Water.org, Inc.

Consolidated Financial Report
September 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Water.org, Inc.

Opinion
We have audited the consolidated financial statements of Water.org, Inc. and its subsidiary (the Organization), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the 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 financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
March 27, 2025

Water.org, Inc.

Consolidated Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 42,445,439**	$ 38,962,980
Contributions receivable, current	**4,945,986**	17,786,872
Other receivables	**26,452**	6,512
Prepaid expenses	**389,233**	239,141
Total current assets	**47,807,110**	56,995,505
Non-current assets:		
Investments	**1,543,870**	1,469,142
Investment in WaterCredit Fund 3	**951,012**	1,048,656
Contributions receivable, non-current, net of discount	**2,815,869**	150,000
Right-of-use asset operating lease	**972,074**	1,228,464
Property and equipment, net of accumulated depreciation, 2024—$1,163,426; 2023—$1,084,366	**410,688**	503,308
Total non-current assets	**6,693,513**	4,399,570
Total assets	**$ 54,500,623**	$ 61,395,075
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 227,546**	$ 467,082
Accrued expenses	**4,188,066**	3,453,804
Operating lease liabilities, current	**278,774**	295,536
Refundable advances	**2,600,000**	2,664,692
Total current liabilities	**7,294,386**	6,881,114
Non-current liabilities:		
Operating lease liabilities, non-current	**705,399**	937,419
Total non-current liabilities	**705,399**	937,419
Total liabilities	**7,999,785**	7,818,533
Net assets:		
Without donor restrictions	**25,078,888**	30,178,231
With donor restrictions	**21,421,950**	23,398,311
Total net assets	**46,500,838**	53,576,542
Total liabilities and net assets	**$ 54,500,623**	$ 61,395,075

See notes to consolidated financial statements.

Water.org, Inc.

Consolidated Statement of Activities
Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions and grants:			
Foundations, corporations and other organizations	$ 2,722,848	$ 14,562,965	$ 17,285,813
Individuals	10,294,976	155,825	10,450,801
Investment return, net	2,081,564	(13,803)	2,067,761
Net assets released from restrictions	16,681,348	(16,681,348)	-
Total revenues, gains and other support	31,780,736	(1,976,361)	29,804,375
Expenses and losses:			
Program services:			
Water programs	28,651,736	-	28,651,736
Outreach	1,752,679	-	1,752,679
Total program services	30,404,415	-	30,404,415
Management and general	2,897,405	-	2,897,405
Fundraising	3,578,259	-	3,578,259
Total expenses and losses	36,880,079	-	36,880,079
Change in net assets	(5,099,343)	(1,976,361)	(7,075,704)
Net assets, beginning of year	30,178,231	23,398,311	53,576,542
Net assets, end of year	$ 25,078,888	$ 21,421,950	$ 46,500,838

See notes to consolidated financial statements.

Water.org, Inc.

Consolidated Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions and grants:			
Foundations, corporations and other organizations	$ 12,987,595	$ 26,659,646	$ 39,647,241
Individuals	10,409,221	166,738	10,575,959
Investment return, net	1,298,958	(235,802)	1,063,156
Net assets released from restrictions	17,931,498	(17,931,498)	-
Total revenues, gains and other support	42,627,272	8,659,084	51,286,356
Expenses and losses:			
Program services:			
Water programs	28,919,367	-	28,919,367
Outreach	2,203,752	-	2,203,752
Total program services	31,123,119	-	31,123,119
Management and general	2,032,935	-	2,032,935
Fundraising	2,665,479	-	2,665,479
Total expenses and losses	35,821,533	-	35,821,533
Change in net assets	6,805,739	8,659,084	15,464,823
Net assets, beginning of year	23,372,492	14,739,227	38,111,719
Net assets, end of year	$ 30,178,231	$ 23,398,311	$ 53,576,542

See notes to consolidated financial statements.

Water.org, Inc.

