



ASSOCIATION OF CLEAN WATER ADMINISTRATORS
REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

ASSOCIATION OF CLEAN WATER ADMINISTRATORS

REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Association of Clean Water Administrators
Washington, D.C,

Opinion

We have audited the accompanying financial statements of Association of Clean Water Administrators (ACWA) (a District of Columbia not-for-profit organization) which comprises the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association of Clean Water Administrators as of June 30, 2024 and 2023, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Association of Clean Water Administrators and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 ACWA's ability to continue as a going concern for the year ended June 30, 2024 and 2023.

Auditor's 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 auditors' 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, 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 ACWA'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 ACWA'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.

Washington DC
November 6, 2024

Nanette K. Miller, CPA P.C.

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS:		
<i>Current Assets:</i>		
Cash in bank and in interest bearing accounts	\$ 489,914	\$ 607,449
Investments, held for sale	1,220,855	1,122,296
Accounts Receivable -		
Grants receivable	104,970	60,414
Member dues receivable	65,839	25,506
	170,809	85,920
Prepaid expenses	26,934	22,098
Total current assets	\$ 1,908,512	\$ 1,837,763
<i>Non-current Assets:</i>		
Furniture and equipment:		
Office furniture and equipment, net of accumulated depreciation	\$ 2,879	\$ 6,618
Security deposit	5,181	5,181
Right of use - office lease obligation	38,307	108,430
Employee retention credit receivable	165,169	165,169
	165,169	165,169
TOTAL ASSETS	\$ 2,120,048	\$ 2,123,161
LIABILITIES AND NET ASSETS:		
<i>Current Liabilities:</i>		
Accounts payable and accrued expenses	\$ 116,560	\$ 47,482
Deferred revenue	404,285	507,772
	404,285	507,772
Total current liabilities	\$ 520,845	\$ 555,254
<i>Long-term liabilities:</i>		
Lease liability - office	\$ 41,991	\$ 126,847
	41,991	126,847
<i>Net Assets:</i>		
Net assets without donor restrictions	\$ 1,557,212	\$ 1,441,060
	1,557,212	1,441,060
TOTAL LIABILITIES AND NET ASSETS	\$ 2,120,048	\$ 2,123,161

SEE NOTES TO FINANCIAL STATEMENTS.

**ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains:			
Contributions, grants and contracts	\$ 1,286	\$ 506,601	\$ 507,887
Membership dues	996,578	-	996,578
Program revenue	54,121	-	54,121
Investment income, including unrealized gains/(losses)	81,453	-	81,453
Total Support, revenue and gains	1,133,438	506,601	1,640,039
Released from program restrictions	506,601	(506,601)	-
Expenses and losses:			
Program Services:			
Federal Cooperative Programs	\$ 506,601	\$ -	\$ 506,601
Membership and Support Services	603,516	-	603,516
Meetings and Conferences	111,893	-	111,893
Outreach and Other Programs	5,778	-	5,778
	1,227,788	-	1,227,788
Support Services:			
Management and General	296,099	-	296,099
Total Expenses and losses	1,523,887	-	1,523,887
Change in net assets	116,152	-	116,152
Net assets beginning of the year	1,441,060	-	1,441,060
Net assets, end of the year	\$ 1,557,212	\$ -	\$ 1,557,212

**ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Support, revenue and gains:			
Contributions, grants and contracts	\$ 270	\$ 338,899	\$ 339,169
Membership dues	872,876	-	872,876
Program revenue	13,123	-	13,123
Other income and credits	167,418	-	167,418
Investment income, including realized and unrealized gains/(losses)	47,672	-	47,672
Total Support, revenue and gains	<u>1,101,359</u>	<u>338,899</u>	<u>1,440,258</u>
Released from program restrictions	<u>338,899</u>	<u>(338,899)</u>	<u>-</u>
Expenses and losses:			
Program Services:			
Federal Cooperative Programs	\$ 338,899	\$ -	\$ 338,899
Membership and Support Services	534,725	-	534,725
Meetings and Conferences	141,546	-	141,546
Outreach and Other Programs	43,603	-	43,603
	<u>1,058,773</u>	<u>-</u>	<u>1,058,773</u>
Support Services:			
Management and General	<u>312,005</u>	<u>-</u>	<u>312,005</u>
Total Expenses and losses	<u>1,370,778</u>	<u>-</u>	<u>1,370,778</u>
Change in net assets	69,480	-	69,480
Net assets beginning of the year	<u>1,371,580</u>	<u>-</u>	<u>1,371,580</u>
Net assets, end of the year	<u>\$ 1,441,060</u>	<u>\$ -</u>	<u>\$ 1,441,060</u>

**ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

PROGRAM SERVICES							
	Federal Cooperative Agreements	Membership and Support Services	Meetings and Conferences	Outreach and Other Programs	Total Program Services	Management and General	Total
Salaries	\$ 207,067	\$ 369,901	\$ 11,583	\$ -	\$ 588,551	\$ 201,762	\$ 790,313
Payroll Taxes	14,346	28,905	886	-	44,137	13,171	57,308
Employee Benefits	49,734	111,526	797	-	162,057	9,066	171,123
Depreciation	-	-	-	-	-	6,718	6,718
Dues and Subscriptions	-	16,232	-	-	16,232	-	16,232
Insurance	-	-	-	-	-	3,615	3,615
Conference/Meeting Expenses	62,602	1,726	77,873	2,982	145,183	-	145,183
Professional Fees	-	12,536	-	-	12,536	35,327	47,863
Occupancy	20,612	42,723	-	-	63,335	20,650	83,985
Travel	145,196	691	7,638	-	153,525	-	153,525
Office supplies	2,425	-	812	2,796	6,033	1,861	7,894
Postage and Delivery	1,674	-	1,618	-	3,292	440	3,732
Printing	-	-	3,716	-	3,716	-	3,716
Telephone and Communication	1,535	-	3,941	-	5,476	1,791	7,267
Payroll Processing	1,410	3,001	-	-	4,411	1,230	5,641
Outreach Meetings	-	1,112	529	-	1,641	-	1,641
Staff Development	-	6,656	-	-	6,656	-	6,656
Equipment Maintenance/Rental	-	-	-	-	-	468	468
Refunds/Cancellations	-	-	2,500	-	2,500	-	2,500
Bank and Merchant Fees	-	4,200	-	-	4,200	-	4,200
Miscellaneous	-	4,307	-	-	4,307	-	4,307
Total expenses	\$ 506,601	\$ 603,516	\$ 111,893	\$ 5,778	\$ 1,227,788	\$ 296,099	\$ 1,523,887

SEE NOTES TO FINANCIAL STATEMENTS.

**ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

PROGRAM SERVICES

	Federal Cooperative Agreements	Membership and Support Services	Meetings and Conferences	Outreach and Other Programs	Total Program Services	Management and General	Total
Salaries	\$ 129,449	\$ 291,886	\$ 54,822	\$ 9,481	\$ 485,638	\$ 192,626	\$ 678,264
Payroll Taxes	9,775	26,239	4,116	706	40,836	10,686	51,522
Employee Benefits	26,123	51,525	12,353	2,181	92,182	38,622	130,804
Depreciation	-	-	-	-	-	6,618	6,618
Dues and Subscriptions	-	15,275	-	-	15,275	-	15,275
Insurance	-	-	-	-	-	5,091	5,091
Meetings and Conferences	12,819	35,121	42,117	24,115	114,172	-	114,172
Professional Fees	1,601	51,329	2,006	-	54,936	30,879	85,815
Occupancy	15,690	34,114	4,752	-	54,556	18,688	73,244
Travel	136,759	21,791	18,704	-	177,254	1,320	178,574
Other Operating Expenses	6,683	7,445	2,676	7,120	23,924	7,475	31,399
Total expenses	\$ 338,899	\$ 534,725	\$ 141,546	\$ 43,603	\$ 1,058,773	\$ 312,005	\$ 1,370,778

SEE NOTES TO FINANCIAL STATEMENTS.

