

# **CLEAN WATER ACTION**

## **FINANCIAL STATEMENTS**

**December 31, 2024**

### Page No.

Independent Auditor's Report ..... 1

### **FINANCIAL STATEMENTS:**

Statement of Financial Position..... 3

Statement of Activities ..... 4

Statement of Functional Expenses ..... 5

Statement of Cash Flows..... 6

Notes to the Financial Statements ..... 7



# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Clean Water Action

### Opinion

We have audited the accompanying financial statements of Clean Water Action (a nonprofit Organization) (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year 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 the Organization as of December 31, 2024, 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.

### 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 the Organization 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 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

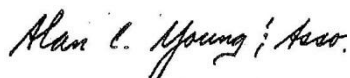
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 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 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 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.

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 the Organization'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 the Organization'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.



Detroit, Michigan  
June 29, 2025

# CLEAN WATER ACTION

## Statement of Financial Position December 31, 2024

### ASSETS

#### Current Assets

|                                    |                  |
|------------------------------------|------------------|
| Cash and Cash Equivalents (Note 3) | \$ 674,643       |
| Receivables                        | 66,400           |
| Due From Affiliates (Note 5)       | 794,651          |
| Prepaid Expenses                   | 74,221           |
| <b>Total Current Assets</b>        | <b>1,609,915</b> |

#### Property and Equipment, Net (Note 6)

-

#### Other Assets

|   |                     |
|---|---------------------|
| Deposits                                | 53,912              |
| Lease Right of Use Assets, Net (Note 9) | 230,603             |
| <b>Total Assets</b>                     | <b>\$ 1,894,430</b> |

### LIABILITIES

#### Current Liabilities

|   |                |
|---|----------------|
| Accounts Payable                              | \$ 65,233      |
| Accrued Payroll and Related Liabilities       | 299,085        |
| Accrued Vacation (Note 2)                     | 324,834        |
| Current Portion of Lease Obligations (Note 9) | 84,409         |
| <b>Total Current Liabilities</b>              | <b>773,561</b> |

|  |                |
|--|----------------|
| Lease Liability, Net of Current Portion (Note 9) | 168,866        |
| <b>Total Liabilities</b>                         | <b>942,427</b> |

#### Net Assets

|   |                     |
|---|---------------------|
| Without Donor Restrictions              | 720,951             |
| With Donor Restrictions (Note 7)        | 231,052             |
| <b>Total Net Assets</b>                 | <b>952,003</b>      |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 1,894,430</b> |

*The accompanying notes are an integral part of these financial statements.*

# CLEAN WATER ACTION

## Statement of Activities Year Ended December 31, 2024

|  | Net Assets<br>Without Donor<br>Restrictions | Net Assets<br>With Donor<br>Restrictions | Total             |
|--|---|--|-------------------|
| <b>Revenue, Gains and Other Support</b>          |   |  |                   |
| Individual Contributions                         | \$ 4,847,219                                | \$ 113,430                               | \$ 4,960,649      |
| Institutional Giving and Corporate Contributions | 435,485                                     | 467,366                                  | 902,851           |
| In-kind Donations (Note 8)                       | -   | 23,000                                   | 23,000            |
| Interest Income                                  | 15,646                                      | -  | 15,646            |
| Other Income                                     | 1,468                                       | -  | 1,468             |
| Net Assets Released From Restrictions (Note 7)   | 444,623                                     | (444,623)                                | -                 |
| <b>Total Revenue, Gains and Other Support</b>    | <b>5,744,441</b>                            | <b>159,173</b>                           | <b>5,903,614</b>  |
| <b>Expenses</b>                                  |   |  |                   |
| Program Services                                 | 3,537,265                                   | -  | 3,537,265         |
| General and Administrative                       | 1,192,597                                   | -  | 1,192,597         |
| Fundraising                                      | 1,392,774                                   | -  | 1,392,774         |
| <b>Total Expenses</b>                            | <b>6,122,636</b>                            | <b>-</b>                                 | <b>6,122,636</b>  |
| <b>Change In Net Assets</b>                      | <b>(378,195)</b>                            | <b>159,173</b>                           | <b>(219,022)</b>  |
| Net Assets, Beginning of Year                    | 1,099,146                                   | 71,879                                   | 1,171,025         |
| <b>Net Assets, End of Year</b>                   | <b>\$ 720,951</b>                           | <b>\$ 231,052</b>                        | <b>\$ 952,003</b> |