Consolidated Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services					
	Water Programs	Outreach	Subtotal	Management and General	Fundraising	Total
Salaries and taxes	$ 13,155,970	$ 120,967	$ 13,276,937	$ 1,670,304	$ 2,134,478	$ 17,081,719
Employee benefits	1,031,750	40	1,031,790	201,823	211,429	1,445,042
Other personnel expense	58,550	-	58,550	11,274	2,166	71,990
Contract services	2,827,814	28,032	2,855,846	484,718	712,447	4,053,011
Occupancy expense	362,644	-	362,644	13,939	15,746	392,329
Office expense	538,519	33	538,552	93,090	120,976	752,618
Telephone and related communications	18,175	-	18,175	276	222	18,673
Travel expense	2,143,428	112	2,143,540	153,612	176,366	2,473,518
Program specific expenses - grants	5,320,024	-	5,320,024	-	-	5,320,024
Program specific fees	5,056	-	5,056	-	-	5,056
Program implementation expense	2,336,202	-	2,336,202	23,823	10,321	2,370,346
Contribution expense	-	1,600,000	1,600,000	-	-	1,600,000
Bank and credit card fees	108,846	-	108,846	22,315	46,530	177,691
Corporate insurance	146,897	-	146,897	15,260	9,990	172,147
Licenses & fees	1,551	-	1,551	519	2,871	4,941
Dues and subscriptions	46,082	3,495	49,577	3,892	21,413	74,882
Professional fees	550,228	-	550,228	129,763	61,885	741,876
Other corporate fees	-	-	-	72,797	51,419	124,216
	$ 28,651,736	$ 1,752,679	$ 30,404,415	$ 2,897,405	$ 3,578,259	$ 36,880,079

See notes to consolidated financial statements.

Water.org, Inc.

Consolidated Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services					
	Water Programs	Outreach	Subtotal	Management and General	Fundraising	Total
Salaries and taxes	$ 11,557,190	$ 135,919	$ 11,693,109	$ 1,433,425	$ 1,756,725	$ 14,883,259
Employee benefits	940,763	13,992	954,755	125,635	148,699	1,229,089
Other personnel expense	37,019	-	37,019	3,127	1,676	41,822
Contract services	2,773,193	38,591	2,811,784	158,883	341,108	3,311,775
Occupancy expense	692,570	-	692,570	26,945	31,082	750,597
Office expense	663,064	2	663,066	84,239	146,954	894,259
Telephone and related communications	13,975	-	13,975	198	105	14,278
Travel expense	1,260,771	15,208	1,275,979	58,336	98,918	1,433,233
Program specific expenses - grants	6,296,149	-	6,296,149	-	-	6,296,149
Program specific fees	82,555	-	82,555	-	-	82,555
Program implementation expense	3,513,118	-	3,513,118	1,490	1,502	3,516,110
Contribution expense	-	2,000,000	2,000,000	-	-	2,000,000
Bank and credit card fees	94,585	-	94,585	9,842	48,189	152,616
Corporate insurance	105,801	-	105,801	11,169	6,383	123,353
Licenses & fees	12,111	-	12,111	2,140	1,535	15,786
Dues and subscriptions	32,277	-	32,277	9,723	16,489	58,489
Professional fees	754,811	-	754,811	72,294	55,499	882,604
Other corporate fees	89,415	40	89,455	35,489	10,615	135,559
	$ 28,919,367	$ 2,203,752	$ 31,123,119	$ 2,032,935	$ 2,665,479	$ 35,821,533

See notes to consolidated financial statements.

Water.org, Inc.

Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ (7,075,704)**	$ 15,464,823
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**92,620**	50,037
Net unrealized loss on investments	**13,803**	182,605
Loss on disposition of property and equipment	**-**	2,316
Changes in operating assets and liabilities:		
Contributions and other receivables	**10,155,077**	(16,388,642)
Prepaid expenses	**(150,092)**	26,697
Right-of-use operating lease asset	**256,390**	1,137,737
Accounts payable	**(239,536)**	438,563
Accrued expenses	**734,262**	194,213
Right-of-use operating lease	**(248,782)**	(1,133,246)
Refundable advances	**(64,692)**	(2,136,128)
Net cash provided by (used in) operating activities	**3,473,346**	(2,161,025)
Cash flows from investing activities:		
Purchase of property and equipment	**-**	(498,157)
Purchase of investments	**(74,729)**	(87,660)
Proceeds from sale of investments	**-**	78,557
Investment distributions	**83,842**	-
Net cash provided by (used in) investing activities	**9,113**	(507,260)
Net increase (decrease) in cash and cash equivalents	**3,482,459**	(2,668,285)
Cash and cash equivalents:		
Beginning	**38,962,980**	41,631,265
Ending	**$ 42,445,439**	$ 38,962,980
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	**$ 43,492**	$ 808,983
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	**$ 349,694**	$ 386,595

See notes to consolidated financial statements.

