



AGENDA

NATIONAL WATER RESEARCH INSTITUTE

Wednesday, September 10, 2025

1:30 PM – 3:00 PM Local Time

This meeting will be held in-person at the date and time specified above.

Directors receive no compensation from NWRI for their participation.

Meeting Location: 18700 Ward Street Fountain Valley, CA 92708
Conference Room C-2

Online Meeting Access: Zoom Meeting ID: 842 1072 4620
<https://ocwd.zoom.us/j/84210724620>

As a convenience for the public, this meeting is accessible via Zoom using the provided room ID.
Note that if technical difficulties arise, the meeting will proceed without disruption.

Sites Open to the Public: 111 N. Hope Street Los Angeles, CA 90012
700 N. Alameda Street Los Angeles, CA 90012

NWRI Contact: Tianna Manzoni, tmanzon@nwri-usa.org

OPENING ITEMS

1. Call to Order

- Roll Call
- Confirmation of Quorum

2. Items Received After Publication of Agenda

In accordance with the Brown act, the Board may take action on items that arise after the posting of the agenda only if there is a need for immediate action and the need for action came to the attention of the Board after the agenda was published.

Recommendation: Adopt resolution authorizing consideration of items received after the agenda was published. Approval requires a 2/3rds vote of the Board members present or if less than 2/3rds of Board members are present, a unanimous vote of those present.

3. Visitor Participation

This item allows up to 3 minutes for visitors to address the Board of Directors on matters not listed on the agenda but within the authority of the Joint Powers. Agency or related to Consent Calendar Items. In accordance with legal guidelines, the Board is prohibited from acting on comments made during this time. Directors may, when appropriate, provide direction to NWRI staff regarding the issues raised. Only a member of the Board of Directors may request the removal of a Consent Calendar Item for separate discussion.



CONSENT CALENDAR

At the discretion of the Chair, items on the Consent Calendar may be approved with a single motion and vote by the Directors present, or by the unanimous consent of the Directors present. Items are considered routine, and any director may request that an item be removed from the Consent Calendar for separate discussion and action.

4. Meeting Minutes – July 09, 2025

Approval of minutes is a routine action that formally records the proceedings of the previous Board meeting. Minutes are permanently retained.

Recommendation: Receive and file minutes as presented.

Attachments:

- Minutes of the regular meeting of the NWRI Board of Directors

5. Financial Statements – Ending August 31, 2025

Unaudited monthly financial reports are provided to keep the Board informed of NWRI's financial position and performance between annual audits.

Recommendation: Receive and file NWRI's unaudited financial reports for the period stated above.

Attachments:

- Unaudited Statement of Profit & Loss
- Unaudited Balance Sheet
- Unaudited Report on Account Receivables

6. Disclosure of Third-Party Research Funding

The Executive Director is authorized to sign research contracts within approved limits. These contracts are disclosed to the Board at regular meetings for transparency and oversight.

New Contracts

- Inland Empire Utilities Agency (Chino Basin) - \$73,636.00
- State Water Resources Control Board (DDW On-Site) \$200,000.00
- Jacobs (CalVal Phase II) \$646,000.00

Contract Extensions

- Metropolitan Water District (Pure Water Southern CA) – Extended from 06/30/2025 to 06/30/2026
- Santa Clara Valley Water District (Valley Water DPR) – Extended from 12/30/2025 to 12/31/2026
- Trussell Technologies (East County Advanced Water Purification) – Notice to Proceed for 07/1/2025 to 06/30/2026
- Palmdale Water District (Pure Water Antelope Valley) – Extended 12/31/2025 to 12/31/2027

Recommendation: Receive and file third party research contracts signed by the Executive Director since the previous meeting of the NWRI Board of Directors.



ACTION ITEMS

The Board of Directors considers Action Items in the order presented, unless specific motion is made to amend the order of consideration. Each Action Item requires a separate motion and affirmative vote by majority vote of the present Directors. The Board is not obligated to act on any item presented for consideration.

7. **Presentation of NWRI's Independently Audited Financial Statements, Audit Notes, and Auditor's Communications Report for the Fiscal Year Ending June 30, 2025**

Pursuant to NWRI's Joint Powers Agreement and standard nonprofit governance practices, NWRI undergoes an annual independent financial audit. The audit provides assurance regarding the accuracy of NWRI's financial statements of the adequacy of internal controls.

Matt Lenton of Gruber and Lopez, Inc. will present key findings from the independent audit of NWRI's financial statements for the fiscal year ending June 30, 2025. The presentation will include findings from:

- Independent Auditor's Report & Financial Statements
- Report on Communication with those Charged with Governance and Internal Control Matters

Key Findings:

- **Audit Opinion:** Unmodified ("clean") opinion; NWRI's financial statements present fairly, in all material respects, its financial position as of June 30, 2025.
- **Internal Controls:** No material weaknesses identified. A single procedural recommendation was noted regarding securing checks received until deposited.

Actions Taken in Response to Auditor Recommendations

- **Check Handling:** NWRI has implemented a procedure to ensure that all checks received are locked in a secure location until the Project Controller is available to make deposits, addressing the auditor's recommendation for improved safeguarding.
- **Delegate Purchasing Authority:** Staff is recommending a policy update to extend limited purchasing authority (up to \$5,000) to the Research Scientist/Project Manager.
- **Alternate Designee to Sign Meeting Minutes:** Staff is recommending designating the Research Project Coordinator to sign the NWRI Board meeting minutes when verbally approved by the Board.

