

THE WATER TRUST, INC.

**CONSOLIDATING FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

MARCH 31, 2015 (Audited) AND 2014 (Unaudited)

THE WATER TRUST, INC.

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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), which comprise the consolidating statement of financial position as of March 31, 2015, and the related consolidating statements of activities and cash flows for the year 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 audit. We did not audit the financial statements of The Water Trust Limited, a foreign subsidiary, which statements reflect total assets of \$188,303, as of March 31, 2015, and total support and revenue of \$429,911, for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Water Trust Limited, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit 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. as of March 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The March 31, 2014 financial statements were reviewed by us, and our report thereon, dated April 20, 2015, stated we were not aware of any material modifications that should be made to those consolidating financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidating financial statements.

Lotz + Carr, LLP

New York, New York
May 20, 2016

THE WATER TRUST, INC.

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2015 AND 2014

	2015 (Audited)				2014 (Unaudited)			
	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals
Assets								
Cash	\$ 195,381	\$ 41,053	\$ -	\$ 236,434	\$ 168,942	\$ 38,834	\$ -	\$ 207,776
Unconditional promises to give (Notes 1c and 4)								
Unrestricted	7,500	-	-	7,500	-	-	-	-
Restricted to future programs and periods	192,000	59,141	(59,141)	192,000	-	-	-	-
Accounts receivable	-	8,534	-	8,534	-	-	-	-
Prepaid expenses	1,200	-	-	1,200	1,200	57,024	-	58,224
Water pump inventory	-	13,754	-	13,754	-	3,587	-	3,587
Fixed assets, net of accumulated depreciation (Notes 1d and 5)	30,326	65,821	-	96,147	1,285	50,208	-	51,493
Total Assets	<u>\$ 426,407</u>	<u>\$ 188,303</u>	<u>\$ (59,141)</u>	<u>\$ 555,569</u>	<u>\$ 171,427</u>	<u>\$ 149,653</u>	<u>\$ -</u>	<u>\$ 321,080</u>
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 78,623	\$ 44,016	\$ (59,141)	\$ 63,498	\$ 13,673	\$ 29,468	\$ -	\$ 43,141
Commitments (Note 8)								
Net Assets								
Unrestricted	101,616	85,146	-	186,762	61,343	69,978	-	131,321
Temporarily restricted (Note 2b)	246,168	59,141	-	305,309	96,411	50,207	-	146,618
Total Net Assets	<u>347,784</u>	<u>144,287</u>	<u>-</u>	<u>492,071</u>	<u>157,754</u>	<u>120,185</u>	<u>-</u>	<u>277,939</u>
Total Liabilities and Net Assets	<u>\$ 426,407</u>	<u>\$ 188,303</u>	<u>\$ (59,141)</u>	<u>\$ 555,569</u>	<u>\$ 171,427</u>	<u>\$ 149,653</u>	<u>\$ -</u>	<u>\$ 321,080</u>

See notes to consolidating financial statements.

THE WATER TRUST, INC.

CONSOLIDATING STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2015 AND 2014