**ASSOCIATION OF CLEAN WATER ADMINISTRATORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<i>CASH FLOW FROM OPERATING ACTIVITIES:</i>		
Change in net assets	\$ 116,152	\$ 69,480
<i>Adjustments to reconcile to the change in net assets (used in) operating activities:</i>		
Depreciation expense	\$ 6,718	\$ 6,618
Unrealized gains on investments, net	(23,770)	(38,563)
(Increase) decrease in accounts receivable	(84,889)	(63,026)
(Increase) decrease in prepaid expenses	(4,837)	(9,741)
(Increase) decrease in employee retention credit receivables	-	(165,169)
(Increase) decrease in right to use - leases	70,123	(108,430)
Increase (decrease) in accounts payable and accrued expenses	68,078	(6,235)
Increase (decrease) in deferred revenue	(70,326)	56,423
Increase (decrease) lease liability	(84,856)	102,076
	<u>(123,759)</u>	<u>(226,047)</u>
Total cash flow from operating activities	<u>(7,607)</u>	<u>(156,567)</u>
<i>CASH FLOW FROM INVESTING ACTIVITIES:</i>		
Purchase of property and equipment, net of adjustments	(2,979)	(5,172)
Proceeds from sale of investments, net of purchases and transfers	(106,949)	203,490
Total cash flow from investing activities	<u>(109,928)</u>	<u>198,318</u>
Increase in cash	(117,535)	41,751
<i>Cash and cash equivalents, beginning of period</i>	<u>607,449</u>	<u>565,698</u>
<i>Cash and cash equivalents, end of period</i>	<u>\$ 489,914</u>	<u>\$ 607,449</u>

There were no non-cash investing and/or financing activities for the year ended June 30, 2024 and 2023.

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

1. ORGANIZATION

Association of Clean Water Administrators (ACWA) is a not-for-profit corporation established in the District of Columbia in 1986 as the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA). On September 23, 2011, ASIWPCA officially changed its name to ACWA.

ACWA is an independent, non-partisan 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 cooperative agreements with the U.S. Environmental Protection Agency.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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.

Basis of presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958 accounting for contributions received and contributions made. Contributions are recognized as revenue when they are received or unconditionally pledged.

FASB ASC Topic 958 and Accounting Standards Update (ASU 2016-14) eliminates the utilization of fund accounting for financial reporting purposes and requires that net assets be classified as (1) net assets without donor restrictions and (2) net assets with donor restrictions depending on limitations placed on the net assets by donors. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services.

Net assets with donor restrictions - Net assets with donor restrictions are comprised of funds, which are restricted by donors for specific purposes, which are not in the ordinary course of the Organization's operations and are comprised of cash and pledges receivable. Upon the expiration of either donor-imposed time or purpose restrictions, net assets with donor restrictions are transferred to net assets without donor restrictions. As of June 30, 2023, there are no net assets with donor restrictions.

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

Net assets with donor restrictions may also include contributions which donors have specified must be maintained in perpetuity. The related income from the related investments may be expended for such purposes as specified by the donor or, if none, then for any purpose of the Organization. The donors have stipulated that the revolving fund balance and net realized gains on investment transaction must be maintained in perpetuity. However, interest earned on the investment of such funds may be used for any purpose. As of June 30, 2024 and 2023 ACWA does not maintain any net assets held permanently.

Investments

The Organization has adopted Fair Value Measurements in accordance with the FASB Accounting Standards Codification for assets and liabilities at fair value on a recurring basis during the period, which requires quantitative disclosures about fair value measurements separately for each major category of assets and liabilities. This standard clarifies the definition of fair value for financial reporting, establishes a hierarchal disclosure framework for measuring fair value and requires additional disclosures about the use of fair value measurements. Investments are carried at fair market value based on quotations received from national security exchanges such as NASDAQ.

