the **U.S. Centers for Disease Control and Prevention**, and the **Stanford University Woods Institute**. Through its work in Ethiopia, more than two million people have gained improved or first-time access in rural areas since 2004. This work has focused on communities, schools and health care facilities and has been implemented through the collaborative work of MWA's members and partners. MWA and members have worked with the government to support technical development and local capacity building.

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Millennium Water Alliance
Houston, Texas**

Opinion

We have audited the accompanying financial statements of Millennium Water Alliance (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Millennium Water Alliance as of September 30, 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Millennium Water Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Millennium Water Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Board of Directors
Millennium Water Alliance
Houston, Texas**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Millennium Water Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Millennium Water Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements of Millennium Water Alliance, as of September 30, 2022, were audited by other auditors whose report dated June 29, 2023 expressed an unmodified opinion on those statements.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
August 8, 2024**

MILLENNIUM WATER ALLIANCE

STATEMENTS OF FINANCIAL POSITION

September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Assets		
Cash and cash equivalents, including refundable grant advances	\$3,218,475	\$ 3,320,997
Employee receivable	9,223	1,334
Prepaid expenses and other assets	5,153	6,188
Other receivables	420,000	-
Grant advances to subrecipients	<u>333,752</u>	<u>777,701</u>
Total assets	<u>\$3,986,603</u>	<u>\$ 4,106,220</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 80,950	\$ 347,944
Due to grant subrecipients	1,196,876	1,391,912
Refundable grant advances	2,396,823	1,931,551
Deferred membership dues	84,495	53,975
SBA EIDL payable	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>3,784,144</u>	<u>3,750,382</u>
Net Assets		
Without donor restrictions	(37,058)	355,838
With donor restrictions	<u>239,517</u>	<u>-</u>
Total net assets	<u>202,459</u>	<u>355,838</u>
Total liabilities and net assets	<u>\$3,986,603</u>	<u>\$ 4,106,220</u>

MILLENNIUM WATER ALLIANCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended September 30, 2023 And 2022

	2023			2022 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Support and Other Revenues				
Foreign government awards	\$ 1,648,587	\$ -	\$ 1,648,587	\$ 761,659
Contributions	1,561,818	325,000	1,886,818	1,687,978
Member dues and assessments	220,475	-	220,475	201,495
Interest income	31,891	-	31,891	3,854
PPP loan forgiveness	-	-	-	115,500
Other income	80,919	-	80,919	-
Net assets released from restrictions	<u>85,483</u>	<u>(85,483)</u>	<u>-</u>	<u>-</u>
Total support and other revenue	<u>3,629,173</u>	<u>239,517</u>	<u>3,868,690</u>	<u>2,770,486</u>
Expenses				
Program services	3,214,011	-	3,214,011	2,184,988
Supporting services	804,713	-	804,713	461,762
Fundraising	<u>3,345</u>	<u>-</u>	<u>3,345</u>	<u>-</u>
Total expenses	<u>4,022,069</u>	<u>-</u>	<u>4,022,069</u>	<u>2,646,750</u>
Changes in net assets	(392,896)	239,517	(153,379)	123,736
Net Assets				
Beginning of year	<u>355,838</u>	<u>-</u>	<u>355,838</u>	<u>232,102</u>
End of year	<u>\$ (37,058)</u>	<u>\$ 239,517</u>	<u>\$ 202,459</u>	<u>\$ 355,838</u>

MILLENNIUM WATER ALLIANCE

FUNCTIONAL EXPENSES

September 30, 2023 And 2022

	Year Ended September 30, 2023			
	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
Subrecipient grant expenditures	\$ 2,553,436	\$ -	\$ -	\$ 2,553,436
Salaries and benefits	466,245	332,376	-	798,621
Contract labor	46,000	-	-	46,000
Travel	79,463	29,908	-	109,371
Professional fees	-	66,652	3,345	69,997
Conferences and meetings	13,197	21,414	-	34,611
Insurance	-	9,724	-	9,724
Rent	16,739	4,754	-	21,493
Communications	1,977	6,194	-	8,171
Miscellaneous	20,611	325,088	-	345,699
Supplies and printing	16,294	1,925	-	18,219
Website	-	3,550	-	3,550
Postage and shipping	49	844	-	893
Professional organization dues	-	1,000	-	1,000
Interest	-	1,284	-	1,284
	<u>\$ 3,214,011</u>	<u>\$ 804,713</u>	<u>\$ 3,345</u>	<u>\$ 4,022,069</u>