Recommendation:

1. Receive and file the Independent Auditor's Report, Financial Statements, and Auditor's Communications Report for fiscal year ending June 30, 2025.
2. Approve extension of limited purchasing authority (up to \$5,000) to the Research Scientist/Project Manager to enhance operational efficiency and internal controls.
3. Approve authorization of alternate designee, NWRI's Research Project Coordinator to sign meeting minutes on behalf of Secretary when verbally approved by the Board of Directors

Attachments:

- NWRI's Independent Audit Report FY 2024-25
- Communications Report Letter



8. November 2026 NWRI Board Meeting Conflict

The regularly scheduled NWRI Board meeting for November 2026 falls on Veterans Day (Wednesday, November 11, 2026), a federal holiday. To avoid the conflict and ensure quorum, staff is requesting the Board's direction on selecting an alternate date for the meeting.

The following potential dates and times are being presented for consideration. The meeting will be held in Meeting Room C-2 at OCWD Headquarters.

- Tuesday, November 3 at 1:30 PM – 3:00 PM
- Wednesday, November 4 at 10:30 AM – 12:00 PM
- Friday, November 6 at 10:30 AM – 12:00 PM
- Tuesday, November 10 at 1:30 PM – 3:00 PM
- Friday, November 13 at 10:30 AM – 12:00 PM

Recommendation: Select and approve an alternate date for the Nov. 2026 NWRI Board meeting

9. Clarke Prize Program Funding Approach

In July 2025, Executive Director Hardy engaged Rising Tide Partners (RTP) to support NWRI in developing new strategies, partnerships, and outreach initiatives to elevate the Clarke Prize, NWRI, and our supporting communities. Executive Director Hardy and RTP's Principal, Neal Bloom, will present their proposed approach to funding these initiatives.

In addition, the recommendation seeks authorization to proceed on the balance of RTP's scope of work to implement the proposed funding approach.

Recommendation:

1. Authorize the Treasurer to approve an extension of the agreement between NWRI and RTP through June 30, 2026.
2. Fund remaining FY 2025-26 RTP Scope of Work items totaling \$73,288.
3. Discuss and take other actions as appropriate.

Attachments:

- Rising Tide Partners' Proposal and Scope of Work
- Agreement between NWRI and RTP



INFORMATION ITEMS

Information Items are presented to the Board of Directors to provide general updates and/or background information about the organization and required no immediate action.

10. Executive Director's Report

- CalVal Expert Workshops and DDW Communication Plan

11. Board of Directors Comments

12. Important Dates

- October 2025: Fall Recess
- November 12, 2025, at 1:30 PM (Regular Board of Directors Meeting)
- December 2025 – January 2026: Holiday Recess
- February 11, 2026, at 1:30 PM (Regular Board of Directors Meeting)

13. Adjournment



DATE: September 10, 2025
TO: NWRI Board of Directors
FROM: Kevin M. Hardy, Executive Director
SUBJECT: **Item 4 – Meeting Minutes**

Recommendation: Receive and file meeting minutes for the meeting held July 9, 2025

Discussion: Duly approved minutes serve as the official and permanent public record of actions taken by the Board of Directors.

Attachments: Minutes of regular meeting of the NWRI Board of Directors



DATE: September 10, 2025
TO: NWRI Board of Directors
SUBJECT: Minutes of the Board of Directors Meeting Held July 9, 2025

1. Call to Order. The meeting was called to order at **1:31 PM** local time by Chair Bilodeau.

- **Roll Call**

The following Directors and Officers were present:

- Chair Denis Bilodeau, Orange County Water District
- Director Bob Ooten, Orange County Sanitation District (remote)
- Director John Withers, Irvine Ranch Water District (remote)
- Director Steve Elie, Inland Empire Utilities Agency
- Alt. Director Rafael Villegas, LADWP (remote)
- Alt. Director Mickey Chaudhuri, MWD (remote)
- Alt. Director Rob Thompson, OC San
- Alt. Director Kevin Alexander, IEUA (remote)
- Secretary John Kennedy, OCWD
- Treasurer Jason Dadakis, OCWD

Others present:

- Lan Wiborg, OC San (Remote)

NWRI Staff present:

- Kevin M. Hardy, Executive Director
- Suzanne Sharkey, Project Manager
- Julie Abshire, Project Controller
- Mary Collins, Communications Manager
- Tianna Manzon, Project Coordinator
- **Confirmation of Quorum.** A quorum is established when at least four of the six member agencies are represented. All six member agencies were represented by either a Board Director or Alternate Director, or both. A quorum was determined.

2. Items Received After Publication of Agenda. None.

3. Visitor Participation. None.



CONSENT CALENDAR

4. Meeting Minutes – June 11, 2025

5. Financial Statements Ending June 30, 2025

ED Hardy provided details about NWRI's current financial standing, and the Board discussed NWRI's unaudited Profit and Loss, Balance Sheet, and Open Invoice Report for the period through June 30, 2025.

- Upon a motion by Director Withers, seconded by Director Ooten, and unanimously carried, Items 4 and 5 were received and filed.

