

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**SPLASH INTERNATIONAL AND SUBSIDIARIES  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>9</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Splash International and Subsidiaries  
Seattle, Washington

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Splash International and Subsidiaries (a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Splash International and Subsidiaries, as of December 31, 2023 and 2022, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Splash International and Subsidiaries 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Splash International and Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Splash International 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 Splash International 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
July 2, 2024

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,473,543	\$ 3,854,353
Grants and Pledges Receivable, Current Portion	699,620	3,108,345
WASH Systems and Supplies	411,296	529,749
Deposits on Equipment and Materials	26,500	367,018
Other Receivables, Current Portion	143,844	96,128
Investments	-	90,896
Advances to Programmatic Partners	34,892	50,042
Prepaid and Other Current Assets	95,100	91,297
Operating Right of Use Asset	10,667	-
Total Current Assets	5,895,462	8,187,828
<b>OTHER ASSETS</b>		
Grants and Pledges Receivable, Net of Current Portion and Discount	-	232,054
Property and Equipment, Net of Depreciation	32,198	42,096
Total Other Assets	32,198	274,150
Total Assets	\$ 5,927,660	\$ 8,461,978
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 68,357	\$ 103,945
Accrued Expenses	485,514	615,715
Deferred Revenue	800,000	-
Lease Liability - Operating	10,676	-
Total Current Liabilities	1,364,547	719,660
<b>LONG-TERM LIABILITIES</b>		
Refundable Grant Payable	250,000	250,000
Total Long-Term Liabilities	250,000	250,000
Total Liabilities	1,614,547	969,660
<b>NET ASSETS</b>		
Without Donor Restrictions	1,671,636	2,585,124
With Donor Restrictions	2,641,477	4,907,194
Total Net Assets	4,313,113	7,492,318
Total Liabilities and Net Assets	\$ 5,927,660	\$ 8,461,978

See accompanying Notes to Consolidated Financial Statements.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions and Grants	\$ 1,885,504	\$ 3,486,362	\$ 5,371,866
Contributed Nonfinancial Assets	17,540	155,520	173,060
Special Events Revenue, Net of Expenses	125,558	-	125,558
Interest and Other Income	27,140	-	27,140
Contributed Assets Released from Restrictions	95,797	(95,797)	-
Net Assets Released from Restrictions	<u>5,811,772</u>	<u>(5,811,772)</u>	<u>-</u>
Total Revenue and Support	7,963,311	(2,265,687)	5,697,624
<b>EXPENSES</b>			
Program Services	7,178,196	-	7,178,196
Management and General	1,076,329	-	1,076,329
Fundraising	622,304	-	622,304
Total Expenses	<u>8,876,829</u>	<u>-</u>	<u>8,876,829</u>
<b>CHANGE IN NET ASSETS</b>	(913,518)	(2,265,687)	(3,179,205)
Net Assets - Beginning of Year	<u>2,585,154</u>	<u>4,907,164</u>	<u>7,492,318</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,671,636</u></u>	<u><u>\$ 2,641,477</u></u>	<u><u>\$ 4,313,113</u></u>

See accompanying Notes to Consolidated Financial Statements.

**SPLASH INTERNATIONAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Contributions and Grants	\$ 899,629	\$ 3,683,207	\$ 4,582,836
Special Events Revenue, Net of Expenses	53,521	-	53,521
System Sales	4,600	-	4,600
Interest and Other Income	4,615	-	4,615
Contributed Assets Released from Restrictions	76,357	(76,357)	-
Net Assets Released from Restrictions	6,595,578	(6,595,578)	-
Total Revenue and Support	7,634,300	(2,988,728)	4,645,572
<b>EXPENSES</b>			
Program Services	6,781,397	-	6,781,397
Management and General	1,053,589	-	1,053,589
Fundraising	536,941	-	536,941
Total Expenses	8,371,927	-	8,371,927
<b>CHANGE IN NET ASSETS</b>	(737,627)	(2,988,728)	(3,726,355)
Net Assets - Beginning of Year	3,322,781	7,895,892	11,218,673
<b>NET ASSETS - END OF YEAR</b>	\$ 2,585,154	\$ 4,907,164	\$ 7,492,318