Membership Dues and Grants Receivable

Membership dues receivable and grants receivable are recorded at the amount ACWA expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors accounts receivable and charges off any balances the are determined to be uncollectible. As of June 30, 2022, ACWA does not have an allowance for doubtful accounts since the direct write-off method is used. Since ACWA utilizes the direct write-off method, as of June 30, 2024 and 2023, there was no allowance for doubtful accounts.

Revenue Recognition

Contribution and grant income is recognized when the grantor makes a promise to give to the Organization that is, in substance, unconditional. Contributions which are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the same year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Non-cash contributions, such as marketable securities or other valuables easily converted into cash, if any, are recorded at the fair market value on the date of the contribution. Any gain or loss on the subsequent sale is reported in the Statements of Activity as a realized gain/loss and is considered revenue without donor restrictions.

Use of estimates

The preparation of the 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.

In-kind contributions

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 can be included in the accompanying financial statements if the value of the donated services and materials cannot be objectively measured. As of and for the year ended June 30, 2024 and 2023, no in-kind contributions have been recorded since they could not be objectively measured.

Functional expenses and allocations

The costs of providing the various programs and other operating activities have been summarized on a functional basis in the statement of functional expenditures. Certain costs that benefit a given program, as permitted by the grantor approved budget and/or management's best estimate of the benefit derived from a particular expenditure, have been directly allocated to that program based upon personnel time and other reasonable percentages as accepted in the nonprofit industry.

Income taxes

ACWA is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as defined by Section 512(a) (1) of the Code, is subject to Federal income tax and is not considered a private foundation.

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain tax positions

ACWA is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. This code section enables ACWA to accept donations that qualify as charitable contributions to the donor. ACWA is subject to tax on net income from unrelated business activities. For the years ended June 30, 2024 and 2023, ACWA did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements, pursuant to *Accounting Standards Codification (ASC) for Income Taxes*. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. The open tax years are years after June 30, 2020. If there are material omissions of income or material misstatement of facts, informational tax returns may be subject to examination for up to six years. It is ACWA's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2024 and 2023, the Organization had no accruals for interest and/or penalties as there were no uncertain tax positions.

Cash and cash equivalents

Cash and investments with maturities of 90 days or less are considered cash and cash equivalents for financial statement presentation purposes.

Equipment and furniture

Furniture and equipment, if any, are recorded at cost or fair market value if donated and are depreciated over their estimated useful lives of 5 to 10 years using the straight-line method. The Organization's policy is to capitalize all assets with a value of \$1,000 or more and estimated useful life of one year or more.

3. FAIR VALUE MEASUREMENT

ACWA complies with FASB ASC Topic 820, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization can access. These investments are considered highly liquid instruments which include certificates of deposit, money market instruments, corporate securities and mutual funds.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 securities include U.S. government and agency securities and bonds, corporate bonds, commercial paper and other investments with maturity dates greater than 3 months.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These investments would include corporate stocks not actively traded, agency, loans receivable, and other non-marketable investments. As of June 30, 2024 and 2023, there were no Level 3 investments.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

3. FAIR VALUE MEASUREMENT (continued)

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2024 and 2023, all investments are considered net assets without restrictions. The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of June 30,:

2024:

	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Mutual Funds - Fixed Income	\$ 708,805	\$ 708,805	\$ -	\$ -
Mutual Funds - Equities	188,848	188,848	-	-
Mutual Funds - Bonds and Preferred Equities	111,495	111,495	-	-
Money Market Funds (Sweep Accounts)	211,707	211,707	-	-
Total	\$ 1,220,855	\$ 1,220,855	\$ -	\$ -

2023:

	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Mutual Funds - Fixed Income	\$ 692,068	\$ 692,068	\$ -	\$ -
Mutual Funds - Equities	169,815	169,815	-	-
Mutual Funds - Bonds and Preferred Equities	111,299	111,299	-	-
Money Market Funds (Sweep Accounts)	149,114	149,114	-	-
Total	\$ 1,122,296	\$ 1,122,296	\$ -	\$ -

