



CHARITY: WATER  
AUDITED FINANCIAL STATEMENTS



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## **OUR FISCAL YEAR IS CHANGING. HERE'S WHAT YOU NEED TO KNOW.**

After careful consideration across the organization, charity: water's leadership has decided to move to a fiscal year that runs from 10/1 to 9/30. This change is in keeping with best practices for nonprofits of our size and scale and will allow our team to better align planning activities with operational budget.

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In light of this shift, effective 9/30/2023, charity: water filed a short year 990 based on our audited financials from 1/1/2023 to 9/30/2023. We received a clean opinion for this period from KPMG.



**CHARITY GLOBAL, INC. AND AFFILIATE**

Consolidated Financial Statements

September 30, 2023

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## **Independent Auditors' Report**

To the Board of Directors  
Charity Global, Inc. and Affiliate:

### *Opinion*

We have audited the consolidated financial statements of Charity Global, Inc. and Affiliate (the Organization), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the nine months then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in its net assets and its cash flows for the nine months then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information in Schedule 1, Consolidated 100% Model, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

New York, New York  
May 23, 2024

**CHARITY GLOBAL, INC. AND AFFILIATE**

Consolidated Statement of Financial Position

September 30, 2023

|                                                                               | Without<br>donor<br>restrictions | With donor<br>restrictions (note 2a) |                   |                    |
|-------------------------------------------------------------------------------|----------------------------------|--------------------------------------|-------------------|--------------------|
|                                                                               | Operations                       | Operations                           | Water<br>projects | Total              |
| <b>Assets</b>                                                                 |                                  |                                      |                   |                    |
| Cash and cash equivalents                                                     | \$ 7,739,746                     | —                                    | 18,498,610        | 26,238,356         |
| Prepays and other current assets                                              | 557,749                          | —                                    | 143,797           | 701,546            |
| Investments (note 3)                                                          | 19,096,931                       | —                                    | 58,920,959        | 78,017,890         |
| Contributions receivable, net (note 4)                                        | 71,251                           | 24,885,685                           | 5,986,503         | 30,943,439         |
| Fixed assets, net (note 5)                                                    | 424,325                          | —                                    | —                 | 424,325            |
| Other assets                                                                  | 90,918                           | —                                    | —                 | 90,918             |
| Total assets                                                                  | <u>\$ 27,980,920</u>             | <u>24,885,685</u>                    | <u>83,549,869</u> | <u>136,416,474</u> |
| <b>Liabilities and Net Assets</b>                                             |                                  |                                      |                   |                    |
| Liabilities:                                                                  |                                  |                                      |                   |                    |
| Committed to water projects and water<br>project sustainability, net (note 6) | \$ —                             | —                                    | 53,816,112        | 53,816,112         |
| Accounts payable and accrued expenses                                         | 1,391,007                        | —                                    | 450,642           | 1,841,649          |
| Total liabilities                                                             | <u>1,391,007</u>                 | <u>—</u>                             | <u>54,266,754</u> | <u>55,657,761</u>  |
| Net assets:                                                                   |                                  |                                      |                   |                    |
| Without donor restrictions                                                    | 26,589,913                       | —                                    | —                 | 26,589,913         |
| With donor restrictions (note 9)                                              | —                                | 24,885,685                           | 29,283,115        | 54,168,800         |
| Total net assets                                                              | <u>26,589,913</u>                | <u>24,885,685</u>                    | <u>29,283,115</u> | <u>80,758,713</u>  |
| Total liabilities and net assets                                              | <u>\$ 27,980,920</u>             | <u>24,885,685</u>                    | <u>83,549,869</u> | <u>136,416,474</u> |

See accompanying notes to consolidated financial statements.