ACTION ITEMS

6. Resolution 2025-02 Adopting an Administrative Budget, Establishing Controls Thereon, and Scheduling Meeting Dates for the 2026 Fiscal Year

Staff presented a draft version of Resolution 2025-02, which proposes the adoption of NWRI's Administrative and Research Budget for Fiscal Year 2026 (July 1, 2025 – June 30, 2026) at the June 2025 NWRI Board Meeting. Directors provided some direction, and the presented version reflects updates. The resolution outlines proposed budget allocations, establishes financial controls, and includes a draft schedule of Board meetings for the upcoming fiscal year.

- Upon a motion by Director Elie, seconded by Director Elie, and unanimously carried, Resolution 2025-02 was adopted.

7. Request for IT Support

Mary Collins, Technical Editor, provided an overview of NWRI's recent IT challenges and requested assistance from Member Agency IT staff to help address these issues. Secretary Kennedy responded by offering his staff to conduct an "audit" of NWRI's IT systems and to assist with resolving any issues. Executive Director Hardy will send Secretary Kennedy a list of current IT needs to start the process.

8. Key Performance Indicators

Executive Director Kevin M. Hardy presented key performance indicators assigned by NWRI Directors during his performance evaluation in April 2025. No formal action was taken.

9. Panel Advisory Program Update

Suzanne Sharkey, Project Manager, presented updates on the NWRI Panel Advisory Program.

10. Executive Director's Report. ED Hardy reported on the following:

- Clarke Prize Program
- CalVal

11. Board of Directors Comments. None.



12. Important Dates.

- August 2025: Summer Recess
- September 10, 2025, at 1:30 PM

13. Adjournment.

Chair Bilodeau declared the meeting adjourned at 2:20 PM Local Time.

SIGNED: _____ DATE: _____
John Kennedy, OCWD
Secretary, NWRI Board of Directors



DATE: July 09, 2025
TO: NWRI Board of Directors
FROM: Kevin M. Hardy, Executive Director
SUBJECT: Item 5 – NWRI Financial Statements

Recommendation: Receive and file unaudited financial statements for the period ending June 30, 2025.

Discussion: Monthly financials reports provide a current snapshot of the Institute's financial position and resiliency. Variations from the annual income and expense plan are anticipated.

Attachments: Unaudited Statement of Profit and Loss
Unaudited Balance Sheet
Unaudited Report on Account Receivables

National Water Research Institute

Profit & Loss

July through August 2025

	Jul - Aug 25
Income	
4000 · JPA Contributions (Member 50K)	300,000.00
4250 · Grants	25,000.00
4400 · Contract Svc/Reimbursable	91,558.23
4600 · Circle of Friends/Fellowship	10,000.00
4650 · Water Festival/Water Harvest	16,636.64
4800 · Interest Income	2,173.50
4801 · Fair Value Adj on Investment	1,587.81
Total Income	446,956.18
Gross Profit	446,956.18
Expense	
6010 · Accounting/Audit	9,300.00
6030 · Charges/Tax & Other Fees	
6032 · Banking Fees	-55.82
Total 6030 · Charges/Tax & Other Fees	-55.82
6040 · Telephone/Communication	120.00
6090 · Subscriptions and Dues	282.50
6110 · Board / Ops Expenses	25.07
6120 · Misc Admin Expenses	
6121 · General Office Supplies	53.73
6124 · Insurance	1,653.00
6125 · Payroll Processing	174.00
Total 6120 · Misc Admin Expenses	1,880.73
6140 · Salary & Benefits	
6143 · Payroll Taxes	5,386.51
6144 · Director	6,001.38
6145 · Simple IRA Match	1,993.39
6140 · Salary & Benefits - Other	13,905.28
Total 6140 · Salary & Benefits	27,286.56
6160 · Membership	163.07
7010 · Admin Program Expenses	
7011 · Salary & Benefits	
7018 · Director	4,571.46
7011 · Salary & Benefits - Other	6,686.20
Total 7011 · Salary & Benefits	11,257.66
7013 · Registration	250.00
7016 · Travel/Lodging/Meals	-261.96
Total 7010 · Admin Program Expenses	11,245.70
7020 · Advisory Panels	
7021 · Salary & Benefits	
7027 · Director	19,954.74
7021 · Salary & Benefits - Other	26,994.90
Total 7021 · Salary & Benefits	46,949.64
7022 · Professional Svc	12,958.00
7023 · Honorariums	31,506.25
7024 · Travel/Lodging/meals	447.26
Total 7020 · Advisory Panels	91,861.15