See accompanying Notes to Consolidated Financial Statements.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management and General	Fundraising	Total
Compensation and Related Expenses	\$ 2,141,453	\$ 655,615	\$ 434,130	\$ 3,231,198
WASH Implementation	1,771,810	-	-	1,771,810
Programmatic Partner Fees	2,735,054	-	-	2,735,054
Travel and Meetings	168,197	93,631	65,817	327,645
Other Professional Fees	50,854	202,516	59,317	312,687
Office and Supplies	25,745	5,920	3,479	35,144
Occupancy	105,669	11,418	6,709	123,796
IT and Communication	100,485	64,643	37,985	203,113
Other	69,625	22,772	13,381	105,778
Depreciation	9,304	374	220	9,898
Total Expenses by Function	<u>7,178,196</u>	<u>1,056,889</u>	<u>621,038</u>	<u>8,856,123</u>
Add: In-Kind	-	19,440	17,539	36,979
Less: Special Events	<u>-</u>	<u>-</u>	<u>(16,273)</u>	<u>(16,273)</u>
Total Expenses, Net	<u>\$ 7,178,196</u>	<u>\$ 1,076,329</u>	<u>\$ 622,304</u>	<u>\$ 8,876,829</u>

See accompanying Notes to Consolidated Financial Statements.



**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and Related Expenses	\$ 2,405,114	\$ 604,785	\$ 402,076	\$ 3,411,975
WASH Implementation	1,400,648	-	-	1,400,648
Programmatic Partner Fees	2,227,781	-	-	2,227,781
Other Professional Fees	45,286	217,090	50,733	313,109
Office and Supplies	27,196	4,467	2,338	34,001
Occupancy	101,973	12,695	6,646	121,314
Travel and Meetings	231,422	121,198	40,930	393,550
IT and Communication	154,225	61,435	32,164	247,824
Other	167,255	26,609	13,931	207,795
Depreciation	20,497	5,310	2,780	28,587
Total Expenses by Function	<u>6,781,397</u>	<u>1,053,589</u>	<u>551,598</u>	<u>8,386,584</u>
Less: Special Events	<u>-</u>	<u>-</u>	<u>(14,657)</u>	<u>(14,657)</u>
Total Expenses, Net	<u>\$ 6,781,397</u>	<u>\$ 1,053,589</u>	<u>\$ 536,941</u>	<u>\$ 8,371,927</u>

*See accompanying Notes to Consolidated Financial Statements.*

**SPLASH INTERNATIONAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (3,179,205)	\$ (3,726,355)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	9,898	28,587
Amortization of Right of Use Asset	9	-
Loss on Disposal of Property and Equipment	-	27,779
Investment Loss on Currency Translation	-	8,586
Change in Present Value Discount on Grants and Contributions	17,946	(3,638)
(Increase) Decrease in Assets:		
Accounts Receivable	(47,716)	8,629
Grants and Pledges Receivable	2,622,833	2,852,923
WASH Systems and Supplies	118,453	(136,493)
Deposit on Equipment and Materials	340,518	(164,722)
Advances to Programmatic Partners	15,150	(28,197)
Prepaid and Other Current Assets	(3,803)	(53,351)
Security Deposits	-	49,070
Increase (Decrease) in Liabilities:		
Accounts Payable	(35,588)	27,163
Accrued Expenses and Other Liabilities	(130,201)	(165,999)
Deferred Revenue	800,000	-
Net Cash Provided (Used) by Operating Activities	528,294	(1,276,018)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		-
Proceeds from Sales of Investments	90,896	1,345
Net Cash Provided by Investing Activities	90,896	1,345
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Refundable Grant Payable	-	250,000
Net Cash Provided by Financing Activities	-	250,000
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	619,190	(1,024,673)
Cash and Cash Equivalents - Beginning of Year	3,854,353	4,879,026
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,473,543	\$ 3,854,353

See accompanying Notes to Consolidated Financial Statements.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The mission of Splash International and Subsidiaries (SI) is to ensure clean water for kids. Splash delivers child-focused water, sanitation, hygiene (WASH), and menstrual health programs in partnership with governments in some of the largest, low resource cities in Asia and Africa. Splash focuses on child-serving institutions including schools, orphanages, shelters, and hospitals to help kids lead healthier lives. Since 2007, Splash has completed over 2,400 projects across Bangladesh, Cambodia, China, Ethiopia, India, Nepal, Thailand and Vietnam, serving more than 1,060,000 children daily (unaudited).