	Year Ended September 30, 2022			
	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
Subrecipient grant expenditures	\$ 1,804,750	\$ -	\$ -	\$ 1,804,750
Salaries and benefits	261,082	341,084	-	602,166
Contract labor	91,932	28,236	-	120,168
Travel	21,389	20,030	-	41,419
Professional fees	-	30,216	-	30,216
Conferences and meetings	-	252	-	252
Insurance	-	8,982	-	8,982
Rent	1,094	11,135	-	12,229
Communications	255	5,846	-	6,101
Miscellaneous	531	5,384	-	5,915
Supplies and printing	3,955	6,217	-	10,172
Website	-	3,790	-	3,790
Publicity and advertising	-	90	-	90
Professional organization dues	-	500	-	500
	<u>\$ 2,184,988</u>	<u>\$ 461,762</u>	<u>\$ -</u>	<u>\$ 2,646,750</u>

MILLENNIUM WATER ALLIANCE

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2023 And 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (153,379)	\$ 123,736
Adjustments to reconcile change in net assets to net change in cash by operating activities:		
Change in operating assets and liabilities:		
Members (Dues & AMA)	-	9,000
Other receivables	(420,000)	-
Employee receivable	(7,889)	(1,334)
Prepaid expenses	1,035	(303)
Grant advances to subrecipients	443,949	(139,179)
Accounts payable and accrued expenses	(266,994)	143,807
Due to grant subrecipients	(195,036)	261,403
Refundable grant advances	465,272	681,238
Deferred membership dues	30,520	(27,520)
PPP loan forgiveness	<u>-</u>	<u>(115,500)</u>
Net cash provided (used) by operating activities	<u>(102,522)</u>	<u>935,348</u>
Net change in cash and cash equivalents	(102,522)	935,348
Cash and cash equivalents		
Beginning of year	<u>3,320,997</u>	<u>2,385,649</u>
End of Year	<u>\$ 3,218,475</u>	<u>\$ 3,320,997</u>
Supplemental information		
Interest paid	<u>\$ 1,284</u>	<u>\$ -</u>

MILLENNIUM WATER ALLIANCE

NOTES TO FINANCIAL STATEMENTS

September 30, 2023 And 2022

(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Millennium Water Alliance (the “MWA”) is a not-for-profit organization incorporated under the laws of the State of Texas on December 20, 2002, and is dedicated to providing clean water and sanitation worldwide. The MWA has a branch office in Ethiopia.

The MWA is comprised of the following member organizations: Acacia Water, CARE USA, Catholic Relief Services, CAWST, Chemonics, Food for the Hungry, IRC International Water and Sanitation Centre, Living Water International, Pure Water for the World, Inc, Water Aid America, Water Missions International, World Vision International, Helvetas Swiss Intercooperation, Water4, The Desert Research Institute and UC Mortenson Center in Global Engineering, Global Water Center, Global Water Institute, PATH, Save the Children, Splash and World Resource Institute.

The MWA operates as an umbrella organization providing institutional synergy to ensure technical excellence, programmatic innovation, and long-term financial, social and environmental sustainability in water resources management to its board members. The MWA is governed by a board of directors whose qualifications include the requirement that each be a director or employee of a member organization.

A significant portion of the MWA’s support is from the United States Agency for International Development, Hilton Foundation and Swiss Development Cooperation.

BASIS OF ACCOUNTING

The financial statements are presented on the accrual basis of accounting whereby revenue is recognized when earned, unconditional support is recognized when received, and expenses are recognized as incurred.

ACCOUNTING 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 affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND EQUIVALENTS

MWA considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Additions are recorded at cost if purchased and appraised value at the time of donation, if received as a gift. Minor renewals and replacements are expensed. When property and equipment are retired, their costs and related allowances for depreciation are removed from the accounts. Any gains or losses are recognized in the statement of activities.

MILLENNIUM WATER ALLIANCE

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

CONCENTRATION OF CREDIT RISK

MWA occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, “**Financial Instruments**”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities for MWA’s Ethiopia branch office are translated at the rate of exchange at the balance sheet date while activities accounts are translated at the average exchange rates in effect during the period.