*The accompanying notes are an integral part of these financial statements.*

# CLEAN WATER ACTION

## Statement of Functional Expenses Year Ended December 31, 2024

|                          | <b>Program<br/>Services</b> | <b>General and<br/>Administrative</b> | <b>Fundraising</b>  | <b>Total 2024<br/>Functional<br/>Expenses</b> |
|--------------------------|-----------------------------|---------------------------------------|---------------------|---|
| Salaries and Benefits    | \$ 2,896,972                | \$ 692,309                            | \$ 957,598          | \$ 4,546,879                                  |
| Professional Services    | 243                         | -                                     | 35,758              | 36,001  |
| Office Expenses          | 332,349                     | 229,612                               | 216,182             | 778,143                                       |
| Meetings and Conferences | 29,481                      | 17,124                                | 23,224              | 69,829  |
| Transportation           | 65,112                      | 44,319                                | 76,150              | 185,581                                       |
| Occupancy                | 188,217                     | 75,472                                | 56,420              | 320,109                                       |
| Depreciation             | -                           | 7,171                                 | -                   | 7,171   |
| Credit Loss Expense      | -                           | 110,458                               | -                   | 110,458                                       |
| Other Expenses           | 24,891                      | 16,132                                | 27,442              | 68,465  |
| <b>Total Expenses</b>    | <b>\$ 3,537,265</b>         | <b>\$ 1,192,597</b>                   | <b>\$ 1,392,774</b> | <b>\$ 6,122,636</b>                           |

*The accompanying notes are an integral part of these financial statements.*

# CLEAN WATER ACTION

## Statement of Cash Flows Year Ended December 31, 2024

### Cash Flows From Operating Activities

|  |                          |
|--|--------------------------|
| Change in Net Assets                                       | \$ (219,022)             |
| Adjustments to Reconcile Change in Net Assets to Net Cash  |                          |
| Provided by (Used in) Operating Activities:                |                          |
| Depreciation   | 7,171                    |
| Credit Loss Expense  | 110,458                  |
| Amortization of Lease Right of Use Assets                  | 297,811                  |
| Changes in Operating Assets and Liabilities that           |                          |
| Provided (Used) Cash:                                      |                          |
| Receivables  | (91,855)                 |
| Due From Affiliates  | (587,039)                |
| Prepaid Expenses   | (16,700)                 |
| Deposits   | (2,691)                  |
| Accounts Payable   | 26,824                   |
| Accrued Payroll and Related Liabilities                    | 92,655                   |
| Accrued Vacation   | 19,803                   |
| Lease Obligations  | (283,985)                |
| <b>Net Cash Provided by (Used in) Operating Activities</b> | <u>(646,570)</u>         |
| <b>Net Decrease In Cash and Cash Equivalents</b>           | (646,570)                |
| Cash and Cash Equivalents, Beginning of Year               | <u>1,321,213</u>         |
| <b>Cash and Cash Equivalents, End of Year</b>              | <u><u>\$ 674,643</u></u> |
| <b>Non Cash Information</b>                                |                          |
| Lease Liability Arising from Obtaining Right-of-Use Asset  | <u><u>\$ 267,108</u></u> |

*The accompanying notes are an integral part of these financial statements.*



## 1) NATURE OF ACTIVITIES

Established in 1972 in the District of Columbia, Clean Water Action (the Organization) is a national not-for-profit organization working for clean, safe, and affordable water; the prevention of health-threatening pollution; and the creation of environmentally safe jobs and businesses. The Organization organizes strong grassroots groups, coalitions, and campaigns to elect environmentally friendly candidates and to protect the environment, health, economic well-being, and community quality of life. Clean Water Action is registered in 38 states and has offices/programs in 14.

## 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting and Reporting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

### Cash and Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

### Accounts Receivable and Allowance for Credit Losses

The Organization's accounts receivable as of December 31, 2024, primarily consist of amounts committed by individuals, corporations, and foundations in support of the Organization's programs and activities. All receivables are expected to be collected within one year and are presented in the financial statements net of an allowance for credit losses, in accordance with ASC 326 – Financial Instruments – Credit Losses.

The allowance for credit losses is determined based on a combination of historical collection experience, current economic conditions, and reasonable and supportable forecasts of future conditions that may impact collectability. For the year ended December 31, 2024, the Organization recognized credit loss expense of \$110,458.

As disclosed in Note 5, the Organization has reserved the full outstanding balance of \$110,358 due from a related party, reflecting management's assessment of the credit risk associated with that specific receivable.

### Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions are reported as contributions without donor restrictions.