**CHARITY GLOBAL, INC. AND AFFILIATE**

Consolidated Statement of Activities

For the nine months ended September 30, 2023

|                                                                               | Without donor restrictions |                |             | With donor restrictions |                |              |             |
|-------------------------------------------------------------------------------|----------------------------|----------------|-------------|-------------------------|----------------|--------------|-------------|
|                                                                               | Operations                 | Water projects | Total       | Operations              | Water projects | Total        | Total       |
| Revenue and other support (note 7):                                           |                            |                |             |                         |                |              |             |
| Public support:                                                               |                            |                |             |                         |                |              |             |
| Individuals                                                                   | \$ 269,425                 | —              | 269,425     | 7,776,504               | 22,693,564     | 30,470,068   | 30,739,493  |
| Corporations                                                                  | 286,996                    | —              | 286,996     | —                       | 5,055,821      | 5,055,821    | 5,342,817   |
| Foundations and other organizations                                           | 1,922,350                  | —              | 1,922,350   | 607,112                 | 6,466,291      | 7,073,403    | 8,995,753   |
| Net investment return                                                         | 119,691                    | —              | 119,691     | —                       | 3,286,166      | 3,286,166    | 3,405,857   |
| Other income (expense)                                                        | (45,274)                   | —              | (45,274)    | 83,612                  | (68,665)       | 14,947       | (30,327)    |
| Contributed goods and services (note 8)                                       | 2,059,168                  | —              | 2,059,168   | —                       | —              | —            | 2,059,168   |
| Net assets released due to satisfaction of restrictions and reclassifications | 9,226,000                  | 27,205,251     | 36,431,251  | (9,226,000)             | (27,205,251)   | (36,431,251) | —           |
| Total revenue and other support                                               | 13,838,356                 | 27,205,251     | 41,043,607  | (758,772)               | 10,227,926     | 9,469,154    | 50,512,761  |
| Expenses and other changes:                                                   |                            |                |             |                         |                |              |             |
| Program services                                                              | 710,735                    | 27,205,251     | 27,915,986  | —                       | —              | —            | 27,915,986  |
| Management and general                                                        | 5,509,053                  | —              | 5,509,053   | —                       | —              | —            | 5,509,053   |
| Development                                                                   | 10,529,353                 | —              | 10,529,353  | —                       | —              | —            | 10,529,353  |
| Total expenses                                                                | 16,749,141                 | 27,205,251     | 43,954,392  | —                       | —              | —            | 43,954,392  |
| Adjustments to contributions receivable (note 4)                              | —                          | —              | —           | 11,318,750              | —              | 11,318,750   | 11,318,750  |
| Total expenses and other adjustments                                          | 16,749,141                 | 27,205,251     | 43,954,392  | 11,318,750              | —              | 11,318,750   | 55,273,142  |
| Change in net assets                                                          | (2,910,785)                | —              | (2,910,785) | (12,077,522)            | 10,227,926     | (1,849,596)  | (4,760,381) |
| Net assets at beginning of year                                               | 29,500,698                 | —              | 29,500,698  | 36,963,207              | 19,055,189     | 56,018,396   | 85,519,094  |
| Net assets at end of year                                                     | \$ 26,589,913              | —              | 26,589,913  | 24,885,685              | 29,283,115     | 54,168,800   | 80,758,713  |

See accompanying notes to consolidated financial statements.

