

# Alliance *for* Water Efficiency

A VOICE AND A PLATFORM FOR WATER USE EFFICIENCY AND WATER CONSERVATION THAT HAS NEVER BEFORE EXISTED, BRINGING A CRITICAL NEW PERSPECTIVE TO AN INCREASINGLY THIRSTY NORTH AMERICA.



2008 Annual Report



Alliance for Water Efficiency

# 2008 Annual Report

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## Our Mission: To promote the efficient and sustainable use of water



As worldwide population grows, the demand on available supplies of freshwater resources grows along with it. The Alliance for Water Efficiency exists to protect dwindling water supplies and to promote sustainable approaches to

water use, helping to sustain health and quality of life while preparing all of us to better face future challenges such as drought and water supply shortages.

We are dedicated to the efficient use of water. Achieving our goals relies on changing the ways in which potable water is managed and consumed. This Annual Report highlights our accomplishments in 2008. We could not have achieved this much without the faithful support of our sponsors and members. We humbly thank you.

Mary Ann Dickinson  
Executive Director

# 2008 at a Glance

2008 marked the first full calendar year of operations for the Alliance for Water Efficiency. As our accomplishments for the year reflect, we did indeed “hit the ground running.”

We engaged our growing membership in a number of different ways. At the first-ever annual members meeting, the Alliance formed and populated three new volunteer member committees—*Education and Outreach*, *Water Efficiency Research*, and *WaterSense and Water Efficient Products*—and they have been meeting via conference call since.

Supporting our members’ technical efforts quickly became one of the Alliance’s more important services. From the outset, the Alliance has continuously expanded and increased the technical content of our web presence, and a major new Resource Library Section of the web site was launched. We held water conservation workshops in Texas and in Georgia. Our members worked diligently on the tri-annual revision of the Uniform Plumbing Code of IAPMO (the International Association of Plumbing and Mechanical Officials) and served on IAPMO’s Green Code Committee.

In addition, members contributed to the ongoing effort to revise plumbing standards, especially through ANSI (the American National Standard Institute) and ASME (the American Society of Mechanical Engineers).

As Green Building technology evolved, the Alliance helped to move the effort to build water efficiency in certification programs. The Alliance strove to make water conservation part of everyday consumer purchasing, largely through its involvement with and support of the EPA’s WaterSense program. In addition, the Alliance continues to push an agenda that takes energy into account, especially as that energy use goes toward moving, treating, and disposing of drinking water.

As the year closed, we prepared a research report on jobs for the President-elect’s transition team, demonstrating that water efficiency is a good jobs investment.

We are justly proud of all we have accomplished in such a short time.

*The second office home in Chicago of the Alliance for Water Efficiency.*





## The Board of Directors

A diverse Board of Directors represents one of the Alliance's greatest strengths. Representing a broad cross section of water efficiency stakeholders—academic and corporate, outdoor and indoor, industrial, commercial and residential—the Board rarely agrees unanimously on the issues, but its respectful, thoughtful level of discourse provides invaluable guidance and strategic direction.

### Board Meetings

The Board of Directors met four times in 2008:

- March 14 in San Antonio, Texas
- June 7 in Morrow, Georgia
- October 7 in Las Vegas, Nevada
- December 4 in Chicago, Illinois

Three of these meetings coincided with other related conferences and workshops, thus minimizing the negative consequences of travel.

At the June 7 meeting, which preceded the AWWA's Annual Conference and Exhibition, John Sommers of The Home Depot joined the Board, marking its only change for the year.

While each of the first three Board meetings addressed specific initiatives, such as codes, standards, green building, and the Alliance Resource Library, the December meeting addressed strategic planning, continuing to prepare the Alliance for the future.

### Seated, left to right::

- Rebecca Pearson, Great Lakes Commission*
- Alice Miller Keyes, Georgia Environmental Protection Division*
- Kelly Kopp, Utah State University*
- Carole Baker (Chair), Harris-Galveston Subsidence District*
- David Bracciano, Tampa Bay Water*
- Glen Pleasance, Regional Municipality of Durham, Ontario*

### Second row, (l to r):

- Warren Gorowitz, Ewing Irrigation Products*
- Thomas Swihart, Florida Department of Environmental Protection*
- J.B. Hoyt, Whirlpool Corporation*
- Richard Harris, East Bay Municipal Utility District*
- Alice Darilek, PCR Consulting*
- Timothy Brick, Metropolitan Water District of Southern California*
- Susan Stratton, Energy Center of Wisconsin*
- Elizabeth Gardener, Denver Water*