	2015 (Audited)				2014 (Unaudited)			
	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals
Changes in Unrestricted Net Assets								
Revenue and Support	\$ 250,464	\$ 364,108	\$ (345,376)	\$ 269,196	\$ 175,094	\$ 255,628	\$ (235,944)	\$ 194,778
Contributions (Notes 3 and 6)	271,321	-	-	271,321	-	-	-	-
Donated services (Note 7)	7,383	1,025	-	8,408	8,429	2,164	-	10,593
Other income	-	5,637	-	5,637	-	(801)	-	(801)
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-
Net assets released from restrictions	509,878	50,207	(59,141)	500,944	341,295	41,734	(50,207)	332,822
Satisfaction of time and program restrictions	-	-	-	-	-	-	-	-
Total Revenue and Support	1,039,046	420,977	(404,517)	1,055,506	524,818	298,725	(286,151)	537,392
Expenses	616,310	398,817	(434,460)	580,667	421,363	257,778	(295,610)	383,531
Program Services	328,930	-	-	328,930	44,854	17,595	-	62,449
Supporting Services	53,533	-	-	53,533	16,634	-	-	16,634
Management and general	382,463	-	-	382,463	61,488	17,595	-	79,083
Fundraising	-	-	-	-	-	-	-	-
Total Supporting Services	998,773	398,817	(434,460)	963,130	482,851	275,373	(295,610)	462,614
Total Expenses	40,273	22,160	29,943	92,376	41,967	23,352	9,459	74,778
Increase in Unrestricted Net Assets Before Item Below	-	(6,992)	(29,943)	(36,935)	-	851	(9,459)	(8,608)
Foreign currency translation adjustment	40,273	-	-	40,273	41,967	-	-	41,967
Increase in Unrestricted Net Assets	40,273	15,168	-	55,441	41,967	24,203	-	66,170
Changes in Temporarily Restricted Net Assets								
Contributions (Notes 3 and 5)	659,635	59,141	(59,141)	659,635	347,091	50,207	(50,207)	347,091
Net assets released from restrictions	(509,878)	(50,207)	59,141	(500,944)	(341,295)	(41,734)	50,207	(332,822)
Increase in Temporarily Restricted Net Assets	149,757	8,934	-	158,691	5,796	8,473	-	14,269
Increase in net assets (Note 2a)	190,030	24,102	-	214,132	47,763	32,676	-	80,439
Net assets, beginning of year, as previously reported	157,754	69,978	-	227,732	109,991	45,775	-	155,766
Prior period adjustment (Note 9)	-	50,207	-	50,207	-	41,734	-	41,734
Net assets, beginning of year, as restated	157,754	120,185	-	277,939	109,991	87,509	-	197,500
Net Assets, End of Year	\$ 347,794	\$ 144,287	\$ -	\$ 492,071	\$ 157,754	\$ 120,185	\$ -	\$ 277,939

See notes to consolidating financial statements.

THE WATER TRUST, INC.

CONSOLIDATING STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31, 2015 AND 2014

	2015 (Audited)				2014 (Unaudited)			
	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals	The Water Trust, Inc.	The Water Trust Limited	Consolidating Entries	Consolidated Totals
Cash Flows From Operating Activities								
Increase in net assets	\$ 190,030	\$ 24,102	\$ -	\$ 214,132	\$ 47,763	\$ 32,676	\$ -	\$ 80,439
Adjustments to reconcile increase in net assets to net cash provided by operating activities:								
Effect of exchange rate changes on fixed assets	-	7,270	-	7,270	-	506	-	506
Depreciation	5,627	20,074	-	25,701	1,240	16,203	-	17,443
(Gain) loss on disposal of fixed assets	-	(5,637)	-	(5,637)	-	801	-	801
(Increase) decrease in:								
Unconditional promises to give	(199,500)	(59,141)	59,141	(199,500)	-	41,734	-	41,734
Accounts receivables	-	(8,534)	-	(8,534)	-	-	-	-
Prepaid expenses	-	57,024	-	57,024	(1,200)	(55,152)	-	(56,352)
Water pump inventory	-	(10,167)	-	(10,167)	-	2,226	-	2,226
Increase in accounts payable and accrued expenses	64,950	14,548	(59,141)	20,357	9,831	10,793	-	20,624
Net Cash Provided By Operating Activities	61,107	39,539	-	100,646	57,634	49,787	-	107,421
Cash Flows From Investing Activities								
Purchase of fixed assets	(34,668)	(37,320)	-	(71,988)	-	(35,798)	-	(35,798)
Net increase in cash	26,439	2,219	-	28,658	57,634	13,989	-	71,623
Cash, beginning of year	168,942	38,834	-	207,776	111,308	24,845	-	136,153
Cash, End of Year	<u>\$ 195,381</u>	<u>\$ 41,053</u>	<u>\$ -</u>	<u>\$ 236,434</u>	<u>\$ 168,942</u>	<u>\$ 38,834</u>	<u>\$ -</u>	<u>\$ 207,776</u>

See notes to consolidating financial statements.