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

4. INVESTMENT INCOME

The components of investment income at June 30, are as follows:

	2024	2023
Interest and dividends	\$ 57,683	\$ 34,757
Realized and unrealized gains and losses, net	23,770	12,915
Total	\$ 81,453	\$ 47,672

5. CONCENTRATIONS AND CREDIT RISK

Credit Risk

At times during the year it is possible for ACWA to maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 per financial institution/per organization on demand deposits, certificates of deposit, and money market accounts combined. Additionally, the Organization may at times maintain securities and money market cash balances at securities brokerage firms. Securities Investor Protection Corporation (SIPC) protects balances up to \$500,000 for marketable securities and \$250,000 for money market cash held by brokerage firms only.

As of June 30, 2024, balances in one financial institution exceeded the FDIC insurance limits by a total of \$223,393. As of June 30, 2024, balances of securities and money market accounts, excluding sweep accounts, held by a single brokerage firm exceeded the SIPC limits by \$720,855.

ACWA has never experienced any losses of this nature and management deems the risk associated with any potential losses relating to these excess deposits to be minimal.

Concentration

For the year ended June 30, 2023, the concentration of primary revenue sources:

2024:

Federal grants	\$ 506,601	33%
Membership dues	996,578	64%
Program revenue and other	54,121	3%
	\$ 1,557,300	100%

2023:

Federal grants	\$ 338,899	24%
Membership dues	872,876	63%
Program revenue and other	13,123	1%
Employee retention credit for 2020 and 2021	165,169	12%
	\$ 1,390,059	100%

ASSOCIATION OF CLEAN WATER ADMINISTRATORS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 AND 2023

5. *CONCENTRATIONS AND CREDIT RISK (continued)*

Federal grant income is derived solely from Cooperative Agreements with the Environmental Protection Agency. Membership dues and program revenue are recurring and are not single sourced.

6. *EMPLOYEE RETENTION CREDIT*

The Employee Retention Tax Credit (ERTC) is a refundable payroll tax credit equal to 50% of qualified employee wages affected by the COVID-19 pandemic. In accordance with ASC 958 -605 Revenue Recognition, this credit is recognized as other income once ACWA has substantially met the conditions of the credit. Since ACWA experienced a full or partial suspension of operations during COVID-19 which limited travel or group meetings, which makes them retroactively eligible for the refundable tax credit. The amounts calculated for 2021 and 2020 were \$131,022 and \$34,147, respectively. An adjustment was made as of June 30, 2023 for the Employee Retention Tax Credit (ERTC) which is a refundable payroll tax credit equal to 50% of qualified employee wages affected by the COVID-19 pandemic.

In accordance with ASC 958 -605 Revenue Recognition, this credit is recognized as other income once ACWA has substantially met the conditions of the credit. Since ACWA experienced a full or partial suspension of operations during COVID-19 which limited travel or group meetings, which makes them retroactively eligible for the refundable tax credit. The amounts calculated for 2021 and 2020 were \$131,022 and \$34,147, respectively. The ERTC total for these years of \$165,169 has been recorded as an accounts receivable in the statement of financial position and other income in the statement of activity as of and for the year ended June 30, 2023.

On September 14, 2023, the Internal Revenue Service (IRS) ordered a moratorium to run through August 8, 2024, on processing previously submitted eligible ERTC claims. Any claim filed prior to September 14, 2023, will be processed by the IRS. ACWA filed its claim on or about September 8, 2023, and after June 30, 2024, ACWA started to receive payments from the IRS relating to this matter. See Note 11.

7. *RETIREMENT PLANS*

ACWA maintains an IRC 457(b) plan (the Plan) that covers all full-time employees. All employees are eligible to make voluntary contributions to the Plan commencing on the date they are hired.