Note 1. Nature of Operations and Significant Accounting Policies

Organization and principles of consolidation: The consolidated financial statements include the financial activities of Water.org, Inc. and its wholly owned and controlled entity WaterConnect LLC (collectively, referred to as the Organization):

- Water.org, Inc. (Water.org) is a nonprofit corporation whose primary purpose is to provide technical assistance and financial support for water supply and sanitation solutions in developing countries, and to raise awareness of the drinking water and sanitation crisis. Water.org is headquartered in Kansas City, Missouri, with offices in Kenya, India, Indonesia, Peru, Bangladesh and the Philippines and operates across Latin America, Africa, South Asia, and Southeast Asia.

- WaterConnect LLC is a single member limited liability company of Water.org and was established in August 2024 with a purpose to expand Water.org's capacity to co-finance vetted water and climate infrastructure projects.

The primary programs and activities of the Organization include the following:

Water programs: The WaterCredit Initiative® is Organization's core solution. Water.org works with their in-country financial partners to add loans for water and sanitation solutions to their portfolios. These partners then mobilize funding from capital markets to provide affordable loans to people in need of water. People living in poverty use these loans to put a tap or toilet in their homes. Every repaid loan creates the opportunity for another family to get the safer water and toilets they need.

WaterConnect: Partners with private sector companies to develop bankable and impactful water and climate infrastructure projects, sharing costs and providing technical expertise. The projects span the water value chain, from bulk water and distribution to wastewater treatment and reuse, focusing on climate resilience and vulnerable communities. WaterConnect operates on commercial terms to ensure financial sustainability and maximize impact by recycling capital to generate a steady pipeline of investment-ready projects.

Partnering to Accelerate Access: Water.org provides technical assistance, shares best practices, and collaborates with stakeholders to develop, implement and scale effective solutions.

Increasing access to financing at a system level: Water.org works with development agencies, governments, and other partners to influence public policy and practice changes that make more funds available for water and sanitation solutions, at local, national, and global levels.

Driving impact through evidence: Water.org generates a credible evidence base for influencing action to bring safe water and sanitation to all.

Scaling our solution through WaterEquity: Water.org established and continue to partner with WaterEquity, the first-ever impact investment manager dedicated to ending the global water crisis, with an exclusive focus on raising and deploying capital to water and sanitation enterprises throughout Asia, Africa, and Latin America.

Outreach: Water.org seeks to raise awareness of the global water and sanitation crisis and Water.org's solutions through presentations at high-level convenings, Water.org's own media channels and earned media coverage.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Management and general and fundraising: Management and general and fundraising provides oversight of programs and business management, record keeping, budgeting, financing and other administrative and fundraising activities for Water.org and WaterConnect.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The consolidated financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of FASB ASC, the Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions:

Net assets without donor restrictions—undesignated: Net assets held for operations include amounts not restricted by donors and, therefore, available for the general operations of the Organization or designation by the board of directors. The Organization had no board designated net assets as of September 30, 2024 and 2023.

With donor restrictions: Net assets that include amounts that are donor restricted by specified time or purpose limitations.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2024 and 2023, cash equivalents consisted primarily of money market mutual funds with a broker.

Concentration of credit risk: The Organization maintains deposits with money-center banks in excess of the federally insured limits and works to reduce exposure. The Organization has not experienced any losses in such accounts.

Investments and investment return: Investments in equity securities having a readily determinable fair value, and in all debt securities, are carried at fair value. Other investments are valued using the practical expedient. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value and realized and unrealized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as net assets without or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Investment risk: The Organization invests in professionally managed portfolios that contain mutual funds, money market funds, and alternative investments. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and equipment: Property and equipment is stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The Organization’s capitalization policy is $5,000.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	2 - 7 years
Office equipment	3 - 5 years
Computer software	5 years

Long-lived asset impairment: The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2024 and 2023.

Contributions and contributions receivable: Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as net assets with donor restrictions and then released from restriction.

