



CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Financial Statements and
Supplementary Information

September 30, 2024

(With Independent Auditors' Report Thereon)

CHARITY GLOBAL, INC. AND AFFILIATE

Management's Discussion and Analysis

Year ended September 30, 2024

Executive summary

Charity Global, Inc. ("charity: water" or the "Organization") is a nonprofit organization bringing clean and safe water to people around the world. Since charity: water was founded in 2006, it's been chasing one ambitious goal: ending the global water crisis. Currently, 703 million people lack basic access to clean and safe drinking water. And while the water crisis is huge, charity: water is optimistic that the problem can be solved. Every day, thanks to the help of local partners and generous supporters, charity: water makes progress towards this goal. charity: water believes collaboration will ensure universal access to clean water within our lifetime. Since the beginning, charity: water has kept a few important promises.

1. *We prove every project:* We track every dollar the public donates and show the projects they helped fund with photos and GPS coordinates.
2. *We're an open book:* We prioritize transparency and accountability, and that shows in the high ratings we receive from organizations such as Charity Navigator and Candid.
3. *We work with local partners:* We partner with experienced local partners to build sustainable projects.

When charity: water began, it was with a bold promise: 100% of public donations directly fund clean water projects. Private donors cover operating costs, allowing all public funds to directly finance sustainable water projects. charity: water treats the clean water projects and operations sides of its business differently - separate purposes, separate fundraising goals, and separate bank accounts, so that every public dollar donated helps bring clean water to people in need. And so far, more than 1 million people from 100+ countries have given in this way. In fiscal 2024, charity: water raised more than \$104 million in contributions and other support to fund its mission.

charity: water takes a strategic approach in advancing its mission. Key elements of the approach include:

- Ensuring areas of programmatic focus align with charity: water priorities
- Developing innovative and diverse fundraising channels
- Actively monitoring revenue performance
- Managing key programmatic spend metrics
- Leveraging the latest technologies to further our mission
- Continuing strategic investments in operations to ensure future success
- Investing in capital markets responsibly and sustainably
- Maintaining long term financial health

Programmatic Focus

charity: water's programs focus on its mission to provide clean and safe drinking water through key program pillars:

1. Our primary objective is to provide safe drinking water.
2. We aim for long term sustainability of our water projects.

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3. We believe the best solutions are designed locally, so we work through implementing partners.
4. Sanitation and hygiene activities are key components of our programs.
5. We focus on rural communities.
6. We target areas of high need and low income where we can work in concentrated geography for multiple years.

With this strategic focus, charity: water has funded over 170,000 water projects that will serve more than 19.1 million people in 29 countries. As charity: water looks ahead, there will be greater strategic focus on longer term sustainability of these water projects, as the organization is uniquely positioned to make a meaningful impact thanks to its partner network. Part of the sustainability strategy includes a focus on continued research and development of sensor technology, which equips local communities with real-time data on water system performance. charity: water has led innovation in this space, partnering with top consultants beginning in 2015, to launch sensor technologies to support sustainability of projects. charity: water is currently in early research and development for a next generation sensor, to continue and improve its capabilities to keep water flowing more consistently.

Innovative Fundraising

charity: water secures funding for its mission from a variety of donors, including individuals, corporate partners, and foundations. The Organization is able to raise these funds due to its continued innovation, commitment to excellence, and demonstration of programmatic impact through our commitment to proof and transparency. Since 2006, charity: water has raised more than \$880 million (over \$1 billion including future commitments) to support its efforts to end the global water crisis.

charity: water remains committed to developing innovative fundraising opportunities that expand its donor base and share its mission more widely. In 2021, charity: water launched the Bitcoin Water Trust, where donors contributed bitcoin to a restricted fund that required the Organization to hold Bitcoin until at least 2025. Through this fund, charity: water raised more than 106 bitcoin, which more than doubled in value at the time of reporting.

