

**ASSOCIATION OF CLEAN
WATER ADMINISTRATORS
(formerly Association of State and Interstate
Water Pollution Administrators)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2011

**ASSOCIATION OF CLEAN
WATER ADMINISTRATORS**

YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Association of Clean Water Administrators
(Formerly Association State and Interstate Water
Pollution Control Administrators)
Washington, DC

We have audited the accompanying statement of financial position of Association of Clean Water Administrators (formerly Association of State and Interstate Water Pollution Control Administrators) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended. These financial statements are the responsibility of Association of State and Interstate Water Pollution Control Administrators' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Association of State and Interstate Water Pollution Control Administrators, as of June 30, 2011, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with generally accepted accounting principles in the United States of America.

October 20, 2011
Washington, DC

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
Statement of Financial Position
As of June 30, 2011

ASSETS

Checking/Savings	
Non-interest bearing	\$ 20,477
Interest bearing and short-term cash equivalents	<u>557,978</u>
Total Checking/Savings	<u>578,455</u>
Grants and Accounts Receivable	
Membership dues receivable	-
Grants receivable	24,767
Other accounts receivable	<u>9,116</u>
	<u>33,883</u>
Property and Furniture	
Office furniture and equipment	19,940
Less: accumulated depreciation	<u>(11,761)</u>
Total Property and Furniture	<u>8,179</u>
Other Assets	
Prepaid insurance	<u>2,866</u>

TOTAL ASSETS \$ 623,383

LIABILITIES & NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 20,642
Deferred members dues	<u>130,062</u>
Total Liabilities	<u>150,704</u>
Net Assets	
Unrestricted net assets	<u>472,679</u>

TOTAL LIABILITIES & EQUITY \$ 623,383

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Support, revenue and gains:

Federal research grants and exchange contracts	\$ 102,020
Contributions and sponsorships	20,400
Meeting and program fees	44,766
Membership dues	572,164
Interest and dividends	2,076
Miscellaneous income/reimbursements	7,006
	<u>748,432</u>

Expenses and losses:

Program expenses	\$ 107,511
Membership program	369,889
Meetings and conferences	179,874
	<u>657,274</u>
General and administrative	60,174
Fund raising	2,416
	<u>62,590</u>
Total expenses	<u>719,864</u>
<i>Change in net assets</i>	28,568
Net assets, beginning	<u>444,111</u>
<i>Net assets, ending</i>	<u><u>\$ 472,679</u></u>

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2011

PROGRAM SERVICES

	SRF	Research	Outreach	Meetings	Membership	Total Programs	General & Administrative	Fund Raising	Total
Salaries	\$ 36,433	\$ 1,738	\$ -	\$ 43,711	\$ 151,467	\$ 233,349	\$ 95,446	\$ 1,077	\$ 329,872
Fringe Benefits and Paid Leave	11,870	545	-	15,295	55,570	83,280	31,187	370	114,837
Temporary Services	-	-	-	878	-	878	5,798	-	6,676
Travel	13,797	-	3,084	6,666	10,823	34,370	562	225	35,157
Conference and Meetings	5,600	-	195	51,209	1,901	58,905	125	-	59,030
RegOnline Fees	-	-	-	887	-	887	-	-	887
Credit Card Processing Fees	-	-	-	1,733	-	1,733	-	-	1,733
Refunds	-	-	-	1,790	-	1,790	-	-	1,790
Printing & Reproduction	-	-	-	4,667	-	4,667	35	-	4,702
Training and Subscriptions	-	-	-	200	6,644	6,844	-	-	6,844
Contract Labor	-	-	-	2,796	20,704	23,500	5,552	20	29,072
Professional Fees	1,838	160	-	1,886	9,419	13,303	32,736	43	46,082
Insurance	330	1	-	211	1,838	2,380	4,655	4	7,039
Postage and Delivery	320	26	-	714	979	2,039	975	4	3,018
Equipment Rental and Maintenance	645	41	-	621	2,608	3,915	1,761	23	5,699
Supplies	575	45	-	1,383	3,095	5,098	3,437	15	8,550
Telephone & Telecommunications	2,329	46	-	1,359	9,039	12,773	4,385	48	17,206
Payroll Processing Fees	121	3	-	154	497	775	283	5	1,063
Staff Development	72	-	-	-	-	72	302	-	374
Miscellaneous Expenses	-	-	500	100	149	749	565	-	1,314
Occupancy	3,729	233	-	4,740	15,217	23,919	10,735	60	34,714
Bank Fees	-	-	-	-	-	-	448	-	448
Depreciation Expense	-	-	-	-	-	-	3,757	-	3,757
	<u>\$ 77,659</u>	<u>\$ 2,838</u>	<u>\$ 3,779</u>	<u>\$ 141,000</u>	<u>\$ 289,950</u>	<u>\$ 515,226</u>	<u>\$ 202,744</u>	<u>\$ 1,894</u>	<u>\$ 719,864</u>
Indirect cost allocation	21,411	782	1,042	38,874	79,939	142,048	(142,570)	522	-
Total Expenses	<u>\$ 99,070</u>	<u>\$ 3,620</u>	<u>\$ 4,821</u>	<u>\$ 179,874</u>	<u>\$ 369,889</u>	<u>\$ 657,274</u>	<u>\$ 60,174</u>	<u>\$ 2,416</u>	<u>\$ 719,864</u>

