SAFE WATER NETWORK
FINANCIAL REPORT
December 31, 2010 and 2009

W.F. Carothers & Co., LLC
1051 Old Academy Road
Fairfield, CT 06824
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</tr>
</thead>
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<td>Financial Statements and Notes</td>
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<td>Notes to Financial Statements</td>
<td>6-10</td>
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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Safe Water Network
Westport, Connecticut

We have audited the accompanying statements of financial position of Safe Water Network (a not-for-profit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Safe Water Network’s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Safe Water Network as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

W.F. Carothers & Co., LLC
Fairfield, Connecticut
August 13, 2011
## SAFE WATER NETWORK

### STATEMENTS OF FINANCIAL POSITION

#### DECEMBER 31, 2010 AND 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$4,758,957</td>
<td>$4,708,370</td>
</tr>
<tr>
<td>Investments</td>
<td>$92,560</td>
<td>$85,640</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>$703,721</td>
<td>$1,178,564</td>
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<tr>
<td>Employee advance</td>
<td>$44,120</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>$2,185</td>
<td>$2,185</td>
</tr>
<tr>
<td>Office equipment, net of accumulated depreciation of $5,722 and $3,304</td>
<td>$2,351</td>
<td>$4,769</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$5,603,894</strong></td>
<td><strong>$5,979,528</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$57,826</td>
<td>$99,205</td>
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<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$5,040,998</td>
<td>$4,682,847</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$505,070</td>
<td>$1,197,476</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$5,546,068</strong></td>
<td><strong>$5,880,323</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$5,603,894</strong></td>
<td><strong>$5,979,528</strong></td>
</tr>
</tbody>
</table>

See Notes to Financial Statements

2
## SAFE WATER NETWORK

### STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundations</td>
<td>$297,563</td>
<td>$1,136,559</td>
<td></td>
<td>$1,434,122</td>
<td>$186,896</td>
<td>$1,267,845</td>
<td></td>
<td>$1,454,741</td>
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<td>Corporate</td>
<td>100,000</td>
<td></td>
<td></td>
<td>100,000</td>
<td>10,160</td>
<td></td>
<td></td>
<td>10,160</td>
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<td>Individuals</td>
<td>5,350</td>
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<td></td>
<td>5,350</td>
<td>29,137</td>
<td></td>
<td></td>
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<td>Investment return</td>
<td>30,594</td>
<td></td>
<td></td>
<td>30,594</td>
<td>226,193</td>
<td>$1,267,845</td>
<td></td>
<td>1,494,038</td>
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<tr>
<td><strong>Total</strong></td>
<td>433,507</td>
<td>$1,136,559</td>
<td></td>
<td>1,570,066</td>
<td>226,193</td>
<td>$1,267,845</td>
<td></td>
<td>1,494,038</td>
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<tr>
<td><strong>EXPENSES</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>585,890</td>
<td></td>
<td></td>
<td>585,890</td>
<td>509,114</td>
<td></td>
<td></td>
<td>509,114</td>
</tr>
<tr>
<td>India</td>
<td>892,509</td>
<td></td>
<td></td>
<td>892,509</td>
<td>760,363</td>
<td></td>
<td></td>
<td>760,363</td>
</tr>
<tr>
<td>Program Development</td>
<td>350,566</td>
<td></td>
<td></td>
<td>350,566</td>
<td>319,622</td>
<td></td>
<td></td>
<td>319,622</td>
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<tr>
<td><strong>Total</strong></td>
<td>1,832,965</td>
<td></td>
<td></td>
<td>1,832,965</td>
<td>1,589,099</td>
<td></td>
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<tr>
<td>Supporting activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>50,237</td>
<td></td>
<td></td>
<td>50,237</td>
<td>69,463</td>
<td></td>
<td></td>
<td>69,463</td>
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<tr>
<td>Fundraising</td>
<td>25,119</td>
<td></td>
<td></td>
<td>25,119</td>
<td>34,734</td>
<td></td>
<td></td>
<td>34,734</td>
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<tr>
<td><strong>Total</strong></td>
<td>1,904,321</td>
<td></td>
<td></td>
<td>1,904,321</td>
<td>1,693,296</td>
<td></td>
<td></td>
<td>1,693,296</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>(1,470,814)</td>
<td>1,136,559</td>
<td></td>
<td>(334,255)</td>
<td>(1,467,103)</td>
<td>1,267,845</td>
<td></td>
<td>(199,258)</td>
</tr>
<tr>
<td>Net assets allocated due to satisfaction of restrictions</td>
<td>1,828,965</td>
<td>(1,828,965)</td>
<td></td>
<td></td>
<td>1,589,099</td>
<td></td>
<td>(1,589,099)</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>358,151</td>
<td>(692,406)</td>
<td></td>
<td>(334,255)</td>
<td>121,996</td>
<td>(321,254)</td>
<td></td>
<td>(199,258)</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>4,682,847</td>
<td>1,197,476</td>
<td></td>
<td>5,880,323</td>
<td>4,560,851</td>
<td>1,518,730</td>
<td></td>
<td>6,079,581</td>
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<tr>
<td>End of year</td>
<td>$5,040,998</td>
<td>$505,070</td>
<td>$5,546,068</td>
<td>$4,682,847</td>
<td>$1,197,476</td>
<td>$4,880,323</td>
<td></td>
<td>$5,880,323</td>
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</tbody>
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See Notes to Financial Statements
SAFE WATER NETWORK