In fiscal 2024, charity: water began developing the Experience Lab, an immersive storytelling exhibit, which encourages people to learn about the global water crisis. Through virtual reality and exhibits such as the 4-D experience of "The Waterwalk," visitors are transported to experience the reality of a life without clean water to better understand the impact of charity: water's work. This innovative and hands-on experience is expected to educate donors about the crisis and serve as a unique fundraising tool.

Funding for operations is largely provided by a dedicated group of private donors, known as The Well, along with a growing number of corporate partnerships. These donors provide multi-year support, which allows charity: water to plan for the future, and create efficiency and stability in its operations. This support funds expenses such as staff salaries and benefits, travel to the field, planning water projects, and costs to fund innovations like the aforementioned Experience Lab.

Revenue Performance

The Organization relies on revenue from multiple funding streams to advance its mission. Certain revenue may recur year over year, such as its monthly giving program, The Spring, as well as repeat major donors which allows it to be a reliable granting source for charity: water's Local Partners. Significant contributions from major

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private donors and corporations may take time to develop and execute and, depending on structure, may only be recognized as revenue upon receipt. This may cause fluctuations in total revenue, from year to year.

In 2023, charity: water changed its financial reporting period from a calendar year to a fiscal year that runs from 10/1 to 9/30 each year. This change aligns with best practices for nonprofits of the Organization's size and scale and will allow the team to better align strategic planning and operations. Fiscal 2024 is the first twelve month period following this change, and charity: water will continue to leverage learnings from this change to manage strategic decisions.

High Programmatic Impact

charity: water strives to keep its ratio of programmatic expenses to total expenses at a high level. This metric ratio may fluctuate for various reasons, from year to year. Grants to Partners and support expenses may fluctuate due to fundraising, shifting priorities and strategies, and Partner capacity. Additionally, non-programmatic costs such as management and general or development costs may fluctuate due to strategic investments in operations. As charity: water continues to scale, infrastructure investments to improve efficiencies and allow the Organization to better serve its mission in the future may temporarily increase total costs and lower the programmatic expense ratio.

Even in consideration of the 100% model, where private donors fund operations, charity: water always carefully manages its operating expenses through various means such as its annual planning, budgeting and forecasting processes, strong internal controls, compliance with expenditure and procurement policies, and ongoing review of operations.

Leveraging Technology to Further our Mission

charity: water continues to invest in technology to deepen transparency, enhance donor engagement, and prepare for long-term growth. In fiscal year 2024, charity: water expanded its proof model to report impact for all public donations, regardless of donation size. This initiative required new tools, updated systems, and the development of a custom algorithm. Beginning in 2025, donors will be directly connected to the communities they helped serve. These efforts represent a major step forward in reinforcing charity: water's commitment to transparency and building meaningful connections between donors and their impact.

In parallel, charity: water is focused on modernizing its internal systems to support ambitious goals to accelerate growth in the number of people we serve. A comprehensive cleanup and structuring of millions of data records has laid the foundation for a richer understanding of donor journeys and program impact. These improvements also enable the development of future AI-supported experiences across both donor engagement and operations, helping charity: water scale its efforts while staying closely connected to the people behind every gift and every project.

Strategic Investments in Operations

charity: water carefully invests in its operations to continuously improve its efficiency and effectiveness in delivering on its mission. These investments focus on improving efficiency through technology enhancements, robust infrastructure, expanded fundraising capabilities, and comprehensive staff development.

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While The Well program is the main driver of the funding for operating investments, the Organization created The Strategic Fund in 2024 from accumulated investment income to serve as an additional source of support for priority initiatives and investments, and to provide temporary financial liquidity if needed. This fund may be used to continue to grow investment earnings, invest strategically in additional water projects, sustainability, program management, operational investments, or research. It may also be used as temporary backstop working capital. Beginning in fiscal year 2025, the Organization will implement a board governance structure over the Fund that maximizes investment earnings for future strategic priorities and enables annual use through a spending policy to support key initiatives.

Responsible Capital Market Investments

charity: water may invest funds and generate investment income on water and operations donations before deploying them on water projects or operating expenses. Such investments are governed by charity: water's investment policy as set by charity: water's Finance Committee with support from outside investment advisors. The policy ensures that asset allocations align with funding commitments, levels of risk tolerance, sustainable asset growth, and charity: water's long term strategic vision. The policy is regularly evaluated and may be updated from time to time with Finance Committee approval (most recently updated in fiscal 2024).

