

GivePower Foundation

*Consolidated Financial Statements
December 31, 2022 and December 31, 2021*

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GIVEPOWER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
GivePower Foundation
San Francisco, CA

Opinion

We have audited the accompanying consolidated financial statements of GivePower Foundation (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2022, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GivePower Foundation and subsidiaries as of December 31, 2022, and the changes in net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GivePower Foundation and subsidiaries 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 these consolidated 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 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 GivePower Foundation and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 GivePower Foundation and subsidiaries' 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 GivePower Foundation and subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited GivePower Foundation and subsidiaries' 2021 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
August 28, 2023

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,762,765	\$ 1,823,273
Cash and cash equivalents, restricted	1,529,367	1,682,280
Accounts receivable	1,670	2,496
Pledges receivable	1,464,639	396,299
Deposits	14,807	19,427
Prepays and other assets	114,744	31,875
	<u>6,887,992</u>	<u>3,955,650</u>
OTHER ASSETS		
Cash and cash equivalents, long-term	-	509,670
Cash and cash equivalents, restricted, long-term	646,330	914,021
Pledges receivable, long-term	372,089	215,390
Property and equipment, net	4,430,633	2,830,693
Work in progress	1,080,457	2,220,007
Operating lease, right-of-use assets	225,544	-
	<u>225,544</u>	<u>-</u>
Total assets	<u>\$ 13,643,045</u>	<u>\$ 10,645,431</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 340,279	\$ 353,638
Accrued liabilities	103,683	33,706
Refundable advance	526,670	-
Operating lease liabilities	28,077	-
	<u>998,709</u>	<u>387,344</u>
OTHER LIABILITIES		
Refundable advance, long-term	-	509,670
Operating lease liabilities, long-term	200,931	-
	<u>200,931</u>	<u>509,670</u>
Total liabilities	1,199,640	897,014
NET ASSETS		
Without donor restrictions	8,430,980	6,540,427
With donor restrictions	4,012,425	3,207,990
	<u>12,443,405</u>	<u>9,748,417</u>
Total net assets	<u>12,443,405</u>	<u>9,748,417</u>
Total liabilities and net assets	<u>\$ 13,643,045</u>	<u>\$ 10,645,431</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, gains, and other support:		
Contributions and grants	\$ 8,801,990	\$ 6,034,343
In-kind contributions	84,558	249,540
Program revenue	653,278	199,937
Interest income	21,997	2,126
Net assets released from restrictions	1,032,294	547,288
	<u>10,594,117</u>	<u>7,033,234</u>
Expenses and losses:		
Program services	6,633,863	3,660,482
Supporting services:		
Management and general	1,288,238	968,743
Fundraising	329,589	606,006
	<u>8,251,690</u>	<u>5,235,231</u>
	451,874	377,936
	<u>8,703,564</u>	<u>5,613,167</u>
Change in net assets without donor restrictions	1,890,553	1,420,067
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	1,836,729	2,178,241
Net assets released from restrictions	(1,032,294)	(547,288)
Change in net assets with donor restrictions	<u>804,435</u>	<u>1,630,953</u>
CHANGE IN NET ASSETS	2,694,988	3,051,020
NET ASSETS AT BEGINNING OF YEAR	<u>9,748,417</u>	<u>6,697,397</u>
NET ASSETS AT END OF YEAR	<u>\$ 12,443,405</u>	<u>\$ 9,748,417</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services	Supporting Services		2022 Totals	2021 Totals
		Management and General	Fundraising		
Advertising	\$ 387	\$ -	\$ 5,913	\$ 6,300	\$ 10,180
Bank fees	3,437	24,524	3,755	31,716	23,540
Depreciation	188,626	-	-	188,626	133,889
Donation	44,517	-	-	44,517	52,883
Dues and subscriptions	6,823	22,927	5,961	35,711	29,497
Insurance	29,960	4,409	-	34,369	19,299
Professional fees	2,575,250	1,190,886	185,253	3,951,389	2,894,213
Project costs and materials	2,259,713	-	97,017	2,356,730	1,204,263
Office expenses and supplies	56,222	316	725	57,263	68,916
Repairs and maintenance	96,315	-	-	96,315	49,274
Rental and facilities	103,417	-	-	103,417	143,063
Salaries and related	557,725	12,272	-	569,997	310,687
Travel and entertainment	711,471	32,904	30,965	775,340	295,527
	<u>\$ 6,633,863</u>	<u>\$ 1,288,238</u>	<u>\$ 329,589</u>	<u>\$ 8,251,690</u>	<u>\$ 5,235,231</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,694,988	\$ 3,051,020
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	188,626	133,889
Amortization of operating lease, right-of-use asset	89,284	-
Donated property and equipment and work in progress	(24,558)	(249,540)
Contributions restricted for long-term purposes	(1,390,507)	(1,777,221)
Changes in operating assets:		
Accounts receivable	703	(1,821)
Pledges receivable	(1,225,039)	(64,402)
Deposits	3,706	31,190
Prepays and other assets	(16,329)	(24,018)
Changes in operating liabilities:		
Accounts payable	(43,038)	(31,451)
Accrued liabilities	8,691	35,520
Refundable advance	17,000	460,724
Operating lease liabilities	(85,820)	-
Net cash provided by operating activities	217,707	1,563,890
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and work in progress	(1,146,989)	(1,598,284)
Net cash used in investing activities	(1,146,989)	(1,598,284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	1,390,507	1,777,221
Net cash provided by financing activities	1,390,507	1,777,221
Effect of exchange rates on cash and cash equivalents	547,993	389,412
NET CHANGE IN CASH	1,009,218	2,132,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,929,244	2,797,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,938,462	\$ 4,929,244