In June 2018 and January 2019, respectively, Splash formed Splash Social Enterprises LLC (SSE) and SSE Water Solutions Private Ltd (SSEWS), with Splash as the sole member of SSE and the controlling member of SSEWS. Both entities are social enterprises that allow Splash to expand its impact by selling Splash's patented drinking and handwashing stations to nonprofit and government customers. These innovative, durable, and unique stations are designed for use in institutional settings around the world.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Splash, SSE and SSEWS (collectively, the Organization) after elimination of inter-entity accounts and activity.

**Basis of Presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or through the passage of time.

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on the sale of assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Revenue is recognized when earned. System sales are recognized on a unit rate basis at the point in time that the sales occurred. There are no contract assets or liabilities related to system sales.

**Grants and Pledges Receivable**

Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Grants receivables are stated at the amount management expects to realize from outstanding balances. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to grants and pledges receivable. A valuation allowance was not deemed necessary at December 31, 2023 and 2022 based on management's review.

**Allowance for Credit Losses**

The Organization establishes an allowance for credit losses to present the net amount of accounts receivable expected to be collected. The allowance represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward-looking information. Management determined that the allowance for credit losses was insignificant as of December 31, 2023 and 2022, and there was no material activity related to the allowance for credit losses during each year.

**Conditional Promises to Give**

Conditional promises to give are recognized as revenue only when the conditions upon which they depend are met. Outstanding conditional promises to give totaled \$-0- and \$2,380,600 as of December 31, 2023 and 2022, respectively, and are intended to be used for WASH implementation. The outstanding conditional pledges are expected to be recognized as revenue during the next year.

**Cash and Cash Equivalents**

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

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**WASH Systems and Supplies**

The Organization holds WASH systems and related hardware in warehouses in Ethiopia, China and India. These are reported on the consolidated statements of financial position at cost and are expensed upon installation on a first-in, first-out basis. WASH systems and supplies are assessed for impaired value annually, and management has determined no impairment existed as of December 31, 2023 and 2022.

**Deposits on Equipment and Materials**

Deposits on equipment and materials consist of advance deposits for equipment that will be capitalized upon delivery or deposits on materials that have yet to be received for WASH systems.

**Other Receivables**

Other receivables consist of donated software licenses, training vouchers and miscellaneous receivables. The software licenses are for terms of two to three years, and the training vouchers may be used as desired.

**Investments**

Investments consist of certificates of deposit for SSEWS with expirations from 61 days to 365 days. Certificates of deposit are recorded at cost plus accrued interest.

**Advances to Programmatic Partners**

Advances to programmatic partners consist of cash advanced to project partners, generally located overseas, to fund WASH implementation projects.

**Property, Equipment, and Depreciation**

All acquisitions of furniture, fixtures and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets ranging from three to five years.

**Leases**

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position. There are no financing leases during 2023 or 2022.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases Continued**

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated statements of financial position.

**Contributed Nonfinancial Assets**

The Organization recognizes contributions of goods and services at fair value on the date received. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not donated. Software licenses, training and consulting services are valued based on prices typically charged by the donors to commercial customers. Goods and supplies are valued based on retail prices for the same or similar items. Multiple year software licenses and training are recognized as contribution revenue in the year committed as contributions with donor restrictions. The value of the future use of these licenses and training is included on the consolidated statements of financial position with grants and pledges receivable and totaled \$136,080 and \$76,357 as of December 31, 2023 and 2022, respectively (Note 4) . Contributed nonfinancial assets (in-kind goods and services) are included in contributions and grants on the consolidated statements of activities and changes in net assets.

Contributed nonfinancial assets include restricted contributions of software and services, of which \$173,060 and \$0- were recognized as restricted contributions in 2023 and 2022, respectively. Expenses recognized and net assets released related to the contributed nonfinancial assets totaled \$173,060 and \$76,357 as of December 31, 2023 and 2022, respectively.