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of MWA are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of MWA.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of MWA or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

INCOME TAX STATUS

MWA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “**Code**”), and has been classified as an organization, which is not a private foundation under Section 509(a) of the Code.

Management has reviewed the tax positions for each of the open tax years (years ended September 30, 2020 – 2022) or expected to be taken in MWA’s September 30, 2023 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CONTRIBUTIONS

The MWA recognizes contributions when cash, securities or other assets, and unconditional promise to give are received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the MWA is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The MWA recognizes such contributions when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “**net assets released from restrictions.**”

MILLENNIUM WATER ALLIANCE

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

PRIVATE GRANTS

The MWA receives funding under various private awards for direct and indirect program costs. Revenues from such awards are considered to be conditional contributions and are generally recognized as qualifying expenses are incurred. The MWA has adopted the simultaneous release option for donor-restricted conditional grants that are recognized and used within the same reporting period, therefore, these amounts are reported as without donor restrictions. Balances outstanding on grants for which the conditions have been met are included in grants receivable and are expected to be collected within one year. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue on the statement of financial position.

MEMBERSHIP DUES AND ASSESSMENTS

Revenue is recognized when control of the services provided is transferred to the member, in an amount that reflects the consideration MWA expects to be entitled to in exchange for its services. Revenue from contracts with customers is from membership dues and assessments which is recognized ratably over the membership period.

FUNCTIONAL ALLOCATION OF EXPENSES

The MWA's costs of program and support activities have been summarized on a functional basis in the statement of activities and changes in net assets. Costs that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Costs that are common to multiple programs and/or support functions are allocated based on level of effort and other cost studies.

(2) RELATED PARTIES

The MWA is an umbrella organization providing services to its members that may include transactions between the MWA and its members. The MWA's members implement the MWA's programs; thus, they receive the "Subrecipient grant expenditures" reported in functional expenditures. The members pay an initial and annual membership dues and assessments to the MWA, which are determined by the Board of Directors.

(3) PROGRAMS

The MWA's ongoing programs are as follows:

	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Unexpended program grants:		
Obligated funds	\$ 16,246,662	\$ 10,615,984
Unobligated funds	-	-
	<u>\$ 16,246,662</u>	<u>\$ 10,615,984</u>

Unobligated funds relate to grants with donor approved budgets in excess of the grantee's obligated funding for the budget. In November 2021, an award of \$7,500,000 from Swiss Development Corporation was approved for a five-year Kenya RAPID Program ending in October 2026. An award for \$7,500,000 from Hilton Foundation for the MWA Ethiopia program was approved in March 2019.

MILLENNIUM WATER ALLIANCE

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(4) NET ASSETS

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a special purpose:		
Carbon study programs	\$ 164,517	\$ -
Advocacy & communications	<u>75,000</u>	<u>-</u>
	<u>\$ 239,517</u>	<u>-</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors in the amount of \$85,483 and \$0 for the year ended September 30, 2023 and 2022, respectively.

(5) CONCENTRATION OF CREDIT AND OTHER RISKS

The MWA operates a branch office in Ethiopia, an emerging market. To the extent that negative events occur in Ethiopia, MWA may not be able to recover its assets. Net assets of MWA held in Ethiopia were approximately \$63,000 as of September 30, 2023.

A significant portion of the MWA's support comes from a limited number of grantors.

(6) RETIREMENT PLAN

Under the joint employer arrangement with Total Human Resources, Inc., MWA employees are covered under a defined contribution pension plan of Total Human Resources. The plan covers substantially all employees over twenty-one years of age from date of employment. The MWA makes contributions based upon a percentage of salary and employees may make additional contributions. Vesting in the MWA contributions is based upon years of continuous service with 100% after three years of service.

Retirement expense was \$29,730 and \$26,094 for each of the years ended September 30, 2023, and 2022, respectively.

(7) NOTES PAYABLE

On March 10, 2021, MWA received a \$115,500 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program Second Draw Loan ("**PPP Second Draw Loan**") under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans were eligible for forgiveness if MWA incurred qualifying expenses over a period of time not to exceed 24 weeks. MWA incurred such qualifying expenditures and on November 17, 2021, the SBA granted full forgiveness of the PPP Second Draw Loan and this amount is recognized in the Statement of Activities and Changes in Net Assets as PPP loan forgiveness revenue in 2022.