Ensuring Financial Health and Strong Internal Controls

charity: water carefully manages its financial health and internal controls on an on-going basis, to ensure the long term stability and success of the Organization. This includes:

- ongoing monitoring and forecasting of:
 - programmatic impact
 - fundraising channels
 - operating performance
- actively planning for ongoing and future resource needs
- leveraging strong internal controls over assets, spending, and donor restrictions
- diligently managing liquidity needs

In addition, leadership leverages critical financial performance metrics, industry trends, and key analytics to support planning and strategic operating investment decisions. Key metrics evaluated on an ongoing basis include various revenue channel performance indicators, cash and operating reserves, working capital, investment returns, performance versus budget, operating efficiency, fundraising efficiency, and programmatic impact ratio



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Independent Auditors' Report

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, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year 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, 2024, and the changes in its net assets and its cash flows for the year 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.

Information other than Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis (MD&A) but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary 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 7, 2025

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Statement of Financial Position

September 30, 2024

Assets	Without donor restrictions		With donor restrictions (note 2a)		Total
	Operations	Strategic Fund	Operations	Water projects	
Cash and cash equivalents	\$ 6,644,508	—	—	16,599,951	23,244,459
Prepays and other current assets	1,253,492	—	—	339,737	1,593,229
Investments (note 3)	21,597,091	10,271,434	—	56,259,433	88,127,958
Contributions receivable, net (note 4)	1,666,170	—	20,204,020	8,555,584	30,425,774
Fixed assets, net (note 5)	1,384,039	—	—	—	1,384,039
Other assets	101,779	—	—	—	101,779
Total assets	\$ 32,647,079	10,271,434	20,204,020	81,754,705	144,877,238
Liabilities and Net Assets					
Liabilities:					
Committed to water projects and water project sustainability, net (note 6)	\$ —	—	—	45,590,509	45,590,509
Accounts payable and accrued expenses	1,371,767	—	—	25,616	1,397,383
Total liabilities	1,371,767	—	—	45,616,125	46,987,892
Net assets:					
Without donor restrictions	31,275,312	—	—	—	31,275,312
Without donor restrictions – Strategic Fund	—	10,271,434	—	—	10,271,434
With donor restrictions (note 9)	—	—	20,204,020	36,138,580	56,342,600
Total net assets	31,275,312	10,271,434	20,204,020	36,138,580	97,889,346
Total liabilities and net assets	\$ 32,647,079	10,271,434	20,204,020	81,754,705	144,877,238

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Statement of Activities

Year ended September 30, 2024

	Without donor restrictions				With donor restrictions			
	Operations	Strategic fund	Water projects	Total	Operations	Water projects	Total	Total
Revenue and other support (note 7):								
Public support:								
Individuals	\$ 7,087,871	—	—	7,087,871	6,757,318	44,384,428	51,141,746	58,229,617
Corporations	1,458,386	—	—	1,458,386	100,000	13,078,599	13,178,599	14,636,985
Foundations and other organizations	4,050,939	—	—	4,050,939	370,375	13,489,577	13,859,952	17,910,891
Net investment return	2,155,078	—	—	2,155,078	—	10,150,643	10,150,643	12,305,721
Other income (expense)	138,381	—	—	138,381	109,282	259,622	368,904	507,285
Contributed goods and services (note 8)	1,305,359	—	—	1,305,359	—	—	—	1,305,359
Net assets released due to satisfaction of restrictions and reclassifications	12,018,640	10,271,434	64,235,970	86,526,044	(12,018,640)	(74,507,404)	(86,526,044)	—
Total revenue and other support	<u>28,214,654</u>	<u>10,271,434</u>	<u>64,235,970</u>	<u>102,722,058</u>	<u>(4,681,665)</u>	<u>6,855,465</u>	<u>2,173,800</u>	<u>104,895,858</u>
Expenses and other changes:								
Program services	3,256,329	—	64,235,970	67,492,299	—	—	—	67,492,299
Management and general	8,719,944	—	—	8,719,944	—	—	—	8,719,944
Development	11,552,982	—	—	11,552,982	—	—	—	11,552,982
Total expenses	<u>23,529,255</u>	<u>—</u>	<u>64,235,970</u>	<u>87,765,225</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>87,765,225</u>
Change in net assets	4,685,399	10,271,434	—	14,956,833	(4,681,665)	6,855,465	2,173,800	17,130,633
Net assets at beginning of year	<u>26,589,913</u>	<u>—</u>	<u>—</u>	<u>26,589,913</u>	<u>24,885,685</u>	<u>29,283,115</u>	<u>54,168,800</u>	<u>80,758,713</u>
Net assets at end of year	<u>\$ 31,275,312</u>	<u>10,271,434</u>	<u>—</u>	<u>41,546,746</u>	<u>20,204,020</u>	<u>36,138,580</u>	<u>56,342,600</u>	<u>97,889,346</u>