**CHARITY GLOBAL, INC. AND AFFILIATE**

Consolidated Statement of Functional Expenses

For the nine months ended September 30, 2023

|                                                            |                             | <b>Supporting services</b>        |                    |                   |
|------------------------------------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
|                                                            | <b>Program<br/>services</b> | <b>Management<br/>and general</b> | <b>Development</b> | <b>Total</b>      |
| Water project funding                                      | \$ 21,743,503               | —                                 | —                  | 21,743,503        |
| Water project sustainability funding                       | 3,801,440                   | —                                 | —                  | 3,801,440         |
| Salaries, employee benefits, and taxes (note 2i)           | 1,837,806                   | 3,428,042                         | 5,356,039          | 10,621,887        |
| Professional fees (note 2i)                                | 213,079                     | 475,804                           | 456,632            | 1,145,515         |
| Travel, meals, and meetings                                | 100,180                     | 329,099                           | 210,196            | 639,475           |
| Rent, utilities, and cleaning                              | 2,380                       | 4,723                             | 7,177              | 14,280            |
| Event costs                                                | 10,571                      | —                                 | 162,658            | 173,229           |
| Communication, printing, and postage                       | 18,794                      | 37,301                            | 56,676             | 112,771           |
| Bank charges, merchant and credit card fees                | —                           | 557,019                           | —                  | 557,019           |
| Branding, education, and promotion                         | —                           | —                                 | 3,727,406          | 3,727,406         |
| Subscriptions, supplies, and other                         | 185,185                     | 671,016                           | 543,377            | 1,399,578         |
|                                                            | <hr/>                       | <hr/>                             | <hr/>              | <hr/>             |
| Total expenses before the effect<br>of other noncash items | 27,912,938                  | 5,503,004                         | 10,520,161         | 43,936,103        |
| Depreciation                                               | 3,048                       | 6,049                             | 9,192              | 18,289            |
|                                                            | <hr/>                       | <hr/>                             | <hr/>              | <hr/>             |
| Total expenses                                             | \$ <u>27,915,986</u>        | <u>5,509,053</u>                  | <u>10,529,353</u>  | <u>43,954,392</u> |

See accompanying notes to consolidated financial statements.

**CHARITY GLOBAL, INC. AND AFFILIATE**

## Consolidated Statement of Cash Flows

For the nine months ended September 30, 2023

|                                                                                         |                             |
|-----------------------------------------------------------------------------------------|-----------------------------|
| Cash flows from operating activities:                                                   |                             |
| Change in net assets                                                                    | \$ (4,760,381)              |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                             |
| Depreciation                                                                            | 18,289                      |
| Adjustments to contributions receivable                                                 | 11,318,750                  |
| Net appreciation in fair value of investments                                           | (1,598,060)                 |
| Changes in assets and liabilities:                                                      |                             |
| Contributions receivable, net                                                           | 4,783,534                   |
| Prepays and other current assets                                                        | 772,671                     |
| Other assets                                                                            | 6,614                       |
| Committed to water projects and water project sustainability, net                       | (34,726,040)                |
| Accounts payable and accrued expenses                                                   | <u>(39,539)</u>             |
| Net cash used in operating activities                                                   | <u>(24,224,162)</u>         |
| Cash flows from investing activities:                                                   |                             |
| Purchase of investments                                                                 | (68,526,293)                |
| Proceeds from sale of investments                                                       | 75,507,689                  |
| Purchase of fixed assets                                                                | <u>(420,026)</u>            |
| Net cash provided by investing activities                                               | <u>6,561,370</u>            |
| Net decrease in cash and cash equivalents                                               | (17,662,792)                |
| Cash and cash equivalents at beginning of year                                          | <u>43,901,148</u>           |
| Cash and cash equivalents at end of year                                                | <u><u>\$ 26,238,356</u></u> |

See accompanying notes to consolidated financial statements.

## CHARITY GLOBAL, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements

September 30, 2023

#### **(1) Organization and Purpose**

Charity Global, Inc. (hereinafter referred to as charity: water) is a nonprofit organization bringing clean and safe water to people around the world. Since 2006, charity: water has funded nearly 140,000 water projects in 29 countries through innovative programs and technologies that include drilled wells, hand-dug wells, rehabilitations, spring protections, rainwater catchments, and BioSand filters. When complete, these projects can serve more than 17.4 million people.

In 2016, charity: water established Charity Global (UK) Limited in the United Kingdom. Charity Global (UK) Limited is an affiliate organization governed by its own board of directors. Charity Global (UK) Limited received full charitable status from the UK Charities Commission in September 2016 and is intended to operate in furtherance of charity: water's mission. By virtue of the governing documents of Charity Global (UK) Limited, charity: water owns all the outstanding shares.