## 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Contributions (Continued)

Contributions with donor-imposed time or purpose restrictions are reported as restricted support and net assets with donor restrictions. Contributions with donor restrictions that are used according to donor restrictions in the same time period as contributed are recognized as restricted support and reclassified as net assets released from restrictions in the same period.

### Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

### Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation if contributed and are being depreciated on a straight-line basis over their estimated useful lives (three to five years). Costs of maintenance and repairs are charged to expense when incurred.

### Prepaid Expenses

Certain payments to vendors reflect cost applicable to future years and are recorded as prepaid expenses.

### Compensated Absences

A liability is accrued where future vacation benefits are attributable to employee services already rendered. The obligation relates to rights that are accumulated or vested; payment of compensation is probable and reasonably estimated. At December 31, 2024, the liability for accrued vacation amounted to \$324,834.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Tax-Exempt Status**

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501 (c)(4). As a result the Organization's continued status as an exempt organization is considered to be a "tax position" in that the Organization must adhere to various requirements to remain tax-exempt. In addition, any Organization activities that may subject it to "unrelated business taxable income" are also considered tax positions. Management has analyzed the Organization's tax positions as of December 31, 2024 and has determined that no material uncertain tax positions exist that require recognition or disclosure in the accompanying financial statements.

The Organization's Federal tax returns for the prior three years remain subject to examinations by the Internal Revenue Service.

**Functional Allocation of Expenses**

Costs of providing the program and support services have been reported on a functional basis in the statement of activities. Indirect costs have been allocated between the various programs and support services on several bases and estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. The Organization classifies its expenses according to the following functional classifications:

| <u><b>Expenses</b></u>   | <u><b>Allocation Method</b></u> |
|--------------------------|---------------------------------|
| Salaries and Benefits    | Time and Effort                 |
| Professional Services    | Time and Effort                 |
| Office Expenses          | Square Footage                  |
| Meetings and Conferences | Direct Usage                    |
| Occupancy                | Square Footage                  |
| Depreciation             | Square Footage                  |
| Automobile               | Square Footage                  |

**Concentration of Credit Risk Arising from Deposit Accounts**

The Organization maintains cash balances at various banks. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent 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 these estimates.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Leases

The Organization accounts for leases in accordance with ASC 842, Leases, which requires lessees to recognize substantially all leases on the balance sheet. A contract is assessed at inception to determine whether it is, or contains, a lease based on whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For all leases with a term of greater than 12 months, the Organization recognizes a right-of-use (ROU) asset and a corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments over the lease term, discounted using the Organization's incremental borrowing rate unless the rate implicit in the lease is readily determinable. The ROU asset is initially measured at the amount of lease liability, adjusted for initial direct costs and any lease incentives received.

Leases are classified as finance leases or operating leases based on criteria defined in ASC 842. This classification affects the pattern of expense recognition in the income statement:

- Finance leases: Depreciation of the ROU asset and interest on the lease liability are recognized separately.
- Operating leases: A single lease expense is recognized on a straight-line basis over the lease term.

The Organization has elected to exclude short-term leases (leases with a term of 12 months or less and no purchase option reasonably certain to be exercised) from balance sheet recognition. Lease payments associated with these short-term leases are recognized on a straight-line basis as lease expense over the lease term.

The Organization has also elected the practical expedient to not separate lease and non-lease components for all classes of underlying assets. Lease modifications are accounted for as new leases if they result in a change in the scope or consideration of the lease that was not originally contemplated. Lease terms and discount rates are reassessed when there is a significant event or change in circumstances.

**3) CASH AND CASH EQUIVALENTS**

The deposits of the Organization in bank accounts total \$648,094 of which \$277,189 was insured through Federal Deposit Insurance Corporation. The total uninsured deposits at December 31, 2024 were \$370,905.

## CLEAN WATER ACTION

### Notes to the Financial Statements (Continued) December 31, 2024

#### 4) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows have variations during the year attributable to the timing of grant and contribution receipts. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor imposed restrictions.

|  |                            |
|--|----------------------------|
| Cash and Cash Equivalents  | \$ 674,643                 |
| Receivables  | 66,400                     |
| Due from Affiliates  | <u>905,009</u>             |
|  | 1,646,052                  |
| Less: Donor Restricted Net Assets  | <u>(231,052)</u>           |
| Financial Assets available within one year to meet cash needs for general expenditure within one year. | <u><u>\$ 1,415,000</u></u> |