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2010 AND 2009

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Africa</td>
<td>India</td>
<td>Program Development</td>
</tr>
<tr>
<td>2010</td>
<td>$93,499</td>
<td>$305,589</td>
<td>$320,945</td>
</tr>
<tr>
<td>Direct project costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract services</td>
<td>Management</td>
<td>Consulting</td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>371,201</td>
<td>494,671</td>
<td>320,945</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>2,548</td>
<td>2,547</td>
<td>2,547</td>
</tr>
<tr>
<td>Workers' comp and D&amp;O insurance</td>
<td>1,618</td>
<td>1,617</td>
<td>1,617</td>
</tr>
<tr>
<td>Legal, accounting and administrative</td>
<td>5,754</td>
<td>5,755</td>
<td>5,753</td>
</tr>
<tr>
<td>Office</td>
<td>58,669</td>
<td>33,203</td>
<td>2,113</td>
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<tr>
<td>Occupancy</td>
<td>5,298</td>
<td>5,298</td>
<td>5,297</td>
</tr>
<tr>
<td>Travel</td>
<td>43,497</td>
<td>40,026</td>
<td>8,489</td>
</tr>
<tr>
<td>Depreciation</td>
<td>564</td>
<td>564</td>
<td>564</td>
</tr>
<tr>
<td>Conferences</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Photos/videos</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>2,127</td>
<td>2,127</td>
<td>2,127</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,115</td>
<td>1,114</td>
<td>1,114</td>
</tr>
</tbody>
</table>

| 2009                   |                  |                       |             |               |                      |            |                |
| Direct project costs   | $152,971         | $294,842              | $251,129    | 903,160       | 30,360                | 15,180     | 948,700   |
| Contract services      | Management       | Consulting            |             |               |                      |            |            |
| Salaries and wages     | 267,107          | 384,924               | 251,129    | 903,160       | 30,360                | 15,180     | 948,700   |
| Employee benefits      | 1,975            | 1,974                 | 1,974      | 5,923         | 1,692                 | 846        | 8,461     |
| Director and officer insurance | 950  | 949                 | 949        | 2,848         | 814                   | 407        | 4,069     |
| Legal, accounting and administrative | 8,898 | 21,036  | 8,897      | 38,831        | 7,626                 | 3,813      | 50,270    |
| Office                 | 2,703            | 2,456                 | 2,456      | 7,615         | 2,105                 | 1,053      | 10,773    |
| Occupancy              | 3,558            | 3,558                 | 3,557      | 10,673        | 3,049                 | 1,525      | 15,247    |
| Travel                 | 50,863           | 30,533                | 30,569     | 111,965       | 6,596                 | 3,298      | 121,859   |
| Depreciation           | 544              | 545                   | 545        | 1,634         | 467                   | 234        | 2,335     |
| Conferences            | 1,530            | 1,530                 | 1,530      | 4,590         | 1,312                 | 656        | 6,558     |
| Photos/videos          | 3,038            | 3,038                 | 3,038      | 9,114         | 2,604                 | 1,302      | 13,020    |
| Communications         | 13,807           | 13,808                | 13,808     | 41,423        | 11,835                | 5,918      | 59,176    |
| Miscellaneous          | 1,170            | 1,170                 | 1,170      | 3,510         | 1,003                 | 502        | 5,015     |

|                  | $509,114         | $760,363              | $319,622   | $1,389,099    | $69,463               | $34,724    | $1,693,296 |