In 2023 and 2022, the software licenses and training services were donor restricted and used for program purposes.

During the year ended December 31, 2023, the Organization received no tokens of cryptocurrency, which it accounts for as an intangible asset in accordance with U.S. GAAP. During the year ended December 31, 2022, the Organization received 300,000 tokens of cryptocurrency, which it accounts for as an intangible asset in accordance with U.S. GAAP. The estimated total fair value of the gift at the time received was approximately \$2,804. However, due to the tokens' limited liquidity and market volatility, management determined the adjusted fair value of the tokens was zero. Therefore, this asset is not reported on the consolidated statement of financial position as of December 31, 2023 and 2022.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status**

The Internal Revenue Service has determined that Splash is exempt from U.S. federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. SSE is a disregarded entity for federal tax purposes. SSEWS is subject to taxation laws in India.

**Foreign Currency Translation**

The functional currency of the Organization's field offices is the local currency in which each office is located. Substantially all assets and liabilities of the overseas offices have been translated into U.S. dollars at year-end exchange rates. Revenues and expenses have been translated at average monthly exchange rates. Translation adjustments totaled net losses of \$2,440 and \$104,959 for the years ended December 31, 2023 and 2022, respectively.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the number of employees working in each department. Expenses related to headquarters staff who serve multiple functions are allocated based on estimates of time spent on various programs, fundraising and other.

**Vulnerability From Certain Concentrations**

Financial instruments that potentially subject the Organization to concentrations of credit federally insured limits during the years ended December 31, 2023 and 2022. Cash held in foreign countries totaled \$327,250 and \$605,150 as of December 31, 2023 and 2022, respectively. Repatriation of funds restrictions may exist in a small number of foreign currency accounts. The Organization has not experienced any losses in such accounts and closely monitors its cash and cash equivalents.

For the years ended December 31, 2023 and 2022, 71% of contributions and grants were from three donors and 72% of grants and contributions were from four donors, respectively.

Additionally, as of December 31, 2023, 84% of outstanding grants and pledges receivable were from three donors, and as of December 31, 2022, 82% of outstanding grants and pledges receivable were from two donors.

**Subsequent Events**

The Organization has evaluated subsequent events through July 2, 2024, the date the consolidated financial statements were available to be issued.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain 2022 account balances were reclassified to conform with the current year consolidated financial statement presentation. These reclassifications had no effect on consolidated net assets or the consolidated change in net assets as of and for the year ended December 31, 2023.

**Adoption of New Accounting Standards**

Effective January 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**NOTE 2 GRANTS AND PLEDGES RECEIVABLE, NET**

Grants and pledges receivable consist of the following as of December 31:

	2023	2022
Due in Less Than One Year	\$ 699,620	\$ 3,108,345
Due in Two to Five Years	-	250,000
Total	699,620	3,358,345
Less: Discount to Present Value (0.39% to 1.55%)	-	(17,946)
Grants and Pledges Receivable, Net	<u>\$ 699,620</u>	<u>\$ 3,340,399</u>

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	2023	2022
Vehicles	\$ 77,700	\$ 77,700
Computer Hardware	45,000	45,000
Furniture and Fixtures	5,136	5,136
Total	127,836	127,836
Less: Accumulated Depreciation	(95,638)	(85,740)
Property and Equipment, Net	<u>\$ 32,198</u>	<u>\$ 42,096</u>



**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 SPECIAL EVENT REVENUE**

The Organization held a golf tournament during both 2023 and 2022 to raise funds for the Organization. Net special events revenue as reported on the consolidated statement of activities consists of the following as of December 31:

	2023	2022
Gross Special Event Revenue	\$ 141,831	\$ 68,178
Less: Direct Benefit per Person	(16,273)	(14,657)
Net Special Event Revenue	\$ 125,558	\$ 53,521

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of contributions restricted by donors for specific purposes and/or for specific time periods and donated software licenses that will be used in future years. The release of net assets with donor restrictions for the year ended December 31, 2023 totaled \$5,096,772 released for specific purposes, \$715,000 released for time restricted pledges, and \$95,797 for the use of software licenses. The release of net assets with donor restrictions for the year ended December 31, 2022 totaled \$5,715,578 released for specific purposes, \$880,000 released for time restricted pledges, and \$76,357 for the use of software licenses.