Contributions are recognized as revenues at fair value in the period received. Contributions to be received after one year are discounted using a rate that is commensurate with the relative risk and corresponding with the term of the respective contributions of 8.5% for the years ending September 30, 2024 and 2023. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based on management’s judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activity.

Conditional gifts, that is those with a measurable performance or other barrier and a right of return or release, depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized when the barriers on which they depend are substantially overcome and the gift becomes unconditional. See Note 6 in the financials for break out of conditional items.

All receivables recorded as of September 30, 2024 and 2023, are expected to be collected.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Allowance for credit losses and doubtful accounts: The Organization adopted Accounting Standards Codification (ASU) 326, *Financial Instruments-Credit Losses*, as of October 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit losses (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and noncurrent receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The adoption of ASC 326 did not have a material impact on the financial statements.

Leases: The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes its leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Organization made an accounting policy election available not to recognize ROU assets and lease liabilities with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or October 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component. The nonlease components typically represent additional services transferred to the Organization, such as common area maintenance, which are variable in nature and recorded in variable lease expense in the period incurred.

Note 1. Nature of Operations and Significant Accounting Policies (Continued)

Grant revenues: Water.org follows the latest FASB issued ASU 2018-08, clarifying the scope and the accounting guidance for contribution received by evaluating whether grants should be accounted for as contributions or as exchange transactions. Further, it distinguishes between conditional contributions and unconditional contributions. Conditional contributions are recorded as refundable advances until the conditions have been met.

Foreign currency translation and transactions: Assets recorded in functional currencies other than U.S. dollars are translated into U.S. dollars at the year-end rate of exchange. Revenue and expense transactions are recorded using a contemporaneous rate of exchange. The net currency translation and the gains and losses from foreign currency transactions are recorded in the change in net assets.

Functional allocation of expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, each departments' costs have been allocated among the programs and supporting services benefited based on level of effort. Certain joint costs such as headquarters rent, technology and global business services are allocated based on the results of all other costs allocations.

Income taxes: Water.org and WaterConnect are organized as Missouri and Delaware, respectively, nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3) qualify for the charitable contribution deduction and have been determined not to be private foundations. Each organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the organizations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. There is no liability for uncertain tax positions recorded at September 30, 2024 or 2023.

Management believes that each organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrelated tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Reclassifications of prior years: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The classifications had no impact on previously reported net assets.

Note 2. Liquidity and Availability of Resources

The Organization receives donor-restricted contributions with donor time and/or purpose restrictions. In addition, the Organization receives support without donor restrictions.

Investment income without donor restrictions, contributions without donor restrictions and contributions with donor restrictions for use in current activities and programs are available to meet general expenditure requirements. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during and included in the budget for a fiscal year.

Note 2. Liquidity and Availability of Resources (Continued)

The Organization manages its available cash to meet general expenditures adhering to three guiding principles:

- Operate within a prudent range of financial soundness and stability
- Maintain a sufficient level of asset liquidity
- Maintain and monitor reserves to provide reasonable assurance that long-term grant commitments and obligations will continue to be met

The Organization follows a liquidity policy mandating the maintenance of financial assets to meet general expenditures for management and general and fundraising expenses. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity monthly.

The table below represents financial assets available for general expenditures within one year of September 30:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	$ 42,445,439	$ 38,962,980
Contributions receivable, current	4,945,986	17,786,872
Other receivables	26,452	6,512
Investments	2,494,882	2,517,798
Contributions receivable, non-current, net of discount	2,815,869	150,000
Total financial assets	52,728,628	59,424,162
Less amounts not available to be used within one year:		
Contributions receivable, non-current, net of discount	(2,815,869)	(150,000)
Investments in nonliquid securities	(951,012)	(1,048,656)
Cash and cash equivalents for IDR Loan Guarantees	(37,824)	(37,776)
Donor-imposed restrictions	(21,421,950)	(23,398,311)
Financial assets not available to be used within one year	(25,226,655)	(24,634,743)
Financial assets available to meet general expenditures within one year	$ 27,501,973	$ 34,789,419

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, and a line of credit with Bank of America totaling $4,000,000. See Note 9 for information about the Organization's line of credit.