#### 5) RELATED PARTY TRANSACTIONS

The Organization is affiliated with Clean Water Fund (CWF) through some common board membership. The Organization is also affiliated with Citizens Campaign Inc. (CCI) with an employee serving on CCI's board. CCI is a separate corporation that shares offices and expenses with the Organization. The Organization does not have rights to the assets of the affiliated entities, nor is it liable for the liabilities incurred by CWF or CCI. CWF, a national 501 (c)(3) organization, conducts research and educational programs. CCI, a C corporation, provides management and project consulting for organizations that are interested in canvass-based projects. The Organization acts as a paymaster for the affiliated entities for shared office space, equipment usage, and certain employees, with their associated expenses. Shared expenses and allocations of personnel and overhead expenses are recorded in a due to/due from affiliated account. The affiliated entities remit an estimated amount to the Organization to cover monthly expenses. The difference is then reconciled and applied to the subsequent month's activity. Interest on balances between the Organization and the affiliated entities is calculated at 5 percent per annum.

# CLEAN WATER ACTION

## Notes to the Financial Statements (Continued) December 31, 2024

### 5) RELATED PARTY TRANSACTIONS (Continued)

Activities between the Organization and the respective affiliates for the year ended December 31, 2024 were as follows:

|  |    |                    |                   |
|--|----|--------------------|-------------------|
| January 1, 2024- Amount Due from CWF, including interest   | \$ | 102,655            |                   |
| Add: Allocated Expenses:                                   |    |                    |                   |
| Payroll and Payroll Related Expenses                       |    | 5,293,490          |                   |
| Health Insurance   |    | 686,305            |                   |
| Rent and Occupancy Related                                 |    | 212,513            |                   |
| Direct Expenses, including interest                        |    | <u>143,902</u>     |                   |
| Total Expenses Paid on Behalf of CWF                       |    | 6,336,210          |                   |
| Less: Expense Reimbursements by CWF                        |    | <u>(5,644,214)</u> |                   |
| December 31, 2024- Amount Due from CWF, including interest |    |                    | 794,651           |
| January 1, 2024- Amount Due from CCI, including interest   | \$ | 104,957            |                   |
| Add: Allocated Expenses:                                   |    |                    |                   |
| Direct Expenses, Including Interest, Paid on Behalf of CCI |    | <u>5,401</u>       |                   |
| December 31, 2024- Amount Due from CCI, including interest |    |                    | 110,358           |
| Less: Allowance for Credit Losses                          |    |                    | <u>(110,358)</u>  |
| December 31, 2024- Total Due from Affiliates               |    |                    | <u>\$ 794,651</u> |

### 6) PROPERTY AND EQUIPMENT

Property and equipment comprised of the following for the year ended December 31, 2024.

|                            | Balance<br>January 1,<br>2024 | Additions         | Disposals       | Balance<br>December 31,<br>2024 |
|----------------------------|-------------------------------|-------------------|-----------------|---------------------------------|
| Automobiles                | \$ 200,345                    | \$ -              | \$ (17,471)     | \$ 182,874                      |
| Furniture and Fixtures     | <u>159,122</u>                | <u>-</u>          | <u>-</u>        | <u>159,122</u>                  |
| <b>Total</b>               | <u>359,467</u>                | <u>-</u>          | <u>(17,471)</u> | <u>341,996</u>                  |
| Accumulated Depreciation   | <u>352,296</u>                | <u>7,171</u>      | <u>(17,471)</u> | <u>341,996</u>                  |
| Net Property and Equipment | <u>\$ 7,171</u>               | <u>\$ (7,171)</u> | <u>\$ -</u>     | <u>\$ -</u>                     |

Depreciation expense was \$7,171 for the year ended December 31, 2024.

## CLEAN WATER ACTION

### Notes to the Financial Statements (Continued) December 31, 2024

#### 7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions at December 31, 2024 are available for the following purposes:

| Description                                     | Amount            |
|---|-------------------|
| Restricted for Energy Programs                  | \$ 4,970          |
| Restricted for Civic Engagement                 | 218,980           |
| Restricted for Other Programs                   | 7,102             |
| <b>Total Net Assets with Donor Restrictions</b> | <b>\$ 231,052</b> |

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of the passage of time or other events specified by donors as follows:

| Released from Purpose Restriction During the Year            | Amount            |
|--|-------------------|
| Purpose Restrictions Accomplished - Release of Contributions | \$ 421,623        |
| Time Restrictions Expired - Use of In-Kind Rent              | 23,000            |
| <b>Total Restrictions Released</b>                           | <b>\$ 444,623</b> |

#### 8) IN-KIND DONATIONS

In-kind donations are recorded at their fair value in the period in which they are received and consisted of the following at December 31, 2024:

| Description                        | Amount           | Donor Restrictions | Utilization in Programs/ Activities |
|------------------------------------|------------------|--------------------|-------------------------------------|
| In-kind Donations                  | \$ 23,000        | Time Restricted    | General Support                     |
| <b>Total In-kind Contributions</b> | <b>\$ 23,000</b> |                    |                                     |

#### 9) LEASES

The Organization has entered into operating lease agreements for various properties, vehicles and copiers. Only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. Lease assets are amortized over the life of the underlying lease.