National Water Research Institute

Profit & Loss

July through August 2025

	Jul - Aug 25
7030 · Clarke Prize	
7031 · Salary & Benfits	
7037 · Director	15,891.26
7031 · Salary & Benfits - Other	1,085.29
Total 7031 · Salary & Benfits	16,976.55
7032 · Professional Svc	1,712.50
Total 7030 · Clarke Prize	18,689.05
7040 · Conf/Workshops/Contract Svc	
7041 · Salary & Benfits	
7049 · Director	1,850.34
7041 · Salary & Benfits - Other	1,659.15
Total 7041 · Salary & Benfits	3,509.49
Total 7040 · Conf/Workshops/Contract Svc	3,509.49
7050 · Education & Outreach	
7051 · Salary & Benfits	
7059 · Director	4,135.08
7051 · Salary & Benfits - Other	8,722.40
Total 7051 · Salary & Benfits	12,857.48
7056 · Fellowship Award	20,000.00
7057 · Water Festival Contrib/Payment	16,636.64
7058 · Sponsorship	2,000.00
Total 7050 · Education & Outreach	51,494.12
7070 · Research/Proj/Grant - Specific	
7072 · Salary & Benfits	
7078 · Director	4,390.05
7072 · Salary & Benfits - Other	10,638.31
Total 7072 · Salary & Benfits	15,028.36
7075 · Project Expense	204.00
7076 · Travel/Lodging/Meals	130.77
Total 7070 · Research/Proj/Grant - Specific	15,363.13
8000 · Ask Accountant	1.00
Total Expense	231,165.75
Net Income	215,790.43

National Water Research Institute

Balance Sheet

As of August 31, 2025

	Aug 31, 25
ASSETS	
Current Assets	
Checking/Savings	
1000 · Wells Fargo Checking	170,863.36
Total Checking/Savings	170,863.36
Accounts Receivable	
1201 · Accounts Receivable-General	204,744.60
Total Accounts Receivable	204,744.60
Other Current Assets	
SWEEP	1,219,866.12
1499 · Undeposited Funds	2,001.41
Total Other Current Assets	1,221,867.53
Total Current Assets	1,597,475.49
Fixed Assets	
1500 · Equipment-Office - >1 yr. >2.5k	13,679.62
1550 · Accum Depreciation	-13,679.62
Total Fixed Assets	0.00
Other Assets	
1650 · Investments	34,931.82
Total Other Assets	34,931.82
TOTAL ASSETS	1,632,407.31
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accts Pay-Vendors	197,066.75
Total Accounts Payable	197,066.75
Other Current Liabilities	
2100 · Payroll Lia/Vac Accrual - Staff	10,413.54
2101 · Payroll Lia/Vac&Sick - Dir	29,542.21
2500 · Deferred Revenue	723,512.25
Total Other Current Liabilities	763,468.00
Total Current Liabilities	960,534.75
Total Liabilities	960,534.75
Equity	
3900 · Retained Earnings-Unrestricted	426,082.13
3910 · Retained Earnings-Temp Restrict	30,000.00
Net Income	215,790.43
Total Equity	671,872.56
TOTAL LIABILITIES & EQUITY	1,632,407.31

National Water Research Institute

Open Invoices

As of August 31, 2025

Type	Date	Num	Class	Aging	Open Balance
CA Assoc of Sanitation Agencies (CASA)					
Invoice	04/30/25	2025-1027	Advisory Panels - 7020:CASA	114	7,493.75
Invoice	06/30/25	2025-1061	Advisory Panels - 7020:CASA	61	3,331.25
Total CA Assoc of Sanitation Agencies (CASA)					10,825.00
Carollo					
Invoice	08/31/25	2025-1068	Projects and Grants - 7070:FAT SA...		25,000.00
Total Carollo					25,000.00
Los Angeles Department of Water and Power					
Invoice	03/31/25	2025-1015	Advisory Panels - 7020:LADWP Gro...	145	566.75
Invoice	06/30/25	2025-1039	Advisory Panels - 7020:LADWP Gro...	61	6,186.17
Invoice	07/01/25	2025-1023	Administrative - 6000:JPA Contributi...	31	50,000.00
Invoice	08/31/25	2025-1070	Advisory Panels - 7020:LADWP Gro...		29,127.42
Total Los Angeles Department of Water and Power					85,880.34
Metropolitan Water District of S. Ca					
Invoice	06/30/25	2025-1041	Advisory Panels - 7020:Metropolitan	61	6,265.00
Invoice	08/31/25	2025-1069	Advisory Panels - 7020:Metropolitan		31,901.25
Total Metropolitan Water District of S. Ca					38,166.25
Potomac Aquifer Recharge Monitoring Lab					
Invoice	08/31/25	2025-1072	Advisory Panels - 7020:Virginia PAR...		9,708.95
Total Potomac Aquifer Recharge Monitoring Lab					9,708.95
Public Utilities Department					
Invoice	08/31/25	2025-1067	Advisory Panels - 7020:SD Pure Wa...		5,164.06
Total Public Utilities Department					5,164.06
Water Research Foundation					
Invoice	06/12/25	2025-1032	Advisory Panels - 7020:CalVal TWR...		28,887.26
Invoice	06/30/25	2025-1063	Advisory Panels - 7020:CalVal TWR...		1,112.74
Total Water Research Foundation					30,000.00
TOTAL					204,744.60



DATE: July 09, 2025
TO: NWRI Board of Directors
FROM: Kevin M. Hardy, Executive Director
SUBJECT: Item 7 – NWRI’s Independently Audited Financial Statements, Audit Notes, and Auditor’s Communications Report for the Fiscal Year Ending June 30, 2025

Background: Pursuant to NWRI’s Joint Powers Agreement and standard nonprofit governance practices, NWRI undergoes an annual independent financial audit. The audit provides assurance regarding the accuracy of NWRI’s financial statements and the adequacy of internal controls.