Note 3. Investments

Investments at September 30, 2024 and 2023, consisted of the following:

	2024	2023
Mutual funds	$ 1,543,870	$ 1,469,142
Investment in WaterCredit Investment Fund 3	951,012	1,048,656
	$ 2,494,882	$ 2,517,798

Note 4. Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

Following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds and Mutual funds: Investments in money market fund and mutual funds are traded on a national securities exchange, or reported on the NASDAQ national market, are started on the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Investment in WCIF 3: This investment is reported at fair value at net asset value (NAV) using the practical expedient, which is $951,012 and $1,048,656, at September 30, 2024 and 2023, respectively. The investment is a Cayman Islands exempted limited partnership. The fund's purpose is to address the global water crisis by financing improved access to safe water and sanitation for low-income individuals and groups. As described in Article 1.9 of the Limited Partnership Agreement, at all times the Partnership will be operated in a manner that furthers the charitable purposes of its affiliate, WaterEquity, Inc., consistent with WaterEquity, Inc.'s status as an organization described in Code Section 501(c)(3).

There were no changes in securities measured at NAV as of September 30, 2024. The Organization does not have early redemption rights. Investments into the fund (principal) is expected to be returned at the end of the fund's seven-year term in 2027, with the possibility of two one-year extensions. The unfunded commitment is $0 for both September 30, 2024 and 2023.

Note 4. Fair Value Measurements and Disclosures (Continued)

The following tables present the assets measured at fair value on a recurring basis, except those measured by using NAV per share as a practical expedient as identified in the following, at September 30, 2024 and 2023:

	September 30, 2024				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Cash equivalents:					
Money market funds	$ 26,991,272	$ 26,991,272	$ -	$ -	$ -
Investments:					
WaterCredit Investment Fund 3	951,012	-	-	-	951,012
Mutual funds	1,543,870	1,543,870	-	-	-
	$ 29,486,154	$ 28,535,142	$ -	$ -	$ 951,012

	September 30, 2023				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Cash equivalents:					
Money market funds	$ 25,440,754	$ 25,440,754	$ -	$ -	$ -
Investments:					
WaterCredit Investment Fund 3	1,048,656	-	-	-	1,048,656
Mutual funds	1,469,142	1,469,142	-	-	-
	$ 27,958,552	$ 26,909,896	$ -	$ -	$ 1,048,656

Investment income consists of the following as of September 30:

	2024	2023
Interest	$ 475,737	$ 403,053
Dividends	1,625,288	845,927
Fees and expenses	(19,602)	(19,602)
Realized and unrealized loss	(13,662)	(166,222)
Investment return, net	$ 2,067,761	$ 1,063,156

Note 4. Fair Value Measurements and Disclosures (Continued)

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at September 30, 2024 and 2023:

	2024 NAV in Funds	2023 NAV in Funds	2024 Number of Funds	2023 Number of Funds	Dollar amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
WaterCredit Investment Fund 3	$ 951,012	$ 1,048,656	1	1	$ -	Illiquid	N/A
	$ 951,012	$ 1,048,656			$ -		

Note 5. Contributions Receivables

Contributions receivable at September 30, 2024 and 2023, consisted of the following:

	2024	2023
Amounts due in:		
Less than one year	$ 4,945,986	$ 17,786,872
One to five years	3,052,139	150,000
Total contributions receivable	7,998,125	17,936,872
Less present value discount	(236,270)	-
Present value of contributions receivable	$ 7,761,855	$ 17,936,872

As of September 30, 2024, three donors accounted for approximately 88% of outstanding balances. These three donors contributed approximately 42% of total contributions for the year ended September 30, 2024. As of September 30, 2023, two donors accounted for approximately 72% of outstanding balances. These two donors contributed approximately 12% of total contributions for the year ended September 30, 2023.

Note 6. Conditional Gifts

The Organization has received conditional promises to give that are not recognized in the financial statements. The Organization must meet certain milestones as defined in the related grant agreements in order to recognize these grants as revenue. Management expects the conditions to be met over the next two years. Conditional promises were for the following purposes as of September 30:

	2024	2023
Brazil Initiative (through 2024)	$ -	$ 207,438
India Initiative (through 2025)	-	350,000
Indonesia Initiative (through 2025)	560,000	-
Philippines Initiative (through 2025)	840,000	1,800,000
	$ 1,400,000	$ 2,357,438

Note 7. Grants Commitments

The Organization has entered into contracts and agreements with partner organizations to implement water projects. Funding for the related projects is generally conditional upon meeting certain milestones and submission of support for related expenditures. The grants will be considered unconditional and expensed when the contingency requirements have been met.