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE
Consolidated Statement of Functional Expenses
Year ended September 30, 2024

		Supporting services		
	Program services	Management and general	Development	Total
Water project funding	\$ 59,106,502	—	—	59,106,502
Water project sustainability funding	5,100,609	—	—	5,100,609
Salaries, employee benefits, and taxes	2,503,602	5,736,983	6,751,472	14,992,057
Professional fees	325,485	995,512	1,079,928	2,400,925
Travel, meals, and meetings	157,239	606,514	337,375	1,101,128
Rent, utilities, and cleaning	7,405	17,625	20,456	45,486
Event costs	—	—	385,573	385,573
Communication, printing, and postage	17,989	42,816	49,690	110,495
Bank charges, merchant and credit card fees	—	766,179	—	766,179
Advertising and promotion	—	—	2,252,754	2,252,754
Subscriptions, supplies, and other	259,093	520,098	636,022	1,415,213
Total expenses before the effect of other noncash items	67,477,924	8,685,727	11,513,270	87,676,921
Depreciation	14,375	34,217	39,712	88,304
Total expenses	<u>\$ 67,492,299</u>	<u>8,719,944</u>	<u>11,552,982</u>	<u>87,765,225</u>

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

Year ended September 30, 2024

Cash flows from operating activities:	
Change in net assets	\$ 17,130,633
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	88,304
Net appreciation in fair value of investments	(10,532,310)
Changes in assets and liabilities:	
Contributions receivable, net	517,665
Prepays and other current assets	(891,683)
Other assets	(10,861)
Committed to water projects and water project sustainability, net	(8,225,603)
Accounts payable and accrued expenses	<u>(444,266)</u>
Net cash used in operating activities	<u>(2,368,121)</u>
Cash flows from investing activities:	
Purchase of investments	(67,557,930)
Proceeds from sale of investments	67,980,172
Purchase of fixed assets	<u>(1,048,018)</u>
Net cash provided by investing activities	<u>(625,776)</u>
Net decrease in cash and cash equivalents	(2,993,897)
Cash and cash equivalents at beginning of year	<u>26,238,356</u>
Cash and cash equivalents at end of year	<u><u>\$ 23,244,459</u></u>

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2024

(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 over 170,000 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 nearly 19.1 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.

Effective September 30, 2024, charity: water established a Strategic Fund, comprising investment income earned on donations before deployment to water projects, and not subject to donor restrictions. This fund may be used to support charity: water's activities that support its ability to bring more clean water to people in need, such as water projects, sustainability, program management, strategic operational investments, and research. In 2024, charity: water released life-to-date water investment income earnings (minus a portion used for direct programmatic costs as disclosed in 2023) from donor restrictions, establishing a balance of \$10,271,434 for the Strategic Fund. 100% of the initial donations always fund water projects and water project sustainability.

