

GivePower Foundation

*Consolidated Financial Statements
December 31, 2023 and December 31, 2022*

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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, 2023, 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, 2023, 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 Responsibility for the Audit of the Consolidated 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 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 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' 2022 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

Howdsworth, Russo & Company, P.C.

Las Vegas, Nevada
August 22, 2024

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,188,975	\$ 3,762,765
Cash and cash equivalents, restricted	1,414,679	1,529,367
Accounts receivable	2,575	1,670
Pledges receivable	480,417	1,464,639
Deposits	17,341	14,807
Prepays and other assets	180,826	114,744
	<u>5,284,813</u>	<u>6,887,992</u>
OTHER ASSETS		
Cash and cash equivalents, restricted, long-term	1,240,766	646,330
Pledges receivable, long-term	119,612	372,089
Property and equipment, net	4,688,647	4,430,633
Work in progress and materials inventory	2,186,341	1,080,457
Operating lease, right-of-use assets	193,544	225,544
	<u>13,713,723</u>	<u>13,643,045</u>
Total assets	<u>\$ 13,713,723</u>	<u>\$ 13,643,045</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 284,971	\$ 340,279
Accrued liabilities	464,166	103,683
Refundable advance	-	526,670
Operating lease liabilities	11,893	28,077
	<u>761,030</u>	<u>998,709</u>
OTHER LIABILITIES		
Operating lease liabilities, long-term	189,038	200,931
	<u>189,038</u>	<u>200,931</u>
Total liabilities	950,068	1,199,640
NET ASSETS		
Without donor restrictions	9,508,181	8,430,980
With donor restrictions	3,255,474	4,012,425
	<u>12,763,655</u>	<u>12,443,405</u>
Total net assets	<u>12,763,655</u>	<u>12,443,405</u>
Total liabilities and net assets	<u>\$ 13,713,723</u>	<u>\$ 13,643,045</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, gains, and other support:		
Contributions and grants	\$ 7,435,312	\$ 8,801,990
In-kind contributions	275,468	84,558
Program revenue	596,258	653,278
Interest income	90,996	21,997
Net assets released from restrictions	2,011,689	1,032,294
	10,409,723	10,594,117
Expenses and losses:		
Program services	6,285,117	6,633,863
Supporting services:		
Management and general	1,378,725	1,288,238
Fundraising	839,509	329,589
	8,503,351	8,251,690
Foreign currency exchange loss	829,171	451,874
	9,332,522	8,703,564
Change in net assets without donor restrictions	1,077,201	1,890,553
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	1,254,738	1,836,729
Net assets released from restrictions	(2,011,689)	(1,032,294)
Change in net assets with donor restrictions	(756,951)	804,435
CHANGE IN NET ASSETS	320,250	2,694,988
NET ASSETS AT BEGINNING OF YEAR	12,443,405	9,748,417
NET ASSETS AT END OF YEAR	\$ 12,763,655	\$ 12,443,405