For Fiscal Year 2024–2025, the audit included:

- Independent Auditor’s Report and Financial Statements
- Report on Communication with those Charged with Governance and Internal Control Matters

- Recommendation:**
1. Receive and file the Independent Auditor’s Report, Financial Statements, and Auditor’s Communications Report for fiscal year ending June 30, 2025.
 2. Approve extension of limited purchasing authority (up to \$5,000) to the Research Scientist/Project Manager to enhance operational efficiency and internal controls.
 3. Approve authorization of alternate designee, NWRI’s Research Project Coordinator to sign meeting minutes on behalf of Secretary when verbally approved by the Board of Directors

NATIONAL WATER RESEARCH INSTITUTE

Financial Statements

June 30, 2025

(With Independent Auditors' Report Thereon)

DRAFT



GRUBER and LOPEZ, INC.
CERTIFIED PUBLIC ACCOUNTANTS

NATIONAL WATER RESEARCH INSTITUTE

Financial Statements

June 30, 2025

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Board of Directors
National Water Research Institute
Fountain Valley, California

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of **National Water Research Institute** (a nonprofit organization), which comprise the statement of financial position as of **June 30, 2025**, and the related statements of activities 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 **National Water Research Institute** as of **June 30, 2025**, 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. 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 National Water Research Institute 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 National Water Research Institute'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 **National Water Research Institute'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 **National Water Research Institute'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.

Report on Summarized Comparative Information

We have previously audited the **National Water Research Institute's** financial statements, and our report dated September 11, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year June 30, 2024, is consistent, in all material respects, the audited financial statements from which it has been derived.

Gruber and Lopez, Inc.

Newport Beach, CA
August XX, 2025

NATIONAL WATER RESEARCH INSTITUTE
Statements of Financial Position
June 30, 2025
(with comparative totals as of June 30, 2024)

<u>Assets</u>	<u>Totals</u>	
	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 541,457	630,885
Investments	33,344	41,283
Accounts receivable	226,625	167,868
Contributions receivable	-	4,592
Prepaid expenses	<u>1,595</u>	<u>1,978</u>
Total current assets	<u>803,021</u>	<u>846,606</u>
Noncurrent assets:		
Property and equipment:		
Furniture and equipment	13,680	13,680
Less: accumulated depreciation	<u>(13,680)</u>	<u>(13,680)</u>
Total property and equipment, net	<u>-</u>	<u>-</u>
Total Noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 803,021</u></u>	<u><u>846,606</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 193,770	\$ 113,436
Unearned revenue - pass through payable	<u>153,169</u>	<u>103,173</u>
Total liabilities	<u>346,939</u>	<u>216,609</u>
Net assets (Note 3):		
Without donor restrictions - undesignated	426,082	629,997
With donor restrictions	<u>30,000</u>	<u>-</u>
Total net assets	<u>456,082</u>	<u>629,997</u>
Total liabilities and net assets	<u><u>\$ 803,021</u></u>	<u><u>\$ 846,606</u></u>

See independent auditors' report and accompanying notes to financial statements

NATIONAL WATER RESEARCH INSTITUTE
Statements of Activities
For the Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
Operating activities:				
Support and revenue:				
Contributions - grants	\$ 36,840	30,000	66,840	28,659
Contributions - others	93,089	-	93,089	70,882
Research projects and panels (Note 6)	924,493	-	924,493	1,231,455
Memberships	300,000	-	300,000	300,000
Donated facilities (Note 4)	18,000	-	18,000	18,000
Other	450	-	450	261
Subtotal support and revenues	1,372,872	30,000	1,402,872	1,649,257
Net assets released from restrictions (Note 3)	-	-	-	-
Total support and revenue	1,372,872	30,000	1,402,872	1,649,257
Expenses:				
Program services	1,261,983	-	1,261,983	1,216,077
Management and general	292,060	-	292,060	216,793
Fundraising	35,533	-	35,533	41,261
Total expenses	1,589,576	-	1,589,576	1,474,131
Change in net assets from operations	(216,704)	30,000	(186,704)	175,126
Non-operating activities:				
Investment earnings	12,789	-	12,789	15,783
Total non-operating activities	12,789	-	12,789	15,783
Change in net assets	(203,915)	30,000	(173,915)	190,909
Net assets beginning of year	629,997	-	629,997	439,088
Net assets at end of year	\$ 426,082	30,000.00	456,082	629,997

See independent auditors' report and accompanying notes to financial statements.

NATIONAL WATER RESEARCH INSTITUTE
Statement of Functional Expenses
For the Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

		Supporting Services			Totals	
		Program Management				
	Services	and General	Fundraising	Subtotal	2025	2024
Conferences/research advisory	\$ 17,104	-	-	-	17,104	19,431
Salaries and benefits	569,842	251,680	35,533	287,213	857,055	782,207
Travel and training	47,576	48	-	48	47,624	70,124
Honorariums	61,201	-	-	-	61,201	375,858
Fellowship awards	29,386	-	-	-	29,386	30,000
Professional fees	412,915	14,612	-	14,612	427,527	47,701
Website and information technology	-	1,203	-	1,203	1,203	-
Postage/shipping	235	52	-	52	287	148
Other program costs	2,113	-	-	-	2,113	7,115
Other administrative costs	-	18,101	-	18,101	18,101	20,006
Telephone	-	2,160	-	2,160	2,160	1,440
Charitable contribution/ membership	56,611	1,204	-	1,204	57,815	52,101
Donated facilities (Note 4)	15,000	3,000	-	3,000	18,000	18,000
Clarke prize	50,000	-	-	-	50,000	50,000
Total Expenses	\$ 1,261,983	292,060	35,533	327,593	1,589,576	1,474,131

See independent auditors' report and accompanying notes to financial statements.