### Third row (l to r):

- David Viola, International Association of Plumbing and Mechanical Officials (IAPMO)*
- Gunnar Baldwin, TOTO USA*
- Ron Wolfarth, Rain Bird Corporation*
- Joyce Coffee, Chicago Department of the Environment*
- Amy Vickers, Amy Vickers & Associates*
- Al Dietemann, Saving Water Partnership*
- James Heaney, University of Florida*

### Not pictured:

- Betsy Otto, American Rivers*
- John Sommers, The Home Depot*

## Outreach to a Growing Membership

The Alliance exists to serve its members, especially with information and assistance. The greatest challenge the Alliance faces in these infant years is building critical numbers of active, engaged members. The Alliance kept its membership informed through its website and global e-mails. The website keeps members informed of news, issues, and technical information related to water use efficiency. Global e-mails enable regular contact with members and non-members alike. In 2008, the Alliance sent sixty global e-mails.



## Annual Member's Meeting and Creation of Committees

In October, on the day before the start of the WaterSmart Innovations Conference, the Alliance held its first annual member's meeting, providing a vibrant platform for dialogue. On the same day, the Alliance held inaugural meetings for its three membership advisory committees—Education and Outreach, Water Efficiency Research, and WaterSense and Water-Efficient Products—opening them to members and prospective members.

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## Providing Technical Assistance

Technical assistance rests on the foundation stones of the Alliance services. In 2008, the Alliance provided a broad range of technical assistance related to water conservation and water management to its members.

- Staff and professional members addressed queries from other members on such topics as water budgets, water efficiency in office buildings, HET performance, high efficiency/non water using urinals, customer billing, water efficiency document reviews, outreach, water efficiency programs, and low flow showerheads and faucets.
- Following up on similar successes in 2007, the Alliance held two well attended water conservation workshops in 2008, a one-day workshop in San Antonio, Texas, and a two-day workshop in Atlanta, Georgia. Other sponsors included the San Antonio Water System, the Texas Water Development Board, the Georgia Department of Environmental Protection, the Georgia Water Wise Council, and The Home Depot Foundation. Both workshops included diverse speakers with expertise in indoor and outdoor water-use efficiency.
- In February, the Alliance provided detailed comments on the *Georgia Outdoor Water Use Registration Program*. Developed by the Urban Agriculture Council in collaboration with the Georgia Environmental Protection Division and the University of Georgia Cooperative Extension, the program helped reduce water use during Georgia's drought.
- In the spring, the Alliance provided feedback to the Great Lakes St. Lawrence Cities Initiative's (GLSCI) Water Conservation Framework Progress Report. The Alliance also worked with GLSCI to develop a water efficiency outreach information packet for its member organizations that have yet to engage in water saving activities.
- In November, the Alliance contributed staff and board member resources to the River Network's 2008 Winter Training in Nashville, Tennessee. Two board members gave presentations and Alliance staff answered questions and discussed water efficiency programs.

# The Alliance Website and Resource Library

The Alliance's website quickly became a dynamic tool that helps the Alliance carry out its mission. It expanded daily with the addition of new content in the resource library, breaking news items, and new events on the calendar. It also houses the *Water Efficiency Watch* newsletter.

The Alliance began tracking its website usage in May. From May through the end of the year, the website received almost 2,000,000 hits and more than 110,000 visits. Web traffic grew steadily, increasing 135 percent between June and December.

On October 5, the Alliance for Water Efficiency and the United States Environmental Protection Agency announced the official launch of the Alliance for Water Efficiency Resource Library, a one-stop shop for water efficient product and program information. Library sections cover residential plumbing and appliances, toilet testing, landscape and irrigation, commercial and industrial water conservation, water rates and rate structures, water loss control, codes and standards, drought planning, and other topics. Research reports, published documents, and case studies provide a comprehensive picture of what water efficiency measures prove to be the most successful, and they help water utilities and consumers increase the efficiency of their water use. Like the website, the resource library continues to expand, with 3,000 documents downloaded between June and December.