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,762,765	\$ 1,823,273
Cash and cash equivalents, restricted	1,529,367	1,682,280
Cash and cash equivalents, long-term	-	509,670
Cash and cash equivalents, restricted, long-term	<u>646,330</u>	<u>914,021</u>
	<u>\$ 5,938,462</u>	<u>\$ 4,929,244</u>
 SUPPLEMENTAL DISCLOSURES:		
Operating lease right-of-use assets obtained for lease liabilities	<u>\$ 310,614</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GivePower Foundation was incorporated in the State of Delaware and began operations in June 2014. GivePower Foundation and its subsidiaries (collectively, the Foundation) use solar energy to power basic necessities for communities who need it most. The Foundation's volunteer trekkers install microgrids to power villages, schools, food production, clinics, and other healthcare facilities. The Foundation builds and deploys solar water farms, which are self-sustaining solar-powered desalination systems that provide low-cost purified drinking water to at risk communities. In working with governments, non-governmental organizations, and private donors the Foundation builds microgrids to protect vulnerable populations, promote conservation, and protect endangered species. The Foundation has provided relief for over 630,000 people in 23 countries.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). Under FASB ASC, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Principles of Consolidation

The consolidated financial statements include the financial information of the GivePower Foundation and its subsidiaries which include, Cannonball Community Solar Farm, LLC, a North Dakota Limited Liability Company; GiveWater Limited, a Kenya Private Limited Company; GivePower Kenya, a Kenya Private Limited Company; GivePower Colombia, a Colombia Private Limited Company, and Dlo Pou Lavi, S.A., a Haiti Private Limited Company. The subsidiaries are consolidated under the principles of FASB ASC as GivePower Foundation is the sole member of these subsidiaries. All material inter-organizational transactions have been eliminated.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The subsidiary, Cannonball Community Solar Farm, LLC, is a limited liability company and a disregarded entity for income tax purposes. Subsidiaries GiveWater Limited, GivePower Kenya, GivePower Colombia and Dlo Pou Lavi, S.A. were incorporated as Private Limited Companies and are disregarded entities for tax purposes.

Use of Estimates

Timely preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures, some of which may need revision in future periods.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables are stated at unpaid balances. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management believes the entire receivables balances at December 31, 2022 and 2021 to be collectible.

Pledges Receivable

Unconditional pledges are recognized as revenues in the period the pledge is made. There is no allowance or discount as of December 31, 2022 or 2021, as the pledges are determined to be fully collectible and due within one year. The pledges receivable that are presented as long-term on the consolidated statements of financial position are restricted for purchases of fixed assets.

Property and Equipment

The Foundation capitalizes all acquisitions of property and equipment in excess of \$25,000 with a useful life of over one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Depreciation is computed using the straight-line method over the estimated useful lives.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Revenue Recognition

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Program revenue is recognized when goods are provided and services are performed and are generally point-of-sales transactions whereby performance obligations are entered into and satisfied simultaneously.