The MWA also received a loan in the amount of \$25,000 under the SBA Section 7(b) of the Small Business Act. The loan is subject to a note dated June 26, 2020 and is payable in monthly installments of \$107 at a rate of 2.75% beginning twenty-four months after the date of the note and the balance is due thirty years from the date of the promissory note.

MILLENNIUM WATER ALLIANCE

NOTES TO FINANCIAL STATEMENTS – (Continued)

September 30, 2023 And 2022

(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

MWA strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in an interest bearing cash account. As part of MWA's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the MWA's financial assets as of September 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contracted restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor restrictions.

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents	\$ 3,218,475	\$ 3,320,997
Employee receivable	9,223	1,334
Other receivables	<u>420,000</u>	<u>-</u>
	3,647,698	3,322,331
Less:		
Net assets with donor restrictions	<u>(239,517)</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,408,181</u>	<u>\$ 3,322,331</u>

(9) SUBSEQUENT EVENT

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, August 8, 2024, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

**Millennium Water Alliance
Houston, Texas**

We have audited the financial statements of Millennium Water Alliance as of and for the year ended September 30, 2023, and have issued our report thereon dated August 8, 2024, which contained an unmodified opinion on those financial statements. The schedules of Computation of Indirect Rate in Accordance with the Uniform Guidance and Computation of Fringe Rate in Accordance with the Uniform Guidance Applicable to Federal Grants and Contracts are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
August 8, 2024**

MILLENNIUM WATER ALLIANCE

COMPUTATION OF INDIRECT RATE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Year Ended September 30, 2023

	<u>Breakdown of Functional Expenses to Show Indirect Expenses Separately</u>				
	<u>Program</u>	<u>Fund-Raising</u>	<u>Unallowable Indirect ⁽¹⁾</u>	<u>Allowable Indirect</u>	<u>Grand Total</u>
Subrecipient grant expenditures	\$ 2,553,436	\$ -	\$ -	\$ -	\$ 2,553,436
Salaries and benefits	466,245	-	90,461	241,915	798,621
Contract labor	46,000	-	-	-	46,000
Travel	79,463	-	1,247	28,661	109,371
Professional fees	-	3,345	-	66,652	69,997
Conferences and meetings	13,197	-	-	21,414	34,611
Insurance	-	-	-	9,724	9,724
Rent	16,739	-	-	4,754	21,493
Communications	1,977	-	-	6,194	8,171
Miscellaneous	20,611	-	317,022	8,066	345,699
Supplies and printing	16,294	-	3	1,922	18,219
Website	-	-	-	3,550	3,550
Postage and shipping	49	-	-	844	893
Professional organization dues	-	-	-	1,000	1,000
Interest	-	-	-	1,284	1,284
	<u>3,214,011</u>	<u>3,345</u>	<u>408,733</u>	<u>395,980</u>	<u>4,022,069</u>
Allocation of Allowable Indirect Costs	<u>395,568</u>	<u>412</u>	<u>-</u>	<u>(395,980)</u>	<u>-</u>
	<u>\$ 3,609,579</u>	<u>\$ 3,757</u>	<u>\$ 408,733</u>	<u>\$ -</u>	<u>\$ 4,022,069</u>

COMPUTATION OF INDIRECT COST RATE

Indirect expenses	<u>\$ 395,980</u>	\$ 395,980
Distribution Base		
Program expenses	\$ 3,214,011	
Fundraising	<u>3,345</u>	
		<u>\$ 3,217,356</u>
Indirect Cost Rate %		<u>12.31 %</u>

(1) Includes expenses such as lobbying, public relations, advocacy, and bad debts.

MILLENNIUM WATER ALLIANCE

COMPUTATION OF FRINGE RATE IN ACCORDANCE WITH THE UNIFORM GUIDANCE APPLICABLE TO FEDERAL GRANTS AND CONTRACTS

Year Ended September 30, 2023

BENEFITS POOL EXPENSE

FUTA, SUTA, Soc. Sec., Medicare & PEO Fees	\$ 47,180
Workers compensation insurance	2,858
Health insurance	17,363
401(k) contribution	29,730
Paid leave, allowances, and holidays	78,466
Life insurance/LTD/STD	<u>1,695</u>
Total Benefit Pool Expense	<u>\$177,292</u>

ALLOCATION BASE

Salaries, less paid leave and holidays	<u>\$450,877</u>
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FRINGE RATE

39.32 %

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