#### **(2) Summary of Significant Accounting Policies**

##### ***(a) Basis of Presentation***

Charity: water's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and the changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Management designates funding received for operations as without donor restrictions (excluding donor-imposed time). Operations is defined as operating expenses including national and international travel, banking and credit card fees, promotion, events, headquarter costs, and supporting salaries.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of charity: water or the passage of time. The two categories of net assets with donor restrictions are as follows:

- Operations – Restricted due to time.
- Water projects – Restricted in full for water projects and water project sustainability costs in the field.

Contributions are reported as increases in net assets with donor restrictions, water projects, unless the donor explicitly states that the funds should be used for charity: water operations. Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor-imposed restrictions on net assets are reported as net assets released from restriction in the accompanying consolidated statement of activities.

##### ***(b) Period of Consolidation***

The accompanying consolidated financial statements are for a period of nine months as charity: water transitioned from a calendar reporting year to a fiscal period commencing October 1 and ending on September 30. The accompanying consolidated financial statements include the nine-month period from January 1, 2023 to September 30, 2023. charity: water adjusted the fiscal year-end to optimize

## CHARITY GLOBAL, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements

September 30, 2023

financial reporting and planning to better execute its mission of bringing clean and safe water to people around the world.

#### **(c) Accounting Estimates**

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements, and revenues and expenses recognized during the reporting period. Estimates made in the preparation of the consolidated financial statements include the net realizable value of contributions receivable and functional expense allocations. Actual results could differ from those estimates.

#### **(d) Allocation of Functional Expenses**

The cost of providing charity: water programs, management and general, and development services has been summarized on a functional basis in the accompanying consolidated statement of activities.

Directly identifiable expenses are charged to their applicable functional category. Expenses attributable to more than one program or supporting function are allocated based on estimates of time and effort, determined by management.

Expenses charged to programs, management and general, and development, other than those due to established partner organizations, exclude all funds raised publicly for water projects.

#### **(e) Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and all highly liquid investments with original maturities of three months or less when purchased, except for those amounts held by charity: water's investment managers as part of a long-term strategy.

#### **(f) Investments**

Investments consist of certificates of deposit, fixed income, equities, including those held in private companies, and digital assets. Interest, dividends, fees, and gains and losses on investments are reflected on the statement of activities as net investment return.

Investments in digital assets maintained by charity: water are held at a leading reputable custodian. The value of the assets is based on the U.S.-dollar-denominated market prices on September 30, 2023 as of 4:00 pm Eastern Standard Time, as provided on the custodian's exchange.

#### **(g) Contributions**

Contributions are recorded as revenue upon receipt of cash or unconditional promise to give (pledge) in which there is no right of return of assets contributed and an indication of any donor-imposed barriers or performance obligations as a condition of the contribution based upon the donor agreement. Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

## CHARITY GLOBAL, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements

September 30, 2023

Unconditional promises to give (pledges), which are expected to be collected within one year, are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-adjusted interest rate applicable to the year in which the promise is made.

Management evaluates contributions receivable for the purpose of establishing an allowance for doubtful accounts. Management applies an estimate based on known economic conditions, historical trends, and knowledge of the specific donors promising to give. It is charity: water's policy to write off contributions receivable as soon as pledges are deemed to be uncollectible.

#### **(h) Fixed Assets**

Fixed assets consist of furniture, fixtures, software, equipment, and leasehold improvements. Fixed assets, excluding leasehold improvements, are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives ranging from three to five years using the straight-line method. Leasehold improvements are depreciated on the straight-line basis over the lesser of the terms of the related leases or estimated useful lives of the improvements.

#### **(i) Water Project Funding**

charity: water invests 100% of publicly raised funds in water projects through established partner organizations experienced in providing various water solutions. All partner organizations are researched by management, and all funding is carefully considered and approved by the board of directors. In addition to funding new water projects, charity: water also invests funds in water project sustainability. This includes funding local partners to repair existing water projects, deploying cutting-edge sensors to the field to monitor water projects, and developing additional sensor technology using research and development funding from private donors.