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

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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 the first twelve month period following charity: water's transition from a calendar reporting year to a fiscal period commencing October 1 and ending on September 30. The accompanying consolidated financial statements do not include comparative results from previously audited fiscal year 2023 as this was a transition year which only included nine months of results from January 1, 2023 to September 30, 2023. Comparative results will be presented beginning with fiscal year 2025. charity: water adjusted the fiscal year-end to optimize 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, valuation of investments, 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.

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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, 2024 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.

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, and equipment. Fixed assets 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. Software fixed assets include capitalized salaries relating to internally developed software.

(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.

Expenses and related liabilities are recognized when approved by the board of directors and grant proposals are approved. 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.

(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

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Notes to Consolidated Financial Statements

September 30, 2024

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 year ended September 30, 2024.

(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 the year ended September 30, 2024 was \$386,583.

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2024

(3) Investments

The following table presents charity: water's fair value hierarchy for investments as of September 30, 2024:

	Fair value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 1,539,494	1,539,494	—	—
Fixed income:				
Corporate	25,904,444	—	25,904,444	—
Government securities	33,715,345	9,225,927	24,489,418	—
Mutual funds	6,838,220	6,838,220	—	—
Equities:				
Domestic	10,790,252	10,790,252	—	—
International	1,925,580	1,925,580	—	—
Private	578,591	—	—	578,591
Digital assets	6,836,032	6,836,032	—	—
Total	\$ <u>88,127,958</u>	<u>37,155,505</u>	<u>50,393,862</u>	<u>578,591</u>

(4) Contributions Receivable

Contributions receivable at September 30, 2024 are expected to be received as follows:

In less than one year	\$ 18,673,547
Beyond one year	<u>24,341,805</u>
	43,015,352
Less:	
Discount to net present value at rates ranging from 3.6% to 4% in 2024	(918,491)
Allowance for uncollectible pledges	<u>(11,671,087)</u>
	\$ <u>30,425,774</u>

Approximately \$20 million of net contributions receivable at September 30, 2024 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 18% of the outstanding balance at September 30, 2024.

In 2023, it was determined the outstanding balances of two pledges were at risk due to an unexpected shift in these donors' financial situations, making payment unlikely. As a result, management 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. In 2024, charity: water continues to reserve these amounts as the financial situation has remained unchanged. 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, 2024

(5) Fixed Assets

At September 30, 2024, fixed assets consist of:

Furniture, fixtures, software, and equipment	\$	2,983,483
Less accumulated depreciation		<u>(1,599,444)</u>
	\$	<u>1,384,039</u>

(6) Committed to Water Projects and Water Project Sustainability

Board-authorized funding for approved but unpaid grants at year-end is reported as a liability. At September 30, 2024, funding authorized but unpaid was as follows:

In less than one year	\$	42,649,832
Beyond one year		<u>2,940,677</u>
	\$	<u>45,590,509</u>

(7) Contributions

(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 2024, charity: water invested \$64,207,111 in water projects and water project sustainability in 20 countries—Bangladesh, Burkina Faso, Cambodia, Central African Republic, Cote d'Ivoire, Ethiopia, India, Kenya, Laos, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Pakistan, Rwanda, Sierra Leone, Tanzania, and Uganda. When completed, these projects can serve more than 1.5 million people with clean, safe drinking water.

(b) Operations

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.

(c) Donated Securities

charity: water received \$6,284,691 in donated securities in 2024 as contributions and payments on prior pledges. charity: water's policy is to sell donated public securities upon receipt; therefore, such donations and payments are immediately converted to cash and recorded as public support in the accompanying consolidated financial statements.

(d) Donated Virtual Currency

charity: water received \$386,394 in donated virtual currency in 2024 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 fiscal year 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

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2024

donated in 2024, \$156,026 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 \$230,368 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.