Net assets with donor restrictions are available for projects in the following countries or are restricted for time as of December 31:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Ethiopia	\$ 1,927,210	\$ 1,155,161
India	-	43,836
Multiple Countries	268,252	559,643
Total	2,195,462	1,758,640
Subject to the Passage of Time:		
Pledges	309,935	3,072,197
Software Licenses	136,080	76,357
Total	446,015	3,148,554
Total Net Assets With Donor Restrictions	\$ 2,641,477	\$ 4,907,194

**NOTE 6 LINE OF CREDIT**

In September 2015, the Organization obtained a revolving line of credit with a bank (the Bank) that allowed for borrowings up to \$200,000, secured by substantially all assets of the Organization, with a stated interest rate at 2.5% over bank prime rate. The line of credit was closed during 2022; therefore, no available balance remained at December 31, 2023 and 2022.

**SPLASH INTERNATIONAL AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

**Operating Lease – ASC 842**

During 2023, the Organization leases certain office equipment and office space for various terms under long-term, non-cancelable lease agreements. The noncancelable leases, which include escalating rent payments, expire at various dates during 2024. The Organization also has leases that are cancelable with one to three months' notice, as well as short term lease agreements. There were no leases within the scope of ASC842 during 2022.

The following tables provide quantitative information concerning the leases for the year ended December 31, 2023:

Other Information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating Cash Flows from Operating Leases	\$	3,530
ROU Assets Obtained for New Operating Lease Liabilities		14,068
Weighted Average Remaining Lease Term - Operating		1.0 Year
Weighted Average Discount Rate - Operating		4.79%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, are as follows:

Year ended December 31, 2024	<u>Total</u>
	\$ 10,906
Less: Imputed Interest	(230)
Present Value of Lease Liabilities	<u>\$ 10,676</u>

Total lease expense was \$88,454 and \$90,647 for the years ended December 31, 2023 and 2022.

**Recoverable Grant Payable**

During 2022, the Organization received a recoverable grant in the amount of \$250,000 from a third party. The Organization may utilize the funding for specific program purposes, and full repayment of the grant is due in full on August 1, 2025. The recoverable grant payable is unsecured and does not bear interest.

**Other Commitments and Contingencies**

The Organization has noncancelable contracts of up to two years with employees in certain countries. If the contracts are terminated before expiration and without cause, the Organization is obligated to pay the compensation remaining on the contracts. The Organization has estimated severance pay which is included on the consolidated statements of financial position in accounts payable and accrued expenses.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Other Commitments and Contingencies (Continued)**

Under the terms of certain grant agreements, funds the Organization receives are subject to audits by the grantors, and funds not spent in accordance with the intent of the agreements may be recoverable by the grantors. In the opinion of management, the Organization's liability, if any, resulting from such claims will not materially affect the Organization's financial position or the results of its activities.

Occasionally, the Organization may be involved in claims arising in the normal course of business. Management believes that uninsured costs that may be incurred in the settlement of such claims would not be material to the Organization's financial position.

**NOTE 8 RETIREMENT PLAN**

Effective January 1, 2011, the Organization established a 401(k)-profit sharing plan (the Plan). U.S. employees become eligible to participate in the Plan upon employment and when they have attained the age of 21 years.

Participants may contribute compensation up to the maximum amount allowed by law and are immediately vested in these contributions. The Plan provides for employer matching contributions of 100% of the first 3% of employee contributions. The matching contributions vest over two years. The Organization also provides various retirement plans for its local employees at offices outside of the U.S. The plans vary by country.