## Resource Library sections

[Residential Plumbing and Appliances](#)

[Toilet Testing](#)

[Landscape and Irrigation](#)

[Commercial and Industrial Water Conservation](#)

[Water Rates and Rate Structures](#)

[Water Loss Control](#)

[Codes and Standards](#)

[Drought Planning](#)





## Obama Transition Team Paper

In December, the Alliance for Water Efficiency advised President Barack Obama's transition team on the employment potential and economic benefits of broad investments in water efficiency. The Alliance prepared a position paper titled, "Transforming Water: Water Efficiency as Stimulus and Long-Term Investment." The paper showed that water efficiency programs yield jobs, water savings, and other economic benefits, and that water efficiency is a cost-effective investment to consider for the stimulus package. Along with other related efforts, this paper contributed to the resulting legislation that required a 20 percent set aside for green projects in the Clean Water and Drinking Water State Revolving Fund programs.

The Alliance position paper contained a number of key findings:

- Direct investment on the order of \$10 billion in water/energy efficiency programs can boost U.S. Gross Domestic Product (GDP) by \$13 to \$15 billion and employment by 150,000 to 220,000 jobs. It could save up to 10 trillion gallons of water, with resulting energy reductions as well.
- Water/energy efficiency programs can be rapidly deployed and scaled to need.
- Some of the best opportunities for conservation investment are in lower-income areas where water distribution infrastructure has not been adequately maintained or replaced and where household and commercial appliance stocks tend to be older and less efficient.
- The long-term strategic, economic, social, and environmental benefits of water/energy efficiency program make them "no-regret" investments in the nation's future.
- Over the longer term, investing in water/energy efficiency programs now will help advance national energy policy, promote sustainable resource use, contribute to greenhouse gas emissions reduction, and lessen mounting regional conflicts over water resources.



# Plumbing Codes and Standards

## Plumbing Codes

As water-use technology evolves, plumbing codes must change along with it, ensuring that practitioners can confidently use water efficient equipment while protecting public health and providing reliability. The Alliance participates actively in the International Association of Plumbing and Mechanical Officials (IAPMO) Codes Technical Committee. In 2008, IAPMO's Uniform Plumbing Code (UPC) underwent its tri-annual (2009) revision process. The water efficiency issues addressed included non-water urinals, multiple showerheads, and water losses in the hot water distribution systems. The Alliance plans to be back at the table for the 2012 revision process to provide a continuing voice for water efficiency.

The Alliance also participated actively as a member IAPMO's Green Committee, which is amending the UPC to improve water efficiency requirements and developing an auxiliary "IAPMO Green Code" that will be significantly better than the standard water efficiency measures contained in the UPC. The Green Code will be published and available for any city, county or state that wants to improve water efficiency above the minimal standards set in the UPC.

## Plumbing Standards

Improved plumbing technology accounts for a large proportion of saved water. New technology, however, must comply with uniform industry standards or new uniform standards must be established. To that end the Alliance for Water Efficiency remains active in revising plumbing standards through participation on various American National Standards Institute (ANSI) plumbing standards committees and teams in the U.S. and Canada, including:

- American Society of Mechanical Engineers (ASME) A112.18.1/Canadian Standards Association (CSA) B125.1 Plumbing Supply Fittings—Joint Harmonization Task Group (JHTG) on Water-Efficient Shower Heads
- ASME A112.18.1/CSA B125.1 Plumbing Supply Fittings—JHTG on Water Conservation
- ASME A112.19.2/CSA B45 JHTG on Vitreous China Plumbing Fixtures and Hydraulic Requirements—Project Team
- ASME A112 Plumbing Materials and Equipment—Main Committee

## Transforming the Market

The Alliance is working to transform the marketplace to make water conservation an everyday part of the purchasing landscape. Through market transformation, inefficient equipment is simply no longer available to consumers. High-water-use toilets and five gallon-per-minute showerheads have gone the way of carbon paper and typewriters.

In 2007, the Alliance registered with the U.S. Environmental Protection Agency as a promotional partner of the WaterSense program. In 2008, the Alliance continued its support, providing comments on the Water Budget Calculator and the New Homes Specification. Along with thirty-three other stakeholders, the Alliance urged Congress to provide \$5 million in funding for the WaterSense program. This funding will contribute to market enhancements that will make water efficient products readily available and visible to the public.

# Green Buildings

The Alliance is leading an effort to increase the importance of water efficiency in Green Building certification programs, including the U.S. Green Building Council's (USGBC) LEED program, ASHRAE's green building standards, and the green building standards of the Green Globes/Green Building Initiative (GBI).