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SAFE WATER NETWORK

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in net assets</td>
<td>$ (334,255)</td>
<td>$ (199,258)</td>
</tr>
<tr>
<td>Adjustments to reconcile decrease in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,418</td>
<td>2,335</td>
</tr>
<tr>
<td>Unrealized investment gain</td>
<td>(6,920)</td>
<td>(6,960)</td>
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<tr>
<td>Changes in operating assets and liabilities:</td>
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<td></td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>474,843</td>
<td>545,259</td>
</tr>
<tr>
<td>Employee advance</td>
<td>(44,120)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(41,379)</td>
<td>73,517</td>
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<tr>
<td>Net cash provided by operating activities</td>
<td>$50,587</td>
<td>$414,893</td>
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<table>
<thead>
<tr>
<th>INVESTING ACTIVITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of office equipment</td>
<td>-</td>
<td>(2,366)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>-</td>
<td>(2,366)</td>
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</table>

<table>
<thead>
<tr>
<th>NET INCREASE IN CASH AND CASH EQUIVALENTS</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
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<tr>
<td></td>
<td>50,587</td>
<td>412,527</td>
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</table>

<table>
<thead>
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<th>CASH AND CASH EQUIVALENTS</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>4,708,370</td>
<td>4,295,843</td>
</tr>
<tr>
<td>End of year</td>
<td>$4,758,957</td>
<td>$4,708,370</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
SAFE WATER NETWORK

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization Activities and Tax-Exempt Status

Organization Activities and Support

Safe Water Network is organized as a not-for-profit corporation dedicated to advancing innovative approaches to delivering safe, reliable and affordable drinking water to the world’s poor. Safe Water Network’s priority is to take a long-term, integrated approach to demonstrate the potential for new water solutions by collaborating with private and public stakeholders, local organizations, public health experts and local and international providers of technology, services and funding. Safe Water Network is developing a diverse set of partnerships through which to create affordable and sustainable solutions that can be widely replicated over time.

Safe Water Network receives substantially all of its financial support from significant contributions from corporations, foundations and a few individuals.

Tax-Exempt Status

Safe Water Network was incorporated on December 1, 2005 in the District of Columbia and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and classified as a publicly supported charitable organization under IRC Section 509(a)(1); therefore, donations qualify for the maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi). Safe Water Network is similarly exempt from income taxes in Connecticut and in the District of Columbia.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

Safe Water Network’s financial statements are prepared in accordance with accounting principles generally accepted in the United States applicable to not-for-profit organizations.

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 those estimates.

Cash and Cash Equivalents

Safe Water Network considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Safe Water Network maintains its cash accounts at one financial institution. These accounts are guaranteed by the Federal Deposit
SAFE WATER NETWORK

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

Insurance Corporation up to an aggregate maximum of $250,000 per financial institution. As of December 31, 2010, Safe Water Network had approximately $3,487,000 of uninsured cash balances. Safe Water Network has not experienced any losses in such accounts and believes it is not exposed to any significant risk in maintaining its cash accounts with this financial institution.

Investments

Investments in marketable securities are carried at fair value, based on current market quotes, in accordance with generally accepted accounting principles applicable to not-for-profit organizations.

Contributions Receivable

Contributions are recognized when a donor makes a promise to give to Safe Water Network 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 restrictions. For contributions which are not expected to be received within one year, the receivables are discounted to their present value using an appropriate discount rate at the date of the promise to give.

Safe Water Network reviews all contributions receivable to determine whether a valuation allowance should be established. The allowance is based on prior years’ experience and management’s analysis of specific promises made. As of December 31, 2010 and 2009, all contributions receivable were considered to be collectible.

Property and Equipment

Safe Water Network’s policy is to capitalize all property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Safe Water Network reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Safe Water Network reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.