ACWA also maintains an IRC Section 401(k) Profit Sharing Plan with Mission Square Retirement Plan. Employees are eligible to receive employer contributions to this retirement plan after one year of service. ACWA will make employer discretionary contributions to the retirement plan equal to 5% of the employee's gross salary. After

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7. RETIREMENT PLANS (continued)

five years of service, the maximum discretionary contribution by ACWA to an employee will be 10% of gross salary. For the years ended June 30, 2024 and 2023, ACWA contributed a total of \$62,960 and \$69,655, respectively, to this retirement plan.

Effective February 13, 2024, ACWA established a Designated Roth 457 Governmental Deferred Compensation Plan. All employees are eligible, with no employer matching contributions.

8. COMMITMENTS AND CONTINGENCIES

Government Grants

In accordance with FASB ASC Topic 450, Accounting for Contingencies, amounts received or to be received from government agencies under various federal grant awards may be subject to audit and adjustment by these government agencies. ACWA makes every effort to segregate costs they deem to be unallowable under the grant terms. Additional amounts, if any, of expenditures which may be potentially disallowed cannot be reasonably determined at this time, however, ACWA expects such amounts, if any, to be immaterial to the financial statements taken as a whole.

Conference Space Agreements

ACWA was committed under a contract for a meeting venue signed in March 2024 for a meeting conducted in September 2024. The contract contains clauses whereby ACWA would be liable for liquidated damages in the event of cancellation or if certain minimum attendance requirements are not met. These liquidated damages are based upon a percentage of the contract price determined by the length of time between the dates of cancellation and the event. See Note 11 - Subsequent Events for additional commitments affecting fiscal year ended June 30, 2025.

9. ACCOUNTING FOR LEASES

ACWA leases office space in Washington, DC. The term of this lease is 10 years expiring on September 11, 2024 (see Note 11). In accordance with FASB Accounting Standards Codification (ASC) 842-20-50-1 and 842-30-50-1, ACWA presented this office lease as a "Right of Use" (ROU) assets. ROU assets and lease liabilities are presented as noncurrent assets/liabilities in ACWA's Statement of Financial Position at the present value of the remaining lease obligation. As of June 30, 2024, the ROU remaining totaled \$38,307. This ROU asset and corresponding liability are amortized over the remaining term of the lease. As of June 30, 2024, the remaining Lease Liability using the remaining term of seven (7) months (see Note 11) at an incremental borrowing rate of 6%, the present value of future lease obligations, including any deferred rent liabilities relating to this office lease totaled \$41,991.

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10. LIQUIDITY

In accordance with FASB ASC Topic 958 and Accounting Standards Update (ASU 2016-14), as of June 30, 2024, ACWA’s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 489,914
Investments	1,220,855
Other accounts receivable	44,387
Membership dues receivable	21,452
Grants receivable	104,970
Prepaid expenses	26,934
Financial Assets and Liquidity Resources Available within One Year	\$ 1,908,512

ACWA is subject to seasonal variations of cash flows due to the timing of membership dues, grants, program revenue and vendor payments. ACWA has a goal to maintain financial resources on hand to meet at least 90 days of normal operating expenses. ACWA's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations as they come due when they are approved by management. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

11. SUBSEQUENT EVENTS

Subsequent events have been reviewed through November 6, 2024. The following items were considered significant subsequent events requiring disclosure:

- The existing office lease expired on September 11, 2024 which was extended for 60 days. On November 4, 2024, ACWA entered into the "First Amendment to Office Lease". The new lease term is from December 1, 2024 through February 28, 2025 at a monthly rent amount of \$6,795.
- ACWA is contractually committed under agreement for meeting venue space dated July 2, 2024. This contract has several clauses such as "room attrition" and function space charges if 80% utilization is not met which would require ACWA to make up the difference between what was budgeted and committed versus what transpired.
- In November 2024, ACWA received \$35,522 of ERTC credit payments due. This payment was accompanied two letters stating that ACWA will be receiving additional payments shortly.

No additional items were noted subsequent to June 30, 2024 requiring adjustment to or further disclosure in the financial statements as of and for the year then ended.