



Audited Financial Statements

Saha Global, Inc.

December 31, 2022

Saha Global, Inc.

Audited Financial Statements

December 31, 2022

INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7

Independent Auditors' Report

Board of Directors of
Saha Global, Inc.

Opinion

We have audited the accompanying financial statements of Saha Global, Inc. which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saha Global, Inc. as of December 31, 2022 and 2021, 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. 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 Saha Global, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

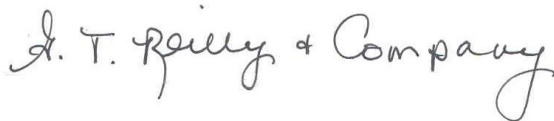
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Saha Global Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Saha Global Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in cursive script that reads "G.T. Reilly & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

G.T. Reilly & Company

Milton, Massachusetts
September 6, 2023

Saha Global, Inc.

Statements of Financial Position

December 31

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 573,367	\$ 828,401
Promises to give	80,000	77,237
Prepaid expenses and other assets	<u>27,679</u>	<u>12,135</u>
TOTAL CURRENT ASSETS	<u>681,046</u>	<u>917,773</u>
EQUIPMENT, NET (Note 2)	<u>46,535</u>	<u>8,005</u>
 TOTAL ASSETS	 <u>\$ 727,581</u>	 <u>\$ 925,778</u>
 <u>Liabilities and Net Assets</u>		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 25,503</u>	<u>\$ 25,246</u>
NET ASSETS		
Without donor restrictions	649,424	516,917
With donor restrictions (Note 6)	<u>52,654</u>	<u>383,615</u>
NET ASSETS	<u>702,078</u>	<u>900,532</u>
	<u>\$ 727,581</u>	<u>\$ 925,778</u>

Saha Global, Inc.

Statements of Activities and Changes in Net Assets

Years Ended December 31

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT						
Grants and contributions	\$ 1,108,412	\$ 64,970	\$ 1,173,382	\$ 859,815	\$ 443,692	\$ 1,303,507
Contributed services	37,922	-	37,922	50,800	-	50,800
Net assets released from restrictions (Note 6)	395,931	(395,931)	-	349,503	(349,503)	-
TOTAL SUPPORT	1,542,265	(330,961)	1,211,304	1,260,118	94,189	1,354,307
EXPENSES						
Program services	1,094,869	-	1,094,869	845,511	-	845,511
Management and general	190,046	-	190,046	147,641	-	147,641
Fundraising	124,843	-	124,843	121,345	-	121,345
TOTAL EXPENSES	1,409,758	-	1,409,758	1,114,497	-	1,114,497
CHANGE IN NET ASSETS - OPERATING ACTIVITIES	132,507	(330,961)	(198,454)	145,621	94,189	239,810
NON-OPERATING SUPPORT						
Payroll Protection Program loan forgiveness (Note 5)	-	-	-	81,875	-	81,875
CHANGE IN NET ASSETS	132,507	(330,961)	(198,454)	227,496	94,189	321,685
NET ASSETS AT BEGINNING OF YEAR	516,917	383,615	900,532	289,421	289,426	578,847
NET ASSETS AT END OF YEAR	\$ 649,424	\$ 52,654	\$ 702,078	\$ 516,917	\$ 383,615	\$ 900,532

Saha Global, Inc.

Statements of Functional Expenses

Years Ended December 31