As part of the USGBC LEED Program, a representative of the Alliance participates in the 12-person Water Efficiency Technical Advisory Group (WETAG) that is working to refine and augment the water efficiency guidelines within LEED products. The group is composed of water efficiency and storm water management advocates from the water, plumbing, landscape, and landscape irrigation industries. In 2008, LEED opened its draft guidelines for public comment. The Alliance not only submitted detailed comments, but it also encouraged its membership and e-mail subscribers to submit comments. These efforts contributed to at least one notable change in the LEED program: the mandatory requirement of a 20 percent water use reduction from a baseline water use.

## Water and Energy

The "water-energy nexus," as it is called, holds great potential for both water and energy conservation. Sourcing, treating, distributing, collecting, and disposing of water consumes roughly 13 percent of the nation's electricity. In California, the numbers are even higher: water accounts of 19 percent of the state's electricity, 30 percent of its natural gas and 88 billion gallons of diesel fuel every year. Likewise, the U.S. Geological Survey has estimated that 41 percent of the nation's water withdrawals go toward making thermoelectric power.

The Alliance stays involved in developments on the water and energy issue, especially as it relates to the energy embedded in the treatment, movement, and disposal of drinking water. Under a Turner Foundation general support grant, the Alliance contributed to three different, independently funded water and energy projects managed respectively by the Pacific Institute, the River Network, and American Rivers.



## Seeking Long-Term Funding

With membership and funding as its lifeblood, the Alliance for Water Efficiency continued its ongoing efforts to secure funding for research projects and general support. The impacts of the recession became evident in 2008, challenging the recruitment of members and stressing the capacity of many foundations and grant providers. The effort to secure funding is and will continue to be a primary effort of the Alliance.

# 2008 Charter Sponsorships and Annual Members



The Alliance for Water Efficiency continued to gain Charter Sponsorships in 2008 with an increase from 24 Charter Sponsors in 2007 to 98 in 2008. (The Alliance was only operational from October through December in 2007.) 2008 marked the first year for annual membership and the Alliance built a base of 180 annual members.

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## 2008 Charter Sponsors

### Platinum: \$50,000

The Home Depot Foundation  
Metropolitan Water District of Southern California  
Resource Action Programs  
San Antonio Water System  
Southern Nevada Water Authority  
Wal-Mart Stores, Inc.  
Whirlpool Corporation

### Gold: \$25,000

American Beverage Association  
Hunter Industries  
American Standard Americas, Inc.  
City of Chicago  
The Toro Foundation  
Veritec Consulting Inc.

### Silver: \$10,000

City of Atlanta, Department of Watershed Management  
City of Austin  
City of Dallas  
East Bay Municipal Utility District  
Forester Media, Inc.  
GreenPlumbers USA  
Kohler Company  
Niagara Conservation Corporation  
North Harris County Regional Water Authority  
Tampa Bay Water

### Bronze: \$5,000

Alan Plummer Associates, Inc.  
Aquacraft  
Bradley Corporation  
Brown & Caldwell  
Capital Regional District  
ChemTreat, Inc.  
Chicago Faucets  
DuPage Water Commission  
Edwards Aquifer Authority  
El Paso Water Utilities  
City of Fort Collins Water Utilities  
Georgia Water Wise Council  
Harris County Water Control and Improvement District 132

HydroPoint Data Systems, Inc.  
Inland Empire Utilities Agency  
The Irrigation Association  
Leopardo Charitable Foundation  
Los Alamos County, New Mexico, Department of Public Utilities  
Malcolm Pirnie, Inc.  
Marin Municipal Water District  
North Texas Municipal Water District  
New York City Department of Environmental Protection  
Ontario Water Works Association  
Plumbing Manufacturers Institute  
Plumbing-Heating-Cooling Contractors National Association  
San Diego County Water Authority  
City of San Diego  
Spartanburg Water  
StopWaste.org  
T&S Brass and Bronze Works, Inc.  
Tacoma Water  
Tarrant Regional Water District  
Texas Commission on Environmental Quality  
Texas Water Development Board

### Individual/Non-Profit: \$1,000

American Rivers  
California Landscape Contractors Association  
Energy Center of Wisconsin  
California Urban Water Conservation Council  
Environmental Defense Fund  
Sierra Club, Lone Star Chapter  
Midwest Energy Efficiency Alliance  
Pacific Institute  
Natural Resources Defense Council  
River Network  
Texas Water Foundation  
Richard Chapman  
Mary Ann Dickinson  
William Christiansen  
George Kunkel, Jr.  
Demie Moore  
Amy Vickers  
Brian Vinchesi  
Hugh Wynn