Outstanding conditional commitments are expected to be funded within the next three years and are for the following program as of September 30:

	2024	2023
WaterCredit Initiative®	$ 4,602,418	$ 3,807,490

Note 8. Property and Equipment

Property and equipment consisted of the following as of September 30:

	2024	2023
Leasehold improvements	$ 958,110	$ 958,110
Office equipment	541,897	555,457
Computer software	74,107	74,107
	1,574,114	1,587,674
Less accumulated depreciation	1,163,426	1,084,366
	$ 410,688	$ 503,308

For the year ended September 30, 2024 and 2023, depreciation expense totaled $92,620 and $50,037, respectively. Depreciation expense is included in “Other corporate expenses” on the Statement of Functional Expenses.

Note 9. Line of Credit

The Organization has a $4,000,000 unsecured revolving bank line of credit, which expired on February 28, 2025. At September 30, 2024 and 2023, there were no borrowings against this line. The interest rate is variable based on the greater of the BSBY Daily Floating Rate or the Index Floor plus 2.00%.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30:

	2024	2023
Grant and WaterCredit programs	$ 21,421,950	$ 23,398,311
Total net assets with donor restrictions	$ 21,421,950	$ 23,398,311

Note 10. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended September 30:

	2024	2023
Grant and WaterCredit programs	$ 16,681,348	$ 17,931,498
Total net assets with donor restrictions releases	$ 16,681,348	$ 17,931,498

Note 11. Lease Commitments

The Organization leases real estate under operating lease agreements that have initial terms ranging from 2 to 7 years. Some leases include one or more options to renew, generally at the Organization's sole discretion, with renewal terms that can extend the lease term up to 5 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended September 30:

	2024	2023
Operating lease cost	$ 327,473	$ 378,741
Total lease cost	$ 327,473	$ 378,741

	2024	2023
Weighted-average remaining lease term:		
Operating leases	4.57	5.13
Weighted-average discount rate:		
Operating leases	5.1%	4.9%

Note 11. Lease Commitments (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of September 30, 2024:

Years ending September 30:	
2025	$ 320,046
2026	226,731
2027	170,643
2028	144,002
2029	144,643
Thereafter	87,453
Total minimum lease payments	1,093,518
Less imputed interest	(109,345)
Total present value of lease liabilities:	$ 984,173
Operating lease liabilities, current	$ 278,774
Operating lease liabilities, non-current	705,399
	$ 984,173

Note 12. Employee Benefit Plans

The Organization has a 401(k) retirement plan covering substantially all U.S.-based employees. The Organization matches voluntary contributions to the plan up to 4% of the employees' compensation. Contributions to the U.S. plan were $372,589 and $318,448 for the years ended September 30, 2024 and 2023, respectively. The Organization also contributes to retirement plans for its international offices, and contributions to these plans were $74,619 and $51,808 for the years ended September 30, 2024 and 2023, respectively. Total contributions to all plans were $447,208 and $370,256 for the years ended September 30, 2024 and 2023, respectively.

The Organization has an incentive compensation plan that provides a range of organizational and personal goals to determine incentive compensation per employee. The incentive compensation payment in late December is based upon the finalization of the year's financial results and approval by the Executive Committee of the Board of Directors. As of September 30, 2024 and 2023, Water.org recorded approximately $1,510,360 and $1,155,990, respectively, of accrued incentive compensation expense in accrued expenses on the statements of financial position.

Note 13. Concentrations

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions: During the year ended September 30, 2024, approximately 49% of all contributions were received from three donors. One of the three donors make up 26% of the outstanding receivables for September 30, 2024. During the year ended September 30, 2023, approximately 40% of all contributions were received from two donors. These two donors make up 72% of the outstanding contributions receivables for September 30, 2023.