NATIONAL WATER RESEARCH INSTITUTE
Statement of Cash Flows
For the Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

	Totals	
	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (173,915)	190,909
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Unearned investment earnings (losses)	7,939	(12,702)
Decrease (increase) in accounts receivable	(54,165)	49,613
Decrease (increase) in prepaid expenses	383	810
(Decrease) increase in accounts payable and accrued liabilities	80,334	14,368
(Decrease) increase in pass through payable	49,996	(5,067)
Net cash provided by (used for) operating activities	<u>\$ (89,428)</u>	<u>237,931</u>
Increase (decrease) in cash and cash equivalents	(89,428)	237,931
Cash and cash equivalents at beginning of year	<u>630,885</u>	<u>392,954</u>
Cash and cash equivalents at end of year	<u><u>\$ 541,457</u></u>	<u><u>630,885</u></u>
<u>Supplemental disclosures of noncash investing and capital related financing activities:</u>		
For the year ended June 30, 2025, there were no material non-cash investing or financing activities.		
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest expense	<u>\$ -</u>	<u>-</u>
Cash paid for tax expense	<u><u>\$ -</u></u>	<u><u>-</u></u>

See independent auditors' report and accompanying notes to financial statements.

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 - ORGANIZATION

The significant accounting policies of the National Water Research Institute (the Organization) are presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

National Water Research Institute is a 501(c)(3) nonprofit organization and was formed under a Joint Powers Agreement in June of 1991. The Organization was created to provide financial support for the research, development and implementation of water projects for the purpose of developing and conserving water, improving the quality of water, preventing or remediating degradation of water quality and efficiently using water resources. The Organization is funded primarily from contributions and conference sponsorships for educating professionals in the area of water research.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Update (ASU) 2016-14 Not for Profit Entities [Topic 958] – Presentation of Financial Statements of Not for Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all unrestricted short-term investments with an original maturity of three (3) months or less to be cash equivalents. Cash and cash equivalents consisted of deposits with financial institutions of \$541,457 at June 30, 2025. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000 per custodian with sweep accounts being collateralized. Cash deposits did not exceed federally insured limits during the year.

Furniture and Equipment

Property and equipment are recorded at cost with depreciation provided using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Total depreciation expense for the years ended June 30, 2025 was \$0. Repairs and maintenance to furniture and equipment are expensed as incurred. When furniture and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in income. It is the Organization's policy to capitalize property and equipment over \$2,500.

Impairment of Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

Use of Estimates

The preparation of financial statements requires the Organization to make estimates and assumptions that affect the reported amounts of assets and disclosures of contingent assets and liabilities, and the reported revenue and expenses. Actual results may differ from those estimates.

Accounts Receivable

Accounts receivable consist of amounts due from funding sources (i.e. contracts with customers). There is no allowance for doubtful accounts because the majority of the receivables are from government agencies and the Organization believes that all of its receivables are fully collectable.

Membership Support

Under the Joint Powers Agreement, each district that is a member contributes \$50,000 per year to fund the administrative operations of the Organization. Membership support is recognized when due which is at the beginning of the Organization's fiscal year.

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. The Organization's investments of \$33,344 as of June 30, 2025 consist of securities and were considered Level 1 investment as described below.

Fair Value of Financial Instruments

Financial assets and liabilities are recorded at their fair market value in accordance with ASC 820, *Fair Value Measurements*. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 – Directly or indirectly observable input for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets.
- Level 3 – Unobservable inputs not corroborated by market data therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

Certain financial instruments are carried at cost on the balance sheet which approximates fair value because of the short-term nature of these financial instruments and hence, are not categorized. These instruments include cash and cash equivalents, fees receivable, grants receivable, other receivables, prepaid expenses, other assets, accounts payable, accrued expenses and long-term debt.

The fair value of the Organization's investments represents donated stock and is based on the market value as of June 30, 2025. This input is based on prices paid for identical stock on the open market (Level 1 input). Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

The fair value of contributed supplies, facilities and services has been measured on a nonrecurring basis using prices for similar assets in inactive markets (Level 2 input).

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The costs of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations between program and supporting services benefited are determined by management on an equitable basis. All allocations for program and supporting services are based on time and effort.

Income Tax Status

The Organization is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and files all federal and state information returns required by law. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending in years 2024, 2023, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

Accrued Vacation

The executive director and employees of the Organization are entitled to paid vacation days. The Organization's management estimated the amount of compensation for future absences to be \$38,402 as of June 30, 2025 which was recorded on the statement of financial position as *accounts payable and accrued liabilities*.

Concentration of Risk

The Organization actively evaluates the credit worthiness of the institutions with which it invests. Approximately 30% of accounts receivable was from one contributor as of June 30, 2025. Approximately 20% of revenue support was from one contributor for the year ended June 30, 2025.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or non-recurring nature.

Reclassifications

For comparability purposes, certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 classifications. These reclassifications have no effect on reported change in net assets.