# Financial Statements

## Report of Independent Certified Public Accountants

The Board of Directors  
Alliance for Water Efficiency  
Chicago, Illinois

We have audited the statement of financial position of Alliance for Water Efficiency (“the Alliance”) as of December 31, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Alliance’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Alliance for Water Efficiency as of and for the period ended December 31, 2007, were audited by other auditors whose report dated September 24, 2008, expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes consideration of internal control over the financial reporting process as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Alliances internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Water Efficiency as of December 31, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



**Williams & Olds Certified Public Accountants**  
Rancho Cordova, California

June 8, 2009

# Statements of Financial Position

December 31, 2008 and 2007

<b>Assets</b>	<b>2008</b>	<b>2007</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 388,553	\$ 72,934
Investments, Note B	150,000	–
Accounts receivable	14,133	154,307
Inventories	14,659	12,175
Prepaid expenses	25,968	4,880
Furniture and equipment, less accumulated depreciation of \$4,544 in 2008 and \$440 in 2007	10,918	4,627
<b>Total assets</b>	<b>\$ 604,231</b>	<b>\$ 248,923</b>
<b>Liabilities and net assets</b>		
Accounts payable	97,169	14,856
Accrued expenses	19,315	1,931
Deferred revenues, Note B	240,659	5,250
<b>Total liabilities</b>	<b>357,143</b>	<b>22,037</b>
<b>Commitments, Note E</b>	<b>–</b>	<b>–</b>
<b>Unrestricted net assets</b>		
Undesignated	47,088	226,886
Designated, Note H	200,000	–
<b>Total unrestricted net assets</b>	<b>247,088</b>	<b>226,886</b>
<b>Total liabilities and net assets</b>	<b>\$ 604,231</b>	<b>\$ 248,923</b>

# Statements of Activities

For the year ended December 31, 2008 and the period from April 24, 2006 (inception) to December 31, 2007



	2008	For the period April 24, 2006 to December 31, 2007
<b>Support and revenue</b>		
Charter sponsorships	\$ 649,000	\$ 383,000
Membership dues	187,441	-
Donated services - Note D	155,528	72,958
Grants	129,745	50,000
Special projects	27,198	4,000
Investment income	4,982	-
Other	1,467	2,604
<b>Total support and revenue</b>	<b>1,155,361</b>	<b>512,562</b>
<b>Expenses</b>		
Program services	830,594	93,204
General and administrative	271,420	100,606
Fundraising and membership development	33,145	91,866
<b>Total expenses</b>	<b>1,135,159</b>	<b>285,676</b>
<b>Change in net assets</b>	<b>20,202</b>	<b>226,886</b>
<b>Net assets at beginning of year</b>	<b>226,886</b>	<b>-</b>
<b>Net assets at end of year</b>	<b>\$ 247,088</b>	<b>\$ 226,886</b>

# Statements of Cash Flows

For the year ended December 31, 2008 and the period from April 24, 2006 (inception) to December 31, 2007

	<b>2008</b>	<b>For the period April 24, 2006 to December 31, 2007</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 20,202	\$ 226,886
<i>Adjustments to reconcile the change in net assets to net cash provided by operating activities:</i>		
Depreciation	4,104	440
<i>Changes in:</i>		
Accounts receivable	140,174	(154,307)
Inventories	(2,484)	(12,175)
Prepaid expenses	(21,088)	(4,880)
Accounts payable	82,313	14,856
Accrued expenses	17,384	1,931
Deferred revenues	235,409	5,250
<b>Net cash (used in) provided by operating activities</b>	<b>\$ 476,014</b>	<b>\$ 78,001</b>
<b>Cash flows from investing activities</b>		
Purchases of furniture and equipment	(10,395)	(5,067)
Purchases of investments	(150,000)	-
<b>Net cash used in investing activities</b>	<b>(160,395)</b>	<b>(5,067)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>\$ 315,619</b>	<b>\$ 72,934</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>72,934</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 388,553</b>	<b>\$ 72,934</b>

Supplemental information: during the year ended December 31, 2008 and the period ended December 31, 2007, no cash was paid for interest or income taxes.

