

**GEORGIA SECTION OF THE
AMERICAN WATER WORKS ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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McCLUNG & ASSOCIATES, P.C.

Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Executive Committee of
Georgia Section of the American Water Works Association

We have audited the accompanying financial statements of Georgia Section of the American Water Works Association (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Section of the American Water Works Association, as of December 31, 2017, and the results of its activities and cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.



July 11, 2018

Georgia Section of the American Water Works Association

**Statement of Financial Position
December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 312,359	\$ 2,667	\$ 315,026
Accounts receivable	<u>2,726</u>	<u>-</u>	<u>2,726</u>
Total Current Assets	<u>\$ 315,085</u>	<u>\$ 2,667</u>	<u>\$ 317,752</u>
	<u>\$ 315,085</u>	<u>\$ 2,667</u>	<u>\$ 317,752</u>
 <u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable	<u>\$ 7,207</u>	<u>\$ -</u>	<u>\$ 7,207</u>
Total Liabilities	<u>\$ 7,207</u>	<u>\$ -</u>	<u>\$ 7,207</u>
 Net Assets			
Undesignated	<u>\$ 307,878</u>	<u>\$ 2,667</u>	<u>\$ 310,545</u>
	<u>\$ 307,878</u>	<u>\$ 2,667</u>	<u>\$ 310,545</u>
	<u>\$ 315,085</u>	<u>\$ 2,667</u>	<u>\$ 317,752</u>

See the accompanying notes to financial statements.

Georgia Section of the American Water Works Association

**Statement of Activities
Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support, Revenue, and Reclassifications			
Allotments	\$ 42,447	\$ -	\$ 42,447
Assessments	33,140	-	33,140
Small Systems Training	6,500	-	6,500
Water for People	-	2,667	2,667
Interest	215	-	215
Net assets released from restrictions	<u>3,135</u>	<u>(3,135)</u>	<u>-</u>
 Total Public Support, Revenue and Reclassifications	 <u>\$ 85,437</u>	 <u>\$ (468)</u>	 <u>\$ 84,969</u>
 Expenses			
Business promotion	\$ 7,688	\$ -	\$ 7,688
Business services	499	-	499
Conferences & training	16,480	-	16,480
Donations	4,301	-	4,301
GAWP annual services	33,358	-	33,358
Georgia WARN	320	-	320
Member recognition	4,052	-	4,052
Professional services	3,350	-	3,350
Water for People	<u>3,135</u>	<u>-</u>	<u>3,135</u>
 Total Expenses	 <u>\$ 73,183</u>	 <u>\$ -</u>	 <u>\$ 73,183</u>
 Change in Net Assets	 \$ 12,254	 \$ (468)	 \$ 11,786
 Net Assets - Beginning	 <u>295,624</u>	 <u>3,135</u>	 <u>298,759</u>
 Net Assets - Ending	 <u>\$ 307,878</u>	 <u>\$ 2,667</u>	 <u>\$ 310,545</u>

See the accompanying notes to financial statements.

Georgia Section of the American Water Works Association

**Statement of Cash Flows
Year Ended December 31, 2017**

Cash Flows from Operating Activities	
Cash received from public support and revenues	\$ 85,228
Interest	215
Cash paid for programs	(7,787)
Cash paid to suppliers	<u>(63,687)</u>
Net Cash Provided by Operating Activities	<u>\$ 13,969</u>
Net Increase in Cash and Cash Equivalents	\$ 13,969
Cash and Cash Equivalents, Beginning	<u>301,057</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 315,026</u></u>
Reconciliation of Net Assets to Cash	
Provided by Operating Activities	
Change in net assets	<u>\$ 11,786</u>
Adjustments to reconcile net assets to net cash provided by operating activities	
(Increase) Decrease in accounts receivable	\$ 474
Increase (Decrease) in accounts payable	<u>1,709</u>
Total Adjustments	<u>\$ 2,183</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 13,969</u></u>

See the accompanying notes to financial statements.

Georgia Section of the American Water Works Association

Notes to Financial Statements
Year Ended December 31, 2017

Note 1. Nature of Business and Significant Accounting Policies

Georgia Section of the American Water Works Association (the “Association”) is a section of the American Water Works Association, an international nonprofit, scientific, and educational society dedicated to the improvement of drinking water quality and supply. The Association works to further the dissemination of information and the advancement of knowledge in the areas of design, construction, operation, and management of utilities rendering water service to the public and promotes the further study, experimentation, and research, and publication of the results thereof, in the areas of water distribution, water purification, conservation, and development of water resources, and water utility management, together with the usual related activities of a scientific and educational society serving the public interest in the State of Georgia.

The Executive Committee includes members elected the Association membership, appointed by the Executive Committee and Ex-Officio members. The Nominating Committee shall present its annual report on elected position candidates at the Annual Conference, for elections by the Association membership.

Basis of accounting:

The Association presents its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report 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. At December 31, 2017, temporarily restricted net assets pertain to the Water for People projects.

Use of estimates:

The preparation of 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 these estimates.

Georgia Section of the American Water Works Association

Notes to Financial Statements
Year Ended December 31, 2017

Cash and cash equivalents:

The Association considers cash on hand, demand deposits in banks and certificates of deposit as cash and cash equivalents for the purposes of the statement of cash flows.

Income taxes:

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended. The Association is considered a non-private foundation because the majority of revenues are from grants and allotments.

Note 2. Evaluation of Subsequent Events

The Association has evaluated subsequent events through July 11, 2018, the date which the financial statements were available to be issued.

Note 2. GAWP Annual Services

On November 8, 2010, the Association executed the “Georgia Association of Water Professionals (GAWP) and Georgia Section of American Water Works Association (GAWWA) Membership and Association Services Agreement”. The agreement memorialized a longstanding relationship wherein the GAWP provides membership and association management services in exchange for GAWWA’s portion of the AWWA’s member assessments. The agreement has a three-year term and automatically renews, unless terminated by either party in accordance with the agreement.

Note 3. Permanently Restricted Net Assets

At December 31, 2017, the Association had no activity pertaining to permanently restricted net assets.

Note 4. Concentration of Credit Risk

The Association maintains cash balances and certificates of deposits at financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000, as defined. As of December 31, 2017, the Association had no uninsured balances.