Note 14. Related-Party Transactions

Water.org created WaterConnect LLC in August 2024 to expand Water.org's capacity to co-finance vetted water and climate infrastructure projects. During the year ended September 30, 2024, Water.org funded WaterConnect LLC by providing $1,000,000 as an investment to WaterConnect LLC.

Note 15. Subsequent Events

Subsequent events were evaluated through March 27, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

Water.org, Inc.

Consolidating Statement of Financial Position
September 30, 2024

	Water.org	Water Connect	Subtotal	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 41,677,507	$ 767,932	$ 42,445,439	$ -	$ 42,445,439
Contributions receivable	4,945,986	-	4,945,986	-	4,945,986
Other receivables	26,452	3,462	29,914	(3,462)	26,452
Prepaid expenses	293,378	95,855	389,233	-	389,233
Total current assets	46,943,323	867,249	47,810,572	(3,462)	47,807,110
Non-current assets:					
Investments	1,543,870	-	1,543,870	-	1,543,870
Investments in LLC	846,287	-	846,287	(846,287)	-
Investment in WaterCredit Fund 3	951,012	-	951,012	-	951,012
Contributions receivable, non-current	2,815,869	-	2,815,869	-	2,815,869
Right-of-use asset operating lease	972,074	-	972,074	-	972,074
Property and equipment, net of accumulated depreciation, 2024—$1,163,426; 2023—$1,084,366	410,688	-	410,688	-	410,688
Total non-current assets	7,539,800	-	7,539,800	(846,287)	6,693,513
Total assets	$ 54,483,123	$ 867,249	$ 55,350,372	$ (849,749)	$ 54,500,623
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 219,241	$ 11,767	$ 231,008	$ (3,462)	$ 227,546
Accrued expenses	4,178,871	9,195	4,188,066	-	4,188,066
Operating lease liabilities, current	278,774	-	278,774	-	278,774
Refundable advances	2,600,000	-	2,600,000	-	2,600,000
Total current liabilities	7,276,886	20,962	7,297,848	(3,462)	7,294,386
Non-current liabilities:					
Operating lease liabilities, non-current	705,399	-	705,399	-	705,399
Total non-current liabilities	705,399	-	705,399	-	705,399
Total liabilities	7,982,285	20,962	8,003,247	(3,462)	7,999,785
Net assets:					
Without donor restrictions	25,078,888	846,287	25,925,175	(846,287)	25,078,888
With donor restrictions	21,421,950	-	21,421,950	-	21,421,950
Total net assets	46,500,838	846,287	47,347,125	(846,287)	46,500,838
Total liabilities and net assets	$ 54,483,123	$ 867,249	$ 55,350,372	$ (849,749)	$ 54,500,623

Water.org, Inc.

Consolidating Statement of Activities
Year Ended September 30, 2024

	Water.org	Water Connect	Subtotal	Eliminations	Total
Revenues, gains and other support:					
Contributions and grants:					
Foundations, corporations and other organizations	$ 17,285,813	$ -	$ 17,285,813	$ -	$ 17,285,813
Individuals	10,450,801	-	10,450,801	-	10,450,801
Other revenues	-	3,462	3,462	(3,462)	-
Investment return	2,064,358	3,403	2,067,761	-	2,067,761
Total revenues, gains and other support	29,800,972	6,865	29,807,837	(3,462)	29,804,375
Expenses and losses:					
Program services:					
Water programs	28,491,058	160,678	28,651,736	-	28,651,736
Outreach	1,752,679	-	1,752,679	-	1,752,679
Total program services	30,243,737	160,678	30,404,415	-	30,404,415
Management and general	2,900,867	-	2,900,867	(3,462)	2,897,405
Fundraising	3,578,259	-	3,578,259	-	3,578,259
Total expenses and losses	36,722,863	160,678	36,883,541	(3,462)	36,880,079
Other changes:					
Change in LLC investment	(153,813)	-	(153,813)	153,813	-
Investment to fund Water Connect	-	1,000,100	1,000,100	(1,000,100)	-
Change in net assets	(7,075,704)	846,287	(6,229,417)	(846,287)	(7,075,704)
Net assets, beginning of year	53,576,542	-	53,576,542	-	53,576,542
Net assets, end of year	$ 46,500,838	$ 846,287	$ 47,347,125	$ (846,287)	$ 46,500,838