Expense is recognized when approved by the board of directors and communicated to the respective partner. Liabilities are reported at net realizable value at the time the promise is made. Most commitments are expected to be paid within 18 months.

It is the policy of management to assign all foreign currency exposure to partner organizations, as the U.S. dollar is charity: water's functional currency for investments in water projects.

charity: water invested an additional \$1,655,308 in direct program support costs to facilitate grants and other water project sustainability work. Direct program support costs include program management activities that directly further its ability to bring more clean water to people in need. These costs were funded by investment income earned on donations before they were deployed as grants to the field. 100% of the initial donations always fund water projects and water project sustainability. For the nine months ended September 30, 2023, \$1,516,129 and \$139,179 of these costs are classified as salaries and professional fees, respectively, on the consolidated statement of functional expenses.

#### **(j) Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly

## CHARITY GLOBAL, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements

September 30, 2023

transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted or published prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted or published prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### **(k) Donated Goods and Services**

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by individuals who possess those skills, and would otherwise need to be purchased by the organization. The estimated fair value of contributed services are recorded as in-kind contributions and expenses amongst the functional expense categories benefitted in the period received (see 8).

charity: water's policy is to use contributed nonfinancial assets for programmatic or other purposes whenever possible unless the assets have no utility consistent with charity: water's mission. In those instances, the assets would be monetized.

charity: water also receives donated services from unpaid volunteers who assist in various program and support services. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under U.S. generally accepted accounting principles have not been satisfied.

#### **(l) Income Taxes**

charity: water recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to charity: water's exempt purpose is subject to tax under Internal Revenue Code (IRC) section 511. charity: water did not recognize any unrelated business income tax liability for the nine months ended September 30, 2023.

#### **(m) Retirement Plan**

charity: water offers a defined contribution IRC section 401(k) retirement plan. The plan is available to all personnel after six months of service to the organization. charity: water has made contributions based on a prescribed matching schedule of employee contributions. Basic employee contributions up to 5% of compensation are eligible for a matching contribution by charity: water. Matching contributions are deposited in the plan each payroll period based on the following formula:

- 100% of the basic employee contribution up to the first 3% of compensation
- 50% of the basic employee contribution up to the next 2% of compensation.

Retirement plan expense related to matching contributions for 2023 was \$272,044.

# CHARITY GLOBAL, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023

### (3) Investments

The following table presents charity: water's fair value hierarchy for investments as of September 30, 2023:

|                         | <u>Fair value</u>    | <u>Level 1</u>    | <u>Level 2</u>    | <u>Level 3</u> |
|-------------------------|----------------------|-------------------|-------------------|----------------|
| Certificates of deposit | \$ 2,922,857         | 2,922,857         | —                 | —              |
| Fixed income:           |                      |                   |                   |                |
| Corporate               | 17,003,585           | —                 | 17,003,585        | —              |
| Government securities   | 32,868,935           | 5,843,869         | 27,025,066        | —              |
| Mutual funds            | 12,763,042           | 12,763,042        | —                 | —              |
| Equities:               |                      |                   |                   |                |
| Domestic                | 7,360,962            | 7,360,962         | —                 | —              |
| International           | 1,731,627            | 1,731,627         | —                 | —              |
| Private                 | 557,952              | —                 | —                 | 557,952        |
| Digital assets          | 2,808,930            | 2,808,930         | —                 | —              |
| Total                   | \$ <u>78,017,890</u> | <u>33,431,287</u> | <u>44,028,651</u> | <u>557,952</u> |