THE WATER TRUST, INC.**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS****MARCH 31, 2015 (Audited) AND 2014 (Unaudited)****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 - 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.

d - 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.

e - 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.

f - 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.

g - 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.

THE WATER TRUST, INC.

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

MARCH 31, 2015 (Audited) AND 2014 (Unaudited)

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

h - 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.

i - Subsequent Events

The Organization has evaluated subsequent events through May 20, 2016, the date that the consolidating financial statements are considered available to be issued.

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:

	<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance, beginning of year	\$131,321	\$146,618	\$ 277,939
Revenue and support	554,562	659,635	1,214,197
Net assets released from restrictions	500,944	(500,944)	-
Expenses	(963,130)	-	(963,130)
Foreign currency translation adjustment	<u>(36,935)</u>	<u>-</u>	<u>(36,935)</u>
Balance, End of Year	<u>\$186,762</u>	<u>\$305,309</u>	<u>\$ 492,071</u>
	<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 65,151	\$132,349	\$197,500
Revenue and support	204,570	347,091	551,661
Net assets released from restrictions	332,822	(332,822)	-
Expenses	(462,614)	-	(462,614)
Foreign currency translation adjustment	<u>(8,608)</u>	<u>-</u>	<u>(8,608)</u>
Balance, End of Year	<u>\$131,321</u>	<u>\$146,618</u>	<u>\$277,939</u>

THE WATER TRUST, INC.

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

MARCH 31, 2015 (Audited) AND 2014 (Unaudited)

Note 2 - Restricted Net Assets (continued)

b - Temporarily Restricted Net Assets

Temporarily restricted net assets at March 31, 2015 and 2014 are restricted for future programs and periods.

Note 3 - Concentration

During the years ended March 31, 2015 and 2014, the Organization received contributions from two donors which represented approximately 54% and 56% of total contributions, respectively, and approximately 96% of unconditional promises to give as of March 31, 2015.

Note 4 - Unconditional Promises to Give

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

Note 5 - Property and Equipment

Property and equipment consists of the following:

		2015		
	<u>Life</u>	<u>The Water Trust, Inc.</u>	<u>The Water Trust Limited</u>	<u>Total</u>
Vehicles	4 years	\$ -	\$ 89,017	\$ 89,017
Machinery and equipment	5-7 years	-	12,422	12,422
Website and software	3 years	32,689	-	32,689
Computer equipment	3-5 years	4,174	3,078	7,252
Office equipment	3-5 years	1,143	4,876	6,019
Office furniture	5-7 years	381	1,685	2,066
		<u>38,387</u>	<u>111,078</u>	<u>149,465</u>
Less: Accumulated depreciation		<u>(8,061)</u>	<u>(45,257)</u>	<u>(53,318)</u>
		<u>\$ 30,326</u>	<u>\$ 65,821</u>	<u>\$ 96,147</u>

THE WATER TRUST, INC.

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

MARCH 31, 2015 (Audited) AND 2014 (Unaudited)

Note 5 - Property and Equipment (continued)

	<u>Life</u>	2014		<u>Total</u>
		<u>The Water Trust, Inc.</u>	<u>The Water Trust Limited</u>	
Vehicles	4 years	\$ -	\$73,949	\$73,949
Machinery and equipment	5-7 years	-	8,384	8,384
Computer equipment	3-5 years	2,576	3,767	6,343
Office equipment	3-5 years	1,143	2,668	3,811
Office furniture	5-7 years	-	1,442	1,442
		<u>3,719</u>	<u>90,210</u>	<u>93,929</u>
Less: Accumulated depreciation		<u>(2,434)</u>	<u>(40,002)</u>	<u>(42,436)</u>
		<u>\$1,285</u>	<u>\$50,208</u>	<u>\$51,493</u>

Depreciation expense for the years ended March 31, 2015 and 2014 was \$25,701 and \$1,240, respectively.