# Statement of Functional Expenses

For the year ended December 31, 2008



	<b>Program Services</b>	<b>General &amp; Administrative</b>	<b>Fundraising &amp; Membership Development</b>	<b>Total</b>
Salaries	\$ 105,197	\$ 53,610	–	\$ 158,807
Payroll taxes and benefits	21,520	5,380	–	26,900
<b>Total salaries and related costs</b>	<b>126,717</b>	<b>58,990</b>	<b>–</b>	<b>185,707</b>
Consultant and program costs, Note D	495,670	44,492	5,932	546,094
Professional services	55,099	68,058	–	123,157
Telephone and internet costs	30,444	35,910	–	66,354
Special projects	23,507	–	–	23,507
Travel	25,440	5,301	7,685	38,426
Occupancy	22,857	10,390	1,385	34,632
Bad debt expense	–	–	–	–
Dues and subscriptions	4,772	1,193	–	5,965
Printing and postage	4,999	2,531	13,416	20,946
Board of Directors	6,127	24,507	–	30,634
Public outreach	17,419	–	4,355	21,774
Meetings and conferences	4,668	4,668	–	9,336
Publications	12,323	–	–	12,323
Depreciation	–	4,104	–	4,104
Supplies	–	4,867	–	4,867
Insurance	–	2,320	–	2,320
Equipment costs	–	1,879	–	1,879
Staff development	–	1,035	–	1,035
Miscellaneous	552	1,175	372	2,099
	<b>\$ 830,594</b>	<b>\$ 271,420</b>	<b>\$ 33,145</b>	<b>\$ 1,135,159</b>



# Statement of Functional Expenses

For the period from April 24, 2006 (inception) to December 31, 2007

	<b>Program Services</b>	<b>General &amp; Administrative</b>	<b>Fundraising &amp; Membership Development</b>	<b>Total</b>
Salaries	\$ 7,933	\$ 7,934	–	\$ 15,867
Payroll taxes and benefits	1,595	1,596	504	3,695
<b>Total salaries and related costs</b>	<b>9,528</b>	<b>9,530</b>	<b>504</b>	<b>19,562</b>
Consultant and program costs	45,894	27,799	52,121	125,814
Professional services, Note D	8,856	24,629	–	33,485
Telephone and internet costs	247	10,600	1,496	12,343
Travel	27	6,401	14,871	21,299
Occupancy	3,541	3,541	3,541	10,623
Board of Directors	4,906	4,907	4,907	14,720
Special projects	9,655	–	–	9,655
Public outreach	668	668	668	2,004
Printing and postage	3,193	4,856	7,070	15,119
Publications	–	–	–	–
Meetings and conferences	1,009	1,009	1,009	3,027
Dues and subscriptions	469	469	469	1,407
Supplies	4,492	4,492	4,491	13,475
Depreciation	–	440	–	440
Insurance	47	48	47	142
Equipment costs	672	673	672	2,017
Staff development	–	–	–	–
Miscellaneous	–	544	–	544
	<b>\$ 93,204</b>	<b>\$ 100,606</b>	<b>\$ 91,866</b>	<b>\$ 285,676</b>

# Notes to Financial Statements

## Note A. Organization

The Alliance for Water Efficiency (Alliance) is a non-profit corporation dedicated to the efficient and sustainable use of water in North America.

## Note B. Significant Accounting Policies

**Basis of Accounting:** The financial statements of the Alliance have been prepared on the accrual basis.

**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 of Not-for-Profit Organizations. Under SFAS No. 117, the Alliance 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, 2008, the Alliance's net assets consist only of unrestricted net assets.

**Cash and Cash Equivalents:** The Alliance considers all short-term investments with an original maturity of three months or less and money market mutual funds to be cash equivalents.

**Investments:** The Alliance carries investments in fixed income securities at their fair values in the Statement of Financial Position. Unrealized and realized gains and losses are included in the accompanying Statement of Activities. Investments at December 31, 2008 consist of certificates of deposit with maturities greater than three months.

**Inventories:** Inventories consist of various educational publications sold or distributed by the Alliance. Inventory is recorded at the lower of cost or market, using the first-in, first-out method. Materials that have become obsolete are not included in the inventory balance.

**Furniture and Equipment:** The Alliance capitalizes all expenditures for property and equipment in excess of \$500. Furniture and equipment are recorded at cost or, if donated, at the fair market value at the time of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over the estimated service lives using the straight-line method.