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Program Services	Supporting Services		2023 Totals	2022 Totals
		Management and General	Fundraising		
Advertising	\$ 234	\$ 325	\$ 9,901	\$ 10,460	\$ 6,300
Bank fees	-	29,452	-	29,452	31,716
Depreciation	247,002	-	-	247,002	188,626
Donation	-	-	-	-	44,517
Dues and subscriptions	9,713	36,252	818	46,783	35,711
Insurance	32,040	10,661	-	42,701	34,369
Professional fees	2,172,433	1,208,889	803,286	4,184,608	3,951,389
Project costs and materials	2,017,124	-	-	2,017,124	2,356,730
Office expenses and supplies	91,400	6,894	688	98,982	57,263
Repairs and maintenance	159,833	-	-	159,833	96,315
Rental and facilities	108,506	-	-	108,506	103,417
Salaries and related	789,487	1,426	883	791,796	569,997
Travel and entertainment	657,345	84,826	23,933	766,104	775,340
	<u>\$ 6,285,117</u>	<u>\$ 1,378,725</u>	<u>\$ 839,509</u>	<u>\$ 8,503,351</u>	<u>\$ 8,251,690</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 320,250	\$ 2,694,988
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	247,002	188,626
Amortization of operating lease, right-of-use asset	32,000	89,284
Donated property and equipment, work in progress, and materials inventory	(215,468)	(24,558)
Contributions restricted for long-term purposes	(714,048)	(1,390,507)
Changes in operating assets:		
Accounts receivable	(1,282)	703
Pledges receivable	1,236,699	(1,225,039)
Deposits	(3,637)	3,706
Prepays and other assets	(97,962)	(16,329)
Changes in operating liabilities:		
Accounts payable	(54,987)	(43,038)
Accrued liabilities	354,913	8,691
Refundable advance	(526,670)	17,000
Operating lease liabilities	(28,077)	(85,820)
Net cash provided by operating activities	548,733	217,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment, work in progress, and materials inventory	(2,129,026)	(1,146,989)
Net cash used in investing activities	(2,129,026)	(1,146,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	714,048	1,390,507
Net cash provided by financing activities	714,048	1,390,507
Effect of exchange rates on cash and cash equivalents	772,203	547,993
NET CHANGE IN CASH	(94,042)	1,009,218
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,938,462	4,929,244
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,844,420</u>	<u>\$ 5,938,462</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED) DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,188,975	\$ 3,762,765
Cash and cash equivalents, restricted	1,414,679	1,529,367
Cash and cash equivalents, restricted, long-term	<u>1,240,766</u>	<u>646,330</u>
	<u>\$ 5,844,420</u>	<u>\$ 5,938,462</u>
SUPPLEMENTAL DISCLOSURES:		
Operating lease right-of-use assets obtained for lease liabilities	<u>\$ -</u>	<u>\$ 310,614</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GivePower Foundation was incorporated in the State of Delaware and began operations in November 2013. 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 to over 1.7 million people in 28 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, 2023 AND 2022

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, 2023 and 2022 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, 2023 or 2022, 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, 2023 AND 2022

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, 2023 AND 2022

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 final measurement period occurred during the year ended December 31, 2023 and the related balances were closed out.

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, 2022, 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, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
Beginning accumulated translation adjustment	\$ (554,742)	\$ (102,868)
Translation adjustment during the year	<u>(829,171)</u>	<u>(451,874)</u>
Ending accumulated translation adjustment included in net assets	<u>\$ (1,383,913)</u>	<u>\$ (554,742)</u>

Reclassifications

Certain reclassifications have been made to the 2022 consolidated financial statements to conform to the 2023 presentation.

Recent Accounting Pronouncements

On January 1, 2023, the Foundation adopted FASB Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables.

The Foundation adopted *Topic 326* using the modified retrospective method for trade receivables. Results for reporting periods beginning after December 31, 2022 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable generally accepted accounting principles.

The standard had no material impact on the Foundation's consolidated statements of financial position, consolidated statements of activities, or consolidated statements of cash flows. There was no credit loss expense recognized for the years ended December 31, 2023 and 2022.

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, 2023 the Foundation had three operating leases (see Note 9).

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 22, 2024, 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, 2023, the Foundation received 54% of its contributions from two donors. During the year ended December 31, 2022, the Foundation received 43% from a single donor.

During the year ended December 31, 2023, 44% of the pledges receivable balance was due from a single donor. During the year ended December 31, 2022, 72% 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:

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2023 AND 2022

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,844,420	\$ 5,938,462
Accounts receivable	2,575	1,670
Pledges receivable	<u>600,029</u>	<u>1,836,728</u>
 Total financial assets	 6,447,024	 7,766,860
 Less amounts unavailable for general expenditures within one year:		
Cash and cash equivalents, restricted, long-term	(1,240,766)	(646,330)
Pledges receivable, long-term	<u>(119,612)</u>	<u>(372,089)</u>
 Total amounts unavailable for general expenditures within one year:	 <u>(1,360,378)</u>	 <u>(1,018,419)</u>
 Total financial assets available for general expenditures within one year	 <u>\$ 5,086,646</u>	 <u>\$ 6,758,441</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 299,785	\$ 274,780
Desalination plants and solar water farms	4,326,810	3,875,670
Solar system	330,762	330,762
Vehicles	<u>178,336</u>	<u>175,279</u>
	5,135,693	4,656,491
Less accumulated depreciation	<u>(447,045)</u>	<u>(225,858)</u>
	<u>\$ 4,688,648</u>	<u>\$ 4,430,633</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2023 AND 2022