The Organization made matching contributions to all the retirement plans totaling \$124,424 and \$128,464 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 9 EXPENSES BY COUNTRY**

The Organization incurred program expenses in the following countries for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Ethiopia	\$ 5,521,669	\$ 4,138,938
United States	1,393,389	2,110,940
India	224,229	478,236
Nepal	12,181	11,430
China	14,595	25,102
Cambodia	12,133	16,751
Total Program Expenses by Country	<u>\$ 7,178,196</u>	<u>\$ 6,781,397</u>

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 10 AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS**

The Organization’s financial assets for general expenditure available within one year of the consolidated statements of financial position date are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 4,473,543	\$ 3,854,353
Grants and Pledges Receivable, Net	699,620	3,340,399
Other Receivables	143,844	96,128
Investments	-	90,896
Total Financial Assets	<u>5,317,007</u>	<u>7,381,776</u>
Less: Noncash Receivables	(143,844)	(96,128)
Less: Donor-Restricted for Specific Purposes and Time Restricted and Long-Term Pledges	<u>(2,641,477)</u>	<u>(4,907,194)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 2,531,686</u>	<u>\$ 2,378,454</u>

As part of the Organization’s liquidity management, it actively engages its Board, partners, and cultivates prospective donors to generate financial assets and build reserves for general expenditures. Although the Organization can use the donor-restricted financial assets to conduct program activities, if the activities could not be fulfilled, the funds would need to be returned to the donors. The Organization has a number of active projects and can decrease spending to manage liquidity if a decrease in funding were to occur.

**NOTE 11 INTER-ENTITY SALES ACTIVITY AND OTHER RELATED PARTY**

Splash Social Enterprises LLC (SSE) and SSE Water Solutions Private Ltd (SSEWS) allow Splash International (SI) to expand its impact by selling SI’s patented drinking and handwashing stations to nonprofit and government customers (Note 1). SSE and SSEWS also provide these patented drinking and handwashing stations to SI for use in its programs, primarily in Ethiopia (SSE) and India (SSEWS) at retail prices. The sales and cost of goods sold activity between SSE and SSEWS and SI is eliminated in consolidation.

Revenue from the sale of Splash’s patented drinking and handwashing stations is recognized at the point of sale by SSE and SSEWS, which is at the time the stations ship and SSE’s and SSEWS’ performance obligations are considered met. Product sales in 2023 and 2022 consisted entirely of inter-entity transactions and have been eliminated in consolidation.

Inventory purchased from SSE and SSEWS but held on hand at year-end by SI, including advance deposits paid by SI, are adjusted from retail prices to SSE’s and SSEWS’ cost and are included in WASH systems and supplies, and deposits on equipment and materials, on the consolidated statements of financial position. SI inventory and advance deposits valuation adjustments to SSE cost totaled \$(74,786) and \$(182,920) as of December 31, 2023 and 2022, respectively.

**SPLASH INTERNATIONAL AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 11 INTER-ENTITY SALES ACTIVITY AND OTHER RELATED PARTY (CONTINUED)**

When the purchased goods are used by SI in its program activities, the full retail price paid by SI is directly allocated to the applicable grants as program cost. The retail price is determined by SSE and SSEWS based on their wholesale cost of the stations, freight charges, and an estimated overhead costs. Freight is charged by SSE to SI at the time the goods ship to Ethiopia. Freight is not charged separately by SSEWS to SI.

Sales and cost of goods sold activity between SSE and SSEWS and SI was as follows for the years ended December 31, 2023 and 2022:

	<u>SSE</u>	<u>SSEWS</u>	<u>Total</u>
<u>December 31, 2023</u>			
Sales and Cost of Goods Sold, Without Freight Charges:			
Retail Sales to SI	\$ 260,939	\$ -	\$ 260,939
SSE and SSEWS Cost of Goods Sold	<u>(170,614)</u>	<u>-</u>	<u>(170,614)</u>
Total	<u>\$ 90,325</u>	<u>\$ -</u>	<u>\$ 90,325</u>
Margin	35%	0%	35%
 <u>December 31, 2022</u>			
Sales and Cost of Goods Sold, Without Freight Charges:			
Retail Sales to SI	\$ 25,440	\$ -	\$ 25,440
SSE and SSEWS Cost of Goods Sold	<u>(15,830)</u>	<u>-</u>	<u>(15,830)</u>
Total	<u>\$ 9,610</u>	<u>\$ -</u>	<u>\$ 9,610</u>
Margin	38%	0%	38%

**Other Related Party**

Splash India Trust (the Trust) was created in May 2018 for public charitable purposes. The Trust is affiliated with SI's mission; however, it is an independent entity and is not controlled by SI. There were no transactions between SI, SSE, SSEWS and the Trust during 2023 and 2022.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.