ASSOCIATION OF CLEAN WATER ADMINISTRATORS

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2011

OPERATING ACTIVITIES

Net Income	\$ 28,568
Adjustments to reconcile Net Income to net cash provided by operations:	
Depreciation expense	3,757
Accounts Receivable	(11,267)
Prepaid Expenses and Other Receivables	(1,585)
Accounts Payable and Accrued Expenses	(7,558)
Deferred Member Dues	<u>(24,174)</u>
Net cash provided by Operating Activities	<u>(12,259)</u>
INVESTING ACTIVITIES	
Purchase of furniture and equipment	<u>(2,873)</u>
Total adjustments	(15,132)
Cash at beginning of period	<u>593,587</u>
Cash at end of period	<u><u>\$ 578,455</u></u>

ASSOCIATION CLEAN WATER ADMINISTRATORS

Notes to Financial Statements

Year ended June 30, 2011

Note 1 - Organization and Purpose

The Association of State and Interstate Water Pollution Control Administrators changed its name to the Association of Clean Water Administrators (ACWA) (See Note 7). ACWA is a not for-profit corporation established in the District of Columbia in 1986. ACWA is an independent, nonpartisan organization of state water program managers and serves as a liaison between and among the states. ACWA also provides for coordination and communication between the federal government and the public and private sectors. The primary sources of revenue are member dues and grants from the United States Environmental Protection Agency (USEPA).

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of ACWA have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities

Cash and Cash Equivalents

Certificates of deposit and money market funds as of June 30, 2011 are included in cash in the accompanying financial statements and are treated as cash equivalents in the statement of cash flows.

Grants and Accounts Receivables

ACWA utilizes the direct write-off method for membership dues that are not collectible. As of June 30, 2011, management considers all receivables appearing on the statement of financial position to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. Uncollectible accounts are directly written off first offset against deferred revenue and current year membership dues then if subsequently determined not collectible recorded as bad debt expenses once management determines that collection is unlikely. As of June 30, 2011, membership dues receivable, grants, and other accounts receivable outstanding and considered fully collectible totaled \$9,116.

Equipment

Equipment is carried at cost. Depreciation is provided over the estimated useful lives of the assets by straight-line methods. Computer equipment is depreciated over three years. Furniture and equipment are depreciated over seven years. Leased equipment is depreciated over the life of the lease.

ASSOCIATION CLEAN WATER ADMINISTRATORS

Notes to Financial Statements

Year ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue and support are recognized by the Organization when the unconditional promise to give by a donor is assured. Certain grants and awards stipulate that the grantor will reimburse expenditures incurred by the Organization on their behalf once the Organization submits these expenditures for approval. The grantor retains discretionary rights on all expenditures incurred on their behalf. Expenditures funded by unrestricted net assets prior to the receipt of the unconditional promise to pay from the donor are recorded as a reduction to unrestricted net assets.