<u>Description</u>	<u>2024</u>	<u>Utilization</u>	<u>Donor restrictions</u>
Professional fees	\$ 986,709	Management and general, and development	None; used in operations
Branding, education, and promotion	228,344	Development	None; used in operations
Subscriptions, supplies, and other	66,028	Program services, management and general, and development	None; used in operations
Event cost	<u>24,278</u>	Development	None; used in operations
	<u>\$ 1,305,359</u>		

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2024

(9) Net Assets with Donor Restrictions

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

Water projects:	
General	\$ 24,220,100
Bitcoin Water Trust	6,836,032
Ethiopia	1,465,965
Africa Region	996,811
Malawi	634,583
India	525,400
Water project sustainability	520,701
Zimbabwe	504,000
Pakistan	375,000
Uganda	30,000
Sierra Leon	15,000
Mozambique	12,000
Cambodia	2,988
	<hr/>
Total water projects	36,138,580
Operations	<hr/>
	20,204,020
	<hr/>
	\$ 56,342,600
	<hr/>

(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, 2024 consist of the following:

	<u>Operations</u>	<u>Strategic Fund</u>	<u>Water projects</u>	<u>Total</u>
Financial assets:				
Cash and cash equivalents	\$ 6,644,508	—	16,599,951	23,244,459
Investments	21,597,091	10,271,434	56,259,433	88,127,958
Contributions receivable, net	<hr/> 21,870,190	<hr/> —	<hr/> 8,555,584	<hr/> 30,425,774
Total	50,111,789	10,271,434	81,414,968	141,798,191
Less commitments beyond one year:				
Contributions receivables, net	<hr/> (9,671,534)	<hr/> —	<hr/> (2,080,693)	<hr/> (11,752,227)
Total available				
within one year	<hr/> \$ 40,440,255	<hr/> 10,271,434	<hr/> 79,334,275	<hr/> 130,045,964

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

September 30, 2024

charity: water uses liquid Operations assets to support operating expenses defined in the policies in Note 2(a). In addition to its liquid Operations funds, charity: water maintains a Strategic Fund consisting of earnings generated from invested Water donations. This fund is designated for strategic initiatives distinct from operating expenses but may serve as a working capital backstop if necessary. In fiscal year 2025, the organization plans to formalize and implement a governance structure surrounding use of the Strategic Fund and its role as temporary backstop capital. This includes establishing clear guidelines regarding permissible uses of the fund, implementing spending policy limits to ensure long-term fund growth, and defining requirements for board approval of fund disbursements.

(11) Subsequent Events

On November 11, 2024, charity: water commenced a new lease agreement for an Experience Lab, an immersive storytelling exhibit, which encourages people to learn about the global water crisis. The lease has a term of over five years, with an approximately lease payment of \$24,000 per month. This results in total future minimum lease payments of \$1.6 million.

In connection with the preparation of the financial statements, charity: water evaluated subsequent events from September 30, 2024, and through the date of May 7, 2025, which is the date the financial statements were available for issuance, and concluded that there are no other subsequent events which require disclosures in the financial statements.

Schedule 1

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated 100% Model

September 30, 2024

Roll Forward of Funds Reserved for Water Projects

Beginning net assets reserved for water projects	\$ 29,283,115
Public donations to water projects	70,952,604
Net investment gain and other income	10,410,265
Release of investment return to Strategic Fund	(10,271,434)
Investments in water projects and water project sustainability	<u>(64,235,970)</u>
Increase in net assets reserved for water projects	<u>6,855,465</u>
Ending net assets reserved for water projects (note 9)	<u>\$ 36,138,580</u>

Roll Forward of Funds for Operations

Beginning net assets reserved for operations	\$ 51,475,598
Private donations to operations ¹	19,824,889
Net investment return and other income	2,402,741
Operating expenses ¹	(22,135,592)
Depreciation	<u>(88,304)</u>
Increase in net assets reserved for operations	<u>3,734</u>
Ending net assets reserved for operations	<u>\$ 51,479,332</u>
Beginning net assets reserved for Strategic Fund	\$ —
Earnings released from Water investments	10,271,434
Strategic investments	<u>—</u>
Increase in net assets reserved for Strategic Fund	<u>10,271,434</u>
Ending net assets reserved for Strategic Fund	<u>\$ 10,271,434</u>

Notes:

1. Both "private donations to operations" and "operating expenses" exclude contributed goods and services of \$1,305,359 in 2024.

See accompanying independent auditors' report.