NOTE 5. WORK IN PROGRESS AND MATERIALS INVENTORY

Work in progress and materials inventory consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Work in progress		
Water and energy systems	\$ 1,289,144	\$ 683,028
Logistics and other development	144,542	45,626
Civil construction	69,142	40,350
Bottling and distribution	<u>6,192</u>	<u>4,535</u>
Total work in progress	1,509,020	773,539
Materials inventory		
Water and energy systems materials	677,321	270,636
Bottling and distribution materials	<u>-</u>	<u>36,282</u>
Total materials inventory	<u>677,321</u>	<u>306,918</u>
Total work in progress and materials inventory	<u>\$ 2,186,341</u>	<u>\$ 1,080,457</u>

Materials inventory consists of parts and other materials that will either be included in work-in-progress for future fixed assets or expensed for repairs and maintenance relating to existing assets.

NOTE 6. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, the Foundation paid expenses totaling \$3,137,066 and \$3,077,252, respectively, to a company for which a board member is the founder.

The Foundation received contributions of \$3,728,558 and \$4,522,843 from board members and board member companies during the years ended December 31, 2023 and 2022, respectively. The Foundation received in-kind contributions of \$60,000 and \$60,000 from a board member company during the years ended December 31, 2023 and 2022, respectively.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Desalination plants	\$ 1,240,766	\$ 646,330
Treks	1,040,652	980,380
Project materials and costs	374,027	548,987
Time restricted for desalination plants	119,612	372,089
Time restricted for treks	-	98,136
Time restricted	<u>480,417</u>	<u>1,366,503</u>
	<u>\$ 3,255,474</u>	<u>\$ 4,012,425</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2023 AND 2022

NOTE 7. 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>2023</u>	<u>2022</u>
Project materials and costs	\$ 174,960	\$ 185,134
Treks	-	183,169
Desalination plants	-	52,302
Passage of time and/or receipts on pledges receivable	<u>1,836,729</u>	<u>611,689</u>
	<u>\$ 2,011,689</u>	<u>\$ 1,032,294</u>

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, restricted	\$ 1,414,679	\$ 1,529,367
Pledges receivable	480,417	1,464,639
Cash and cash equivalents, restricted, long-term	1,240,766	646,330
Pledges receivable, long-term	<u>119,612</u>	<u>372,089</u>
	<u>\$ 3,255,474</u>	<u>\$ 4,012,425</u>

NOTE 8. IN-KIND CONTRIBUTIONS

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

<u>Category</u>	<u>Usage</u>	<u>2023</u>	<u>2022</u>
Solar modules	Inventory – Program	\$ 159,468	\$ 24,558
Human resource and information technology	Professional fees-management and general	60,000	60,000
E-bikes	Supplies - Program	<u>55,800</u>	<u>-</u>
		<u>\$ 275,468</u>	<u>\$ 84,558</u>

Professional fees, supplies, and inventory were valued at fair market value of similar services and items.

NOTE 9. 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, 2023 AND 2022

NOTE 9. 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. A new lease or extension has not been signed.

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 2.5%. The weighted average remaining lease term for the leases is 16.2 years.

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

2024	\$	16,819
2025		11,221
2026		11,638
2027		12,073
2028		12,524
Thereafter		<u>189,017</u>
Total minimum lease payments		253,292
Less imputed interest		<u>(52,361)</u>
Operating lease liabilities		200,931
Less current operating lease liabilities		<u>(11,893)</u>
	\$	<u><u>189,038</u></u>

Total rent expense under operating leases is \$37,171 and \$89,775 for the years ended December 31, 2023 and 2022, respectively, and is included in “rental and facilities” and “project costs and materials” in the consolidated statement of functional expenses.