All funds not expended in accordance with the grant are recorded as a liability to the grantee as ACWA does not maintain any equity in the grant. As of June 30, 2011, \$24,767 was recorded as a grant receivable from EPA for services rendered from April 1, 2011 through June 30, 2011. There is no deferred income relating to these research grants as of June 30, 2011 since the Organization is reimbursed subsequent to when expenses are incurred and has not received any funds in advance.

Membership dues are recognized in the period to which they apply. The dues cycle is a twelve-month period beginning July 1 and ending June 30 of each year. Deferred revenue is recorded for dues received in the current fiscal year for future periods. As of June 30, 2011, \$130,062 of FY11 dues were received during the year ended June 30, 2011 and has been properly deferred to FY12.

Expense Allocation

The costs of providing program services and management and general expenses have been summarized on a functional basis. Identifiable expenses are charged to programs and supporting services, and expenses related to more than one function are directly allocated as an expense of that program. Management and general expenses include those indirect expenses that are incurred to the mutual benefit of the Organization and its programs and are not directly identifiable with any other specific function but provide for the overall support and direction of ACWA.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the years then ended. Actual results could differ from those estimates.

ASSOCIATION CLEAN WATER ADMINISTRATORS

Notes to Financial Statements

Year ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

ACWA is exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been recorded in the financial statements.

Uncertain tax positions

In accordance with the disclosure provisions of FASB ASC Sub-Topic 740-19 "Accounting for Uncertainty in Income Taxes" as of and for the year ended June 30, 2011, ACWA has no uncertain tax positions requiring disclosure or accrual occurred for the year ended December 31, 2010. The open tax years are fiscal years FY 09; FY 10; and FY 11.

Note 3 - Equipment

Equipment net of accumulated depreciation as of June. 30, 2011, consisted of the following:

Office furniture and equipment	\$ 19,940
Less Accumulated depreciation	<u>-11,761</u>
	\$ 8,179

For fiscal year ended June 30, 2011 depreciation expense totaled \$3,757.

Note 4 – Commitments

On January 6, 2011, ACWA amended its operating lease for office space. The new terms state that the lease will expire on January 31, 2013. Rent is payable in equal monthly installments of \$2,866. Beginning on February 1, 2012, monthly rent will increase 4%. For the fiscal year ended June 30, 2011, rent and occupancy related expenses including cleaning and any pass-through expenses totaled \$34,714.

ACWA paid its former Executive Director a consultant fee of \$1,319 per month from July 1, 2010 to April 20, 2010 in addition to her salary through December 31, 2010 of \$60,310. This agreement was approved by the Board of Directors in a prior year. For the year ended June 30, 2011, \$6,597 was paid and ACWA has no further liability relating to this agreement.

ASSOCIATION CLEAN WATER ADMINISTRATORS

Notes to Financial Statements

Year ended June 30, 2011

Note 5 - Retirement Plan

ACWA maintains a 403(b) plan (the Plan) covering substantially all employees. The Plan has no fixed matching percentage, however allows for discretionary contributions if approved by the Board of Directors. For the year ended June 30, 2011, total discretionary contributions to this plan were \$32,987. As of June 30, 2011, \$3,670 of pension contributions remained unfunded. On July 31, 2011 the unfunded portion as of June 30, 2011 was paid.

Note 6- Contributed Services

In accordance with FASB ASC Topic 958, in-kind contributions, if any, are recorded at their estimated fair market value on the date the unconditional promise to give the asset is made and transfer of the asset is assured. In kind contributions are usually not included in the accompanying financial statements since the value of the donated services and materials can not be objectively measured

Note 7 – Subsequent Events

On August 17, 2011, the Board of Directors approved to change the Organization's name from the Association of State and Interstate Water Pollution Administrators (ASIWPCA) to the Association of Clean Water Administrators (ACWA). The name change was approved by the appropriate regulatory entity on September 23, 2011. The name change qualifies as a Type 1 subsequent event which requires retroactive application of the name change to the year ended June 30, 2011. Subsequent events have been updated through October 20, 2011. No other subsequent events were noted requiring adjustment to the fiscal year ended June 30, 2011 financial statements or disclosure.