In-kind Contributions

Donated services are recognized as contributions in accordance with FASB Codification, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided project services throughout the year that are not recognized as contributions in the financial statements since the criteria above are not met.

Donated goods and services are reported as in-kind contributions at their estimated fair value on the date of receipt and reported as expense when utilized or capitalized as assets if applicable. In-kind contributions are discussed in Note 7.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances

The Foundation entered into an agreement with a financial institution donor on December 17, 2020. Under the agreement, the financial institution will donate to the Foundation an amount equal to 1% of the initial outstanding principal balance of purchased loans. The Foundation is required to maintain all funds in a separate money market account and is entitled to any interest earned on the account. At the end of certain measurement periods, the Foundation is to rebate the donations in the amount, if any, equal to defaulted principal corresponding to certain loss percentages. The Foundation is only entitled to retain the donations remaining after the final measurement period which is 36 months after the initial payment at which time the balance will be recognized as revenue. The Foundation's long-term cash balance included \$0 and \$509,670 of cash related to these refundable advance amounts at December 31, 2022 and 2021, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been directly allocated among the programs and supporting services benefited.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Advertising

The Foundation uses advertising to promote its programs. The production costs of advertising are expensed as incurred.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency, at exchange rates in effect at the consolidated statements of financial position date, and revenue and expenses are translated at approximate average rates in effect on transaction dates. Net transaction and translation gains and losses are included as foreign currency exchange gain/loss in the accompanying consolidated statements of activities.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The translation adjustment included in the Foundation's net assets was as follows:

	<u>2022</u>	<u>2021</u>
Beginning accumulated translation adjustment	\$ (102,868)	\$ 275,068
Translation adjustment during the year	<u>(451,874)</u>	<u>(377,936)</u>
Ending accumulated translation adjustment included in net assets	<u>\$ (554,742)</u>	<u>\$ (102,868)</u>

Reclassifications

Certain reclassifications have been made to the 2021 consolidated financial statements to conform to the 2022 presentation.

Recent Accounting Pronouncements

During fiscal year 2022, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the Foundation, with the exception of increased disclosure.

In February 2016, the FASB issued ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

The Foundation elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on January 1, 2022 lease liabilities of \$228,397, which represents the present value of the remaining operating lease payments of \$254,627, discounted using a risk-free interest rate, and ROU assets of \$228,397.

The standard had a material impact on the Foundation's consolidated statement of financial position, but did not have an impact on the Foundation's consolidated statement of activities or consolidated statement of cash flows for the year ended December 31, 2022. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Operating Leases

The Foundation leases land, warehouse space, and office space. Determination of whether an arrangement is a lease is made at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities in the consolidated statements of financial position. At December 31, 2022 the Foundation had four operating leases (see Note 8).

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Foundation's leases do not provide an implicit rate, a risk-free rate is used based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation's lease agreements do not contain material residual value guarantees or material restrictive covenants.

Subsequent Events

Management has evaluated subsequent events through August 28, 2023, the date at which the financial statements were available for issuance.

NOTE 2. CONCENTRATIONS

The Foundation maintains its balance of cash in multiple financial institutions. Balances at certain financial institution are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation up to \$250,000. The Foundation sometimes maintains cash balances that exceed federally insured limits; however, the Foundation has incurred no losses on such accounts.

During the year ended December 31, 2022, the Foundation received 43% of its contributions from a single donor. During the year ended December 31, 2021, the Foundation received 36% from a single donor.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 2. CONCENTRATIONS (CONTINUED)

During the year ended December 31, 2022, 72% of the pledges receivable balance was due from a single donor. During the year ended December 31, 2021, 56% of the pledges receivable balance was due from a single donor.