### (4) Contributions Receivable

Contributions receivable at September 30, 2023 are expected to be received as follows:

|                                                                           |                      |
|---------------------------------------------------------------------------|----------------------|
| In less than one year                                                     | \$ 13,687,654        |
| Beyond one year                                                           | <u>30,946,332</u>    |
|                                                                           | 44,633,986           |
| Less:                                                                     |                      |
| Discount to net present value at rates<br>ranging from 4.4% to 5% in 2023 | (1,989,253)          |
| Allowance for uncollectible pledges                                       | <u>(11,701,294)</u>  |
|                                                                           | \$ <u>30,943,439</u> |

Approximately \$24.9 million of net contributions receivable at September 30, 2023 are unconditional promises to give operations support through a private membership program called The Well, which is generally a three-year commitment to fund charity: water's operating costs. Two of The Well's pledges receivable constituted 22% of the outstanding balance at September 30, 2023.

In 2023, it was determined the outstanding balances of two other pledges were at risk due to an unexpected shift in these donors' financial situations, making payment unlikely. As a result, management has reserved an additional \$11,318,750 to account for this risk. This amount is made up of \$9,818,750 to reserve the full balance of one pledge and \$1,500,000 that represents half of the other pledge. The impact of this reserve is recorded on the statement of activities as adjustments to contributions receivable. The allowance for doubtful accounts is evaluated at least annually to determine if write-offs are necessary.

## CHARITY GLOBAL, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements

September 30, 2023

#### (5) Fixed Assets

At September 30, 2023, fixed assets consist of:

|                                              |    |                |
|----------------------------------------------|----|----------------|
| Furniture, fixtures, software, and equipment | \$ | 1,935,465      |
| Less accumulated depreciation                |    | (1,511,140)    |
|                                              | \$ | <u>424,325</u> |

#### (6) Committed to Water Projects and Water Project Sustainability

Funding authorized but unpaid at year-end is reported as a liability. At September 30, 2023, funding authorized but unpaid was as follows:

|                       |    |                   |
|-----------------------|----|-------------------|
| In less than one year | \$ | 48,283,294        |
| Beyond one year       |    | <u>5,532,818</u>  |
|                       | \$ | <u>53,816,112</u> |

#### (7) Contributions

charity: water's operating costs are underwritten by private donors, companies, and foundations that support the organization through donations without donor restrictions and contributed goods and services.

##### (a) Water Projects

100% of the money raised through charity: water's public fundraising campaigns is restricted to directly fund water projects in developing countries. In 2023, charity: water invested \$25,544,943 in water projects and water project sustainability in 12 countries—Central African Republic, Ethiopia, India, Kenya, Madagascar, Malawi, Mozambique, Nepal, Senegal, Sierra Leone, Tanzania, and Uganda. When completed, these projects can serve more than 500,000 people with clean, safe drinking water.

##### (b) Donated Securities

charity: water received \$787,465 in donated securities in 2023 as contributions and payments on prior pledges. charity: water's policy is to sell donated public securities upon receipt; therefore, such donations are immediately converted to cash and recorded as public support in the accompanying consolidated financial statements.

##### (c) Donated Virtual Currency

charity: water received \$23,658 in donated virtual currency in 2023 as contributions and payments on prior pledges. In 2021, charity: water launched the Bitcoin Water Trust with the intent to hold any Bitcoin donated directly to the fund until at least January 1, 2025. For all donations not specified for the Bitcoin Water Trust, charity: water's policy is to sell virtual currency upon receipt. Of the virtual currency donated in 2023, \$7,865 was restricted to the Bitcoin Water Trust and is recorded at fair value in the consolidated statement of financial position in investments. The remaining virtual currency donations of

# CHARITY GLOBAL, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

September 30, 2023

\$15,793 were immediately converted to cash. All virtual currency donations were recorded as public support in the accompanying consolidated financial statements.