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Support Revenue Recognition

In accordance with ASC 958, unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other unconditional donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional contributions are recognized when the conditions on which they depend are substantially met.

In accordance with ASC 606, research projects and panels contract revenues are classified as exchange transactions and are recognized as performance obligations are satisfied based on the amount of the transaction price that is allocated to those performance obligations (i.e. based on progress billings on completed portions of contracts which are primarily less than a year). There were no provisions recorded for uncollectible accounts as the majority of research revenues were funded by government or quasi-government agencies. The Organization determined that the transaction price with its grantors include fixed consideration as it relates to research data. The Organization also determined that the transfer of the research data rights is the date the data milestone stage is completed and turned over to the grantor and include only one bundled performance obligation, hence, there was no allocation of the transaction price considered necessary under ASC 606.

Contributions Receivable

Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Recent Accounting Pronouncements

For the year ended June 30, 2025, the Organization adopted Financial Accounting Standards Board, Accounting Standards Update ("ASU ") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, with subsequent improvements issued in ASU 2018-19, that requires credit losses on most financial assets be measured at amortized cost and certain other instruments, including trade receivables, be measured using an expected credit loss model. Further, the ASU makes certain targeted amendments to the existing impairment model for available-for sale debt securities. The pronouncement did not have a significant impact on the Organization's financial statements.

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 - NET ASSETS

Net assets with donor restriction were as follows as of June 30, 2025:

Specific purpose and timing restriction:

Clarke Prize – FY 2026 \$ 30,000

Net assets released from donor restrictions during the fiscal year 2025 were as follows:

Satisfaction of restrictions:

None \$ -

NOTE 4 - DONATED SERVICES, SUPPLIES AND FACILITIES

Donations of services are recognized in the financial statements if the services received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value. For the years ended June 30, 2025, the Organization received \$18,000 in donated facilities from the Orange County Water District, which is the estimated fair market value of what would have been paid.

NOTE 5 - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets at June 30, 2025:

Financial assets at year end:

Cash and cash equivalents	\$541,457
Investments	33,344
Accounts receivables	<u>226,625</u>
Subtotal	801,426

Less amounts not available to be
used within one year:

Net assets with donor restrictions	-
Less net assets with purpose restrictions to be met within one year	<u>(-)</u>
Subtotal	<u>-</u>

Financial assets available to meet general expenses over the next twelve months	<u>\$801,426</u>
--	------------------

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$400,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**NATIONAL WATER RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 - REVENUES FROM CONTRACTS WITH CUSTOMERS

The Organization's revenues from *research projects and panels* contracts (i.e. contracts with customers) are generated from service fees of which do not create an asset with an alternative use for the Organization.

Revenue derived from such service fees consists of fixed consideration as it relates to research data. As a result, revenue is recognized at a point in time, after the service is provided. In summary, revenue is disaggregated by timing of satisfaction of performance obligations. For the year ended June 30, 2025, \$954,493 of performance obligations were satisfied at a point in time.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through _____, 2025, the date the financial statements were available to be issued.

DRAFT

NATIONAL WATER RESEARCH INSTITUTE
Report On Communication With Those Charged with Governance
And
Report On Communication Of Internal Control Related Matters
June 30, 2025

DRAFT



NATIONAL WATER RESEARCH INSTITUTE
COMMUNICATION OF THOSE CHARGED WITH GOVERNANCE
JUNE 30, 2025

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DRAFT

Board of Directors of the
National Water Research Institute
Fountain Valley, California

REPORT ON COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of the **National Water Research Institute** (Organization) for the year ended **June 30, 2025**, and have issued our report thereon dated August XX, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 20, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the National Water Research Institute are described in Note 2 to the financial statements. During 2025, the Organization adopted Financial Accounting Standards Board, Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The pronouncement did not have a significant impact on the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates were for donated facilities and functional expenses allocation which were both deemed to be reasonable.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no disclosures that were deemed to be particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no significant misstatements as a result of audit procedures. We were not aware of any uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August XX, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

GRUBER AND LOPEZ, INC.

Newport Beach, California
August XX, 2025

Board of Directors of the
National Water Research Institute
Fountain Valley, California

REPORT ON COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS

In planning and performing our audit of the financial statements of **National Water Research Institute** (Organization) as of and for the year ended **June 30, 2025**, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. and, therefore, there can be no assurance that all such deficiencies have been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

GRUBER AND LOPEZ, INC.

Newport Beach, California
August XX, 2025

EXHIBIT A

MATTERS AND GENERAL RECOMMENDATIONS

The following are general recommendations that will help strengthen controls of the Organization.

25-1 Cash Receipts

During our testwork on cash receipts we noted that Water Scientists open the mail, makes copies of the checks (i.e. cash receipts), and inputs them into a check log before providing them to the Project Controller for deposit which is a sound control. However, we noted that the checks are not always locked up on the days the Project Controller is not in the office.

Recommendation: We recommend that all checks received in the mail be locked until the Project Controller can make the deposit.

DRAFT



DATE: July 09, 2025
TO: NWRI Board of Directors
FROM: Kevin M. Hardy, Executive Director
SUBJECT: Item 9 – Clarke Prize Program Funding Approach

Background: In July 2025, Executive Director Hardy engaged Rising Tide Partners (RTP) to support NWRI in developing new strategies, partnerships, and outreach initiatives to elevate the Clarke Prize, NWRI, and our supporting communities. Executive Director Hardy and RTP's Principal, Neal Bloom, will present their proposed approach to funding these initiatives.