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Foundation receives contribution and program revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Foundation's financial assets as of December 31, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position dates:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,938,462	\$ 4,929,244
Accounts receivable	1,670	2,496
Pledges receivable	<u>1,836,728</u>	<u>611,689</u>
Total financial assets	7,766,860	5,543,429
Less amounts unavailable for general expenditures within one year:		
Cash and cash equivalents, restricted, long-term	(646,330)	(1,423,691)
Pledges receivable, long-term	<u>(372,089)</u>	<u>(215,390)</u>
Total amounts unavailable for general expenditures within one year:	<u>(1,018,419)</u>	<u>(1,639,081)</u>
Total financial assets available for general expenditures within one year	<u>\$ 6,758,441</u>	<u>\$ 3,904,348</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 97,954	\$ 146,604
Desalination plants and solar water farms	3,875,670	2,553,088
Vehicles	352,105	60,244
Solar system	<u>330,762</u>	<u>330,762</u>
	4,656,491	3,090,698
Less accumulated depreciation	<u>(225,858)</u>	<u>(260,005)</u>
	<u>\$ 4,430,633</u>	<u>\$ 2,830,693</u>

Work in progress consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Bottling and distribution	\$ 40,817	\$ 8,755
Water and energy systems	953,665	1,934,535
Civil construction	40,350	82,112
Logistics and other development	<u>45,625</u>	<u>194,605</u>
	<u>\$ 1,080,457</u>	<u>\$ 2,220,007</u>

NOTE 5. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021, the Foundation paid expenses totaling \$3,077,252 and \$2,351,363, respectively, to a company for which a board member is the founder.

The Foundation received contributions of \$4,522,843 and \$3,159,659 from board members and board member companies during the years ended December 31, 2022 and 2021, respectively.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Desalination plants	\$ 646,330	\$ 698,632
Project materials and costs	548,987	734,121
Treks	980,380	1,163,548
Time restricted for desalination plants	372,089	215,389
Time restricted for treks	98,136	44,997
Time restricted	<u>1,366,503</u>	<u>351,303</u>
	<u>\$ 4,012,425</u>	<u>\$ 3,207,990</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of passage of time or other events as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Desalination plants	\$ 52,302	\$ -
Project materials and costs	185,134	-
Treks	183,169	-
Passage of time and/or receipts on pledges receivable	<u>611,689</u>	<u>547,288</u>
	<u>\$ 1,032,294</u>	<u>\$ 547,288</u>

Net assets with donor restrictions consisted of the following assets at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents, restricted	\$ 1,529,367	\$ 1,682,280
Cash and cash equivalents, restricted, long-term	646,330	914,021
Pledges receivable	1,464,639	396,299
Pledges receivable, long-term	<u>372,089</u>	<u>215,390</u>
	<u>\$ 4,012,425</u>	<u>\$ 3,207,990</u>

NOTE 7. IN-KIND CONTRIBUTIONS

Donated goods and services for the year ended December 31, are as follows:

<u>Category</u>	<u>Usage</u>	<u>2022</u>	<u>2021</u>
Human resource and information technology	Professional fees- management and general	\$ 60,000	\$ -
Solar modules	Work in progress - Program	<u>24,558</u>	<u>249,540</u>
		<u>\$ 84,558</u>	<u>\$ 249,540</u>

The professional fees and inventory were valued at fair market value of similar services and items.

NOTE 8. LESSEE OPERATING LEASES

The Foundation has a lease agreement for warehouse space which expired February 2023. The lease payment is \$5,408 per month, plus additional rent of \$2,100 to cover the proportional share of common area maintenance and other non-lease component costs. Upon expiration the lease has operated on a month-to-month basis and no amendment or extension has been signed.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2022 AND 2021

NOTE 8. LESSEE OPERATING LEASES (CONTINUED)

The Foundation has a lease agreement for land expiring April 2032. The lease has a two five year renewal options the Foundation expects to exercise. The lease payment is \$297 per month and increases by 5% annually.

The Foundation has a lease agreement for land expiring July 2024. The lease is renewable for up to three five year terms. The lease payment is \$540 per month and increases by 3% annually.

The Foundation has a lease agreement for office space expiring June 2024. The lease payment is \$1,000 per month. The lease automatically renews for an additional year unless twelve months written notice is given.

The weighted average risk free interest rates for the leases is 2.29%. The weighted average remaining lease term for the leases is 15.23 years.

Future minimum rental payments required under the operating lease are as follows:

2023	\$	33,247
2024		16,819
2025		11,221
2026		11,638
2027		12,301
Thereafter		<u>201,312</u>
Total minimum lease payments		286,538
Less imputed interest		<u>(57,530)</u>
Operating lease liabilities	\$	<u>229,008</u>

Total rent expense under operating leases is \$89,775 for the year ended December 31, 2022 and is included in “rental and facilities” and “project costs and materials” in the consolidated statement of functional expenses.