Note 6 - Contribution Revenue

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

	2015			<u>Total</u>
	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	
	<u>The Water Trust, Inc.</u>	<u>The Water Trust Limited</u>	<u>The Water Trust, Inc.</u>	
Foundations	\$ -	\$18,672	\$603,065	\$621,737
Individuals	239,454	-	56,570	296,024
Corporations	<u>11,010</u>	<u>-</u>	<u>-</u>	<u>11,010</u>
	<u>\$250,464</u>	<u>\$18,672</u>	<u>\$659,635</u>	<u>\$928,771</u>
	2014			<u>Total</u>
	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	
	<u>The Water Trust, Inc.</u>	<u>The Water Trust Limited</u>	<u>The Water Trust, Inc.</u>	
Foundations	\$ 50,000	\$19,684	\$276,230	\$345,914
Individuals	118,994	-	70,861	189,855
Corporations	<u>6,100</u>	<u>-</u>	<u>-</u>	<u>6,100</u>
	<u>\$175,094</u>	<u>\$19,684</u>	<u>\$347,091</u>	<u>\$541,869</u>

THE WATER TRUST, INC.**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS****MARCH 31, 2015 (Audited) AND 2014 (Unaudited)****Note 7 - Donated Services**

During the year ended March 31, 2015, the Organization received donated legal and strategic rebranding services valued at \$21,321 and \$250,000, respectively.

Note 8 - Commitment

The Water Trust, Inc. has leased office space on a month-to-month basis. The Water Trust Limited has leased office space in Uganda through July 1, 2014.

Rent expense for the years ended March 31, 2015 and 2014 was \$24,384 and \$9,700, respectively.

Note 9 - Prior Period Adjustment

Net assets as of April 1, 2014 and 2013 have been increased by \$50,207 and \$41,734, respectively, to correctly reflect contribution revenue which had not been recognized in the proper period.

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. as of and for the year ended March 31, 2015, and our report thereon dated May 20, 2016, which expressed an unmodified opinion on those consolidating financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The Schedule of Functional Expenses for the year ended March 31, 2015 with comparative totals for 2014 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 audit 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 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
May 20, 2016

THE WATER TRUST, INC.

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
 YEAR ENDED MARCH 31, 2015 (Audited) WITH
 COMPARATIVE TOTALS FOR 2014 (Unaudited)

	The Water Trust, Inc.				The Water Trust Limited				2015		2014
	Program Services	Supporting Services Management and General	Fundraising	Total	Program Services	Supporting Services Management and General	Fundraising	Total	Consolidating Entries	Consolidated Totals Expenses (Audited)	Consolidated Totals Expenses (Unaudited)
Salaries, payroll taxes and benefits	\$ 88,755	\$ 30,586	\$ 10,615	\$129,956	\$ 75,156	\$ -	\$ -	\$ 75,156	\$ -	\$ 205,112	\$ 132,847
Construction program costs	-	-	-	-	213,388	-	-	213,388	-	213,388	118,289
Vehicle expenses	-	-	-	-	50,605	-	-	50,605	-	50,605	47,824
Contract and professional services	69,554	16,790	23,867	110,211	6,358	-	-	6,358	-	116,569	57,151
Donated professional services	-	271,321	-	271,321	-	-	-	-	-	271,321	-
Marketing	-	-	2,472	2,472	-	-	-	-	-	2,472	-
Travel and conferences	10,651	1,184	9,730	21,565	-	-	-	-	-	21,565	29,670
Grant expense	434,460	-	-	434,460	-	-	-	-	(434,460)	-	26,086
Rent, office and phone expenses	9,071	7,285	4,062	20,418	28,384	-	-	28,384	-	48,802	29,409
Bank fees and miscellaneous expenses	384	760	1,599	2,743	4,852	-	-	4,852	-	7,595	3,895
Depreciation expense	3,435	1,004	1,188	5,627	20,074	-	-	20,074	-	25,701	17,443
Total Expenses, 2015	\$616,310	\$ 328,930	\$ 53,533	\$998,773	\$398,817	\$ -	\$ -	\$398,817	\$ (434,460)	\$ 963,130	\$ -
Total Expenses, 2014	\$421,363	\$ 44,854	\$ 16,634	\$482,851	\$257,778	\$ 17,595	\$ -	\$275,373	\$ (295,610)	\$ -	\$ 462,614

See independent auditors' report on supplementary information.