In addition, the recommendation seeks authorization to proceed on the balance of RTP's scope of work to implement the proposed funding approach.

- Recommendation:**
1. Authorize the Treasurer to approve an extension of the agreement between NWRI and RTP through June 30, 2026.
 2. Fund remaining FY 2025-26 RTP Scope of Work items totaling \$73,288.
 3. Discuss and take other actions as appropriate.

- Attachments:**
- Rising Tide Partners' Proposal and Scope of Work
 - Agreement between NWRI and RTP

Proposal: Elevating the Clark Prize to Global Prominence

Prepared for: National Water Research Institute (NWRI)

Date: April 2025

Executive Summary

The **Clark Prize for Excellence in Water Research** has long celebrated groundbreaking achievements in water science. As the world faces mounting water challenges—from scarcity to sustainability—now is the time to elevate the Clark Prize to global prominence. This proposal outlines a comprehensive, year-round strategy to transform the Clark Prize into the “**Nobel or Kyoto Prize of Water Innovation**”—a globally recognized honor that fuels awareness, inspires the next generation of leaders, and attracts new partners and funders to NWRI’s mission.

Vision

To position the Clark Prize as the preeminent global award for water innovation, with:

- A world-class summit celebrating laureates and fellows
 - A year-round platform engaging the world’s brightest minds in water
 - A sustainable model supported by new families, funders, and partners
-

Strategic Objectives

1. **Redesign and Relaunch the Prize** for a global stage
2. **Engage Past Laureates** as ambassadors and advisors
3. **Launch a Clark Fellows Program** aligned with research themes and current global water challenges
4. **Develop a Year-Round Content and Activation Plan**
5. **Attract New Funders and Sponsors** through storytelling and structured giving
6. **Deliver a Global, Multi-Day Clark Prize Summit** in late 2026
7. **Establish Sustainable Operations** for the Prize and Fellowship

Program Components

1. Clark Fellows Circle & Ambassador Program

- Formalize alumni network of laureates
- Offer speaking, mentoring, and media opportunities
- Launch a rotating ambassador spotlight series

2. Fellowship and Research Integration

- Tie each year's research theme to global water challenges
- Select Clark Fellows annually for high-impact projects
- Showcase outcomes at the Clark Prize Summit and in pre & post-event reports

3. Content Strategy

- Develop a campaign branded as "Voices of Water Innovation"
- Tell laureate stories through video, blog, social, and partner content
- Partner with water influencers, LinkedIn/Instagram/YouTube creators, and documentary filmmakers

4. Breakthrough Prize and similar high caliber prizes/awards as Strategic Inspiration

- Use the Breakthrough Prize as a reference model:
 - Glamorous, high-production ceremonies with strong media presence
 - Global recognition of science as a cultural pillar
 - Public impact storytelling that inspires donor and audience engagement
- Long-term alignment opportunities:
 - Shared donors interested in science and innovation
 - Potential for joint campaigns (e.g., "Water as the Next Breakthrough Frontier")
 - Aspirational positioning: Clark as the *Breakthrough Prize for Water*

5. Fundraising & Sponsorship Framework

- Leverage the legacy of the Irvine family to create a new giving circle
 - Target family offices, water tech companies, foundations, and public agencies
 - Offer sponsorship tiers and custom engagement opportunities
-

Timeline & Work Plan (Q2 2025 – Q4 2026)

Quarter	Key Activities	Estimated Hours	Cost @ \$100/hr
Q2 2025	Stakeholder interviews, messaging, ambassador model, fundraising strategy	150hrs	\$15,000
Q3 2025	Launch ambassador outreach, build sponsorship pipeline, initial content rollout, summit framework	150hrs	\$15,000
Q4 2025	Public relaunch of prize and fellowship topics, digital storytelling campaign, formal fundraising launch	150hrs	\$15,000
Q1 2026	Global partnerships, monthly convenings, nomination cycle, summit prep, media	170hrs	\$17,000

coordination

Q2 2026	“Countdown to Clark Prize” campaign, final planning, content development, donor closes	170hrs	\$17,000
Q3 2026	Host Clark Prize Summit, capture and share content, high-touch donor engagement	190hrs	\$19,000
Q4 2026	Post-event impact report, 2027 planning, campaign wrap-up, feedback loop	110hrs	\$11,000

Total Estimated Hours: 940 Hours

Total Estimated Budget: \$94,000

Partnership & Alignment Opportunities

We will assess and potentially align with organizations like:

- **Breakthrough Prize** – strategic inspiration, media model, long-term alignment
- **National Inventors Hall of Fame** – award structure inspiration
- **National Academy of Inventors** – recognition and selection structure
- **UN Water, World Bank, Imagine H2O** – ecosystem conveners

- **Media Creators** - LinkedIn Top Voices in Water, Instagram and YouTube channels, podcast hosts
-

Call to Action

To execute this vision, we seek:

- Board and laureate consensus around the new model
 - Dedicated program funding (\$500k/year target)
 - Operational support to deliver on strategic and event milestones
 - Visionary funders who believe water is the next frontier for global impact
-