NEBRASKA SECTION
AMERICAN WATER WORKS ASSOCIATION

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
AND
INDEPENDENT AUDITORS’ REPORT
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors and Stockholders
Nebraska Section American Water Works Association
Omaha, Nebraska

We have audited the accompanying statement of financial position of Nebraska Section American Water Works Association, a Nebraska corporation (the “Association”), as of December 31, 2006 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Association’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 the Association as of December 31, 2006, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

WEIST, TOUREK and HOWER, CPA, PC

January 8, 2008
NEBRASKA SECTION AMERICAN WATER WORKS ASSOCIATION

STATEMENT OF FINANCIAL POSITION
Year-ended December 31, 2006

CURRENT ASSETS:

    Cash and cash equivalents $ 66,741
    Accountants receivable 11,468
    Total Current Assets 78,209

    Total Assets $ 78,209

LIABILITIES:

    Accounts payable $ 750
    Total Liabilities 750

NET ASSETS:

    Unrestricted 77,459

    Total Liabilities and Net Assets $ 78,209

See Accompanying Notes to Financial Statements.
NEBRASKA SECTION AMERICAN WATER WORKS ASSOCIATION

STATEMENT OF ACTIVITIES
Year-ended December 31, 2006

CHANGES IN UNRESTRICTED NET ASSETS

Support:
- Advertising $5,800
- Section allotment $15,000
- Annual meeting $11,368
- Multi-Section allotment $713
- Fund raising events $6,635
- Miscellaneous $3,220
- Teleconferences $520
- Water for People $2,411
- Interest income $1,971

Total unrestricted support $47,638

Expenses:
- Program services $13,271
- Management and general $16,379
- Fundraising $16,278

Total expenses $45,928

Increase in unrestricted net assets $1,710

INCREASE IN NET ASSETS $1,710

Net assets, beginning of year $75,749

Net assets, end of year $77,459

See Accompanying Notes to Financial Statements.
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abel Wolman</td>
<td>$0</td>
<td>$0</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Annual meeting</td>
<td>0</td>
<td>5,902</td>
<td>0</td>
<td>5,902</td>
</tr>
<tr>
<td>Education committee/ SRF</td>
<td>0</td>
<td>1,004</td>
<td>0</td>
<td>1,004</td>
</tr>
<tr>
<td>LONM/NSAWWA seminars</td>
<td>0</td>
<td>2,776</td>
<td>0</td>
<td>2,776</td>
</tr>
<tr>
<td>Membership</td>
<td>62</td>
<td>0</td>
<td>0</td>
<td>62</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0</td>
<td>762</td>
<td>0</td>
<td>762</td>
</tr>
<tr>
<td>Publications</td>
<td>12,696</td>
<td>0</td>
<td>0</td>
<td>12,696</td>
</tr>
<tr>
<td>Publicity</td>
<td>513</td>
<td>0</td>
<td>0</td>
<td>513</td>
</tr>
<tr>
<td>Regional officer's meeting/training</td>
<td>0</td>
<td>2,098</td>
<td>0</td>
<td>2,098</td>
</tr>
<tr>
<td>Research Foundation</td>
<td>0</td>
<td>0</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Scholarship</td>
<td>0</td>
<td>0</td>
<td>4,001</td>
<td>4,001</td>
</tr>
<tr>
<td>Small Systems Committee</td>
<td>0</td>
<td>2,021</td>
<td>0</td>
<td>2,021</td>
</tr>
<tr>
<td>Teleconference</td>
<td>0</td>
<td>1,816</td>
<td>0</td>
<td>1,816</td>
</tr>
<tr>
<td>Water for People</td>
<td>0</td>
<td>0</td>
<td>10,277</td>
<td>10,277</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$13,271</strong></td>
<td><strong>$16,379</strong></td>
<td><strong>$16,278</strong></td>
<td><strong>$45,928</strong></td>
</tr>
</tbody>
</table>

See Accompanying Notes to Financial Statements.
CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received from support</td>
<td>$34,950</td>
</tr>
<tr>
<td>Cash paid to suppliers</td>
<td>(65,385)</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,971</td>
</tr>
</tbody>
</table>

Net decrease in cash (28,464)

Cash, beginning of year 95,205

Cash, end of year $66,741

Reconciliation of decrease in net assets to net cash used by operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$1,710</td>
</tr>
</tbody>
</table>

Adjustment to reconcile decrease in net assets to net cash used by operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in assets</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(10,718)</td>
</tr>
<tr>
<td>Decrease in liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(19,456)</td>
</tr>
</tbody>
</table>

Net cash used by operating activities (28,464)

See Accompanying Notes to Financial Statements.
NEBRASKA SECTION AMERICAN WATER WORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2006

Nebraska Section American Water Works Association (the “Association”) is an affiliate of the American Water Works Association that is a not-for-profit organization that was formed in order to:

- Advance the knowledge of the design, construction, water treatment, and management of water utilities;
- Advance the knowledge of the problems involving the resources, production, and distribution of safe and adequate water supplies;
- Educate the public on the problems of water supply; and,
- Conduct research to determine the causes of problems of providing a safe and adequate water supply and proposing solutions in an effort to improve the quality and quantity of the water supply to the general public.

NOTE A - Summary of Significant Accounting Policies:

A summary of the significant account policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting. The accompanying financial statements have been prepared on the accrual method of accounting.

Receivables. Receivables are stated at the amount management expects to collect at year-end. Based on management’s assessment of the donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end are immaterial.

Functional Expenses. Expenses are charged directly to their respective functional category based on specific identification.

Income Taxes. The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of its exempt purpose if not subject to income tax. Any income earned through activities not related to its exempt purpose is subject to income tax at normal corporate rates.

Use of Estimates. The preparation of financial statements in conformity with U.S. 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.
NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31, 2006.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in checking and savings</td>
<td>$4,130</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$62,611</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$66,741</strong></td>
</tr>
</tbody>
</table>