**Revenue Recognition:** The Alliance accounts for contributions, including charter sponsorships and private foundation grants, in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributed services are recorded at fair market value when received.

**Deferred Revenues:** Membership dues received but applicable to the following year are recorded as deferred revenues. Dues totaling \$240,659 and \$5,250 were deferred as of December 31, 2008 and 2007, respectively.

**Income Taxes:** The Alliance is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Alliance may be subject to federal and state taxes on its non-exempt function income under federal and state regulations governing unrelated business income.

**Functional Allocation of Expenses:** The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees time incurred and on resource usage.

**Use of Estimates:** The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Note C. Accounts Receivable

At December 31, 2008 the balance of accounts receivable consisted of membership dues. At December 31, 2007, the balance of accounts receivable consisted entirely of charter sponsorship contributions promised by various donors and a \$50,000 private grant awarded by the Turner Foundation.

The Alliance considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

## Note D. Donated Services

The salary and benefits of the Alliances Executive Director has been paid by the Metropolitan Water District of Southern California. The value of this in-kind contribution for the year ended December 31, 2008 was \$148,307 and for the period from April 24, 2006 to December 31, 2007 was \$72,958. Donated services also includes board member travel that amounted to \$7,221 and \$0, respectively, for the year ended December 31, 2008 and for the period from April 24, 2006 to December 31, 2007.

## Note E. Operating Lease Agreements

The Alliance entered into an operating lease agreement for office space which expires in August 2009. Rent expense amounted to \$27,200 and \$8,800, for the year ended December 31, 2008 and the period ended December 31, 2007, respectively.

## Note F. Concentrations of Credit Risk

**Cash:** The Alliance maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Alliance has not experienced any losses in such accounts. Management believes the Alliance is not exposed to any significant credit risk related to cash.

**Financial Instruments:** The carrying value of financial instruments such as cash equivalents approximate their fair value. The Alliance had \$150,000 and \$0 in certificates of deposit maintained by an investment brokerage firm insured by the Security Investment Protection Corporation at December 31, 2008 and 2007, respectively.

## Note G. Employee Benefit Plan

In March 2008, the Alliance approved the creation of a retirement plan under IRS Code Section 401(k) that covers all eligible employees. Employees are eligible after six months of continued employment. The Alliance contributes up to 6% of the employees annual salary to the plan and matches 100% of the employee contributions to the plan up to 3% of the employees contribution. Employer contributions vest immediately. Employer contributions to the 401(k) plan amounted to \$4,448 and \$0, for the year ended December 31, 2008 and the period ended December 31, 2007, respectively.

## Note H. Board Designated Unrestricted Net Assets

During the year ended December 31, 2008, the Board of Directors designated \$200,000 as operating reserve that is included in cash and investments.



# Primary Benefits of the Alliance for Water Efficiency

## **Stand as a clear and authoritative national voice for water efficiency.**

The Alliance for Water Efficiency is a forceful advocate for the sustainable use and stewardship of our precious water resources.

## **Provide comprehensive information about water-efficient products, practices, and programs—what works and what doesn't.**

The Alliance for Water Efficiency has created a web-based water conservation clearinghouse that offers product information, best practices specifications, research reports, training materials, program descriptions, codes and standards, program evaluation tools, drought planning and response, and professional expertise.

## **Represent the interest of water efficiency in the development of codes and standards.**

Codes and standards that mandate water efficiency have driven significant water-use savings. The Alliance provides knowledgeable representation in standards writing and advocacy.

## **Transform the market for fixtures and appliances.**

Consumers want to do the right thing, and water efficiency should be an easy choice. The Alliance for Water Efficiency will help ensure that efficient products are available, tested, and clearly labeled.

## **Coordinate with green building initiatives to institutionalize water efficiency.**

New green building programs are working to integrate water conservation into other efficiency practices. The Alliance for Water Efficiency coordinates these efforts to ensure that water savings are part of the overall effort.

## **Train water conservation professionals.**

Water efficiency is a diverse field drawing upon a broad range of disciplines. The Alliance for Water Efficiency will develop core curriculum and technical training materials, and it will work with colleges and universities, trade organizations, and other educational entities to support the development of a professional water conservation work force.

## **Educate water users.**

Good consumer education is key to the long-term success of water conservation efforts. The Alliance for Water Efficiency will provide up-to-date information on water efficient products, practices, and behaviors for the general public.