The components of total lease cost are as follows:

|  | Amount     |
|--|------------|
| Operating Lease Cost, Included in Lease Expense: | \$ 304,348 |

## CLEAN WATER ACTION

### Notes to the Financial Statements (Continued) December 31, 2024

#### 9) LEASES (Continued)

The maturities of lease liability as of December 31, 2024 were as follows:

| <b>For Year Ended<br/>December 31,</b> | <b>Principal</b>  | <b>Interest</b>  |
|--|-------------------|------------------|
| 2025                                   | \$ 84,409         | \$ 9,727         |
| 2026                                   | 91,381            | 5,768            |
| 2027                                   | 77,485            | 1,804            |
| Total                                  | <u>\$ 253,275</u> | <u>\$ 17,299</u> |

The present value of lease liabilities are reported in the balance sheet as follows:

|   | <b>Amount</b>     |
|---|-------------------|
| Current Portion of Operating Lease Obligations      | \$ 84,409         |
| Operating Lease Obligations, Net of Current Portion | 168,866           |
|   | <u>\$ 253,275</u> |

Cash flow information related to leases is as follows:

Cash paid for amounts included in the measurement  
of lease liabilities:

|   |                   |
|---|-------------------|
| Net Operating Cash Flows from Operating Leases  | \$ 290,517        |
| Right of Use Assets :   |                   |
| Balance as of January 1, 2024   | \$ 261,306        |
| Add: Right of Use Assets obtained during the year<br>In exchange for new operating Lease Liabilities: | 267,108           |
| Less: Amortization during year  | <u>(297,811)</u>  |
| Balance as of December 31, 2024   | <u>\$ 230,603</u> |

Other supplemental information as of and for the year ended December 31, 2024 is as follows:

|  |               |
|--|---------------|
| Remaining Lease Term (in years), Operating Leases: | 3             |
| Discount Rate, Operating Leases:                   | 1.00% - 4.52% |

The Organization also maintains a few office space leases on a month-to-month basis, which do not have a noncancellable lease term. In accordance with ASC 842, these short-term leases are not recorded as right-of-use (ROU) assets or lease liabilities in the statement of financial position.



# CLEAN WATER ACTION

## Notes to the Financial Statements (Continued) December 31, 2024

### 10) ALLOCATION OF JOINT COSTS

The Organization incurs joint costs in its field and phone canvass programs for informational materials and activities that include fundraising appeals. The Organization allocates these field and phone canvass costs between program, general and administrative, and fundraising expenses based on program methodology and employees' total labor. The following is a schedule of total joint costs and allocation for the year ended December 31, 2024:

|                                     |                     |
|-------------------------------------|---------------------|
| Program Expenses                    | \$ 3,083,901        |
| General and Administrative Expenses | 325,506             |
| Fundraising Expenses                | <u>1,046,005</u>    |
| Total                               | <u>\$ 4,455,412</u> |

### 11) RETIREMENT PLAN

The Organization sponsors a 401 (k) retirement plan which is a defined contribution plan covering all eligible participants who have completed six months of service and are age 21 or older. Under the plan, employees can elect to defer a portion of their compensation. In addition, the Organization may make contributions to the plan on behalf of eligible employees, as well as provide employer match contributions. The Organization made no employer match contributions to the plan for the year ended December 31, 2024.

### 12) SPECIAL EVENTS

During the year ended December 31, 2024, the Organization conducted five special fundraising events in support of its mission. These events generated gross receipts of \$65,755, with direct expenses totaling \$15,510.

In accordance with ASC 958-605, the net proceeds of \$50,245 from these special events have been reported as contribution revenue in the statement of activities. The Organization does not consider these events to be part of its ongoing major activities; therefore, only the net amount, after deducting direct event-related costs, has been presented.

Indirect expenses such as administrative support and facility usage were not allocated to these events and are included within general operating expenses.

### 13) SUBSEQUENT EVENTS

Clean Water Action has evaluated events through June 29, 2025, the date accompanying financial statements were available to be issued. No significant subsequent event was noted that required adjustment or disclosure in the financial statements.