### (8) Contributed Goods and Services

These contributed goods and services are recorded as contributions and expenses at fair value at the date of the donation. The fair value of contributed goods is assigned based on prices confirmed in a third-party marketplace. The fair value of contributed services is assigned based on invoices and estimates provided by the donor.

| Description                        | 2023                | Utilization                                               | Donor restrictions       |
|------------------------------------|---------------------|-----------------------------------------------------------|--------------------------|
| Branding, education, and promotion | \$ 1,897,901        | Development                                               | None; used in operations |
| Subscriptions, supplies, and other | 130,378             | Program services, management and general, and development | None; used in operations |
| Professional fees                  | 25,542              | Program services, management and general, and development | None; used in operations |
| Event cost                         | 5,347               | Development                                               | None; used in operations |
|                                    | <u>\$ 2,059,168</u> |                                                           |                          |

### (9) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

|                              |                      |
|------------------------------|----------------------|
| Water projects:              |                      |
| General                      | \$ 24,873,959        |
| Bitcoin Water Trust          | 2,808,930            |
| Ethiopia                     | 1,159,458            |
| Water project sustainability | 355,730              |
| Tanzania                     | 30,000               |
| Bangladesh                   | 28,701               |
| Niger                        | <u>26,337</u>        |
| Total water projects         | 29,283,115           |
| Operations                   | <u>24,885,685</u>    |
|                              | <u>\$ 54,168,800</u> |

**CHARITY GLOBAL, INC. AND AFFILIATE**

Notes to Consolidated Financial Statements

September 30, 2023

**(10) Cash and Other Financial Assets and Liquidity**

charity: water regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Cash and other financial assets available within one year at September 30, 2023 consist of the following:

|                                   | <u>Operations</u>    | <u>Water projects</u> | <u>Total</u>        |
|-----------------------------------|----------------------|-----------------------|---------------------|
| Financial assets:                 |                      |                       |                     |
| Cash and cash equivalents         | \$ 7,739,746         | 18,498,610            | 26,238,356          |
| Investments                       | 18,538,979           | 58,920,959            | 77,459,938          |
| Contributions receivable, net     | <u>24,956,936</u>    | <u>5,986,503</u>      | <u>30,943,439</u>   |
| Total                             | 51,235,661           | 83,406,072            | 134,641,733         |
| Less commitments beyond one year: |                      |                       |                     |
| Contributions receivables, net    | <u>(13,464,982)</u>  | <u>(3,790,803)</u>    | <u>(17,255,785)</u> |
| Total available within one year   | \$ <u>37,770,679</u> | <u>79,615,269</u>     | <u>117,385,948</u>  |

**(11) Subsequent Events**

charity: water evaluated subsequent events from September 30, 2023 through May 23, 2024, the date on which the consolidated financial statements were available to be issued.

## Schedule 1

## CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated 100% Model

September 30, 2023

|                                                                                               |                      |
|-----------------------------------------------------------------------------------------------|----------------------|
| Beginning net assets reserved for water projects                                              | \$ 19,055,189        |
| Public donations to water projects                                                            | 34,215,676           |
| Net investment gain and other income                                                          | 3,217,501            |
| Investments in water projects, water project sustainability, and direct program support costs | <u>(27,205,251)</u>  |
| Decrease in net assets reserved for water projects                                            | <u>10,227,926</u>    |
| Ending net assets reserved for water projects (note 9)                                        | <u>\$ 29,283,115</u> |
| Beginning net assets reserved for operations                                                  | \$ 66,463,905        |
| Private donations to operations <sup>1</sup>                                                  | 10,862,387           |
| Adjustments to contributions receivable                                                       | (11,318,750)         |
| Net investment return and other income                                                        | 158,029              |
| Operating expenses <sup>1</sup>                                                               | (14,671,684)         |
| Depreciation                                                                                  | <u>(18,289)</u>      |
| Decrease in net assets reserved for operations                                                | <u>(14,988,307)</u>  |
| Ending net assets reserved for operations                                                     | <u>\$ 51,475,598</u> |

## Notes:

- Both "private donations to operations" and "operating expenses" exclude contributed goods and services of \$2,059,168 in 2023.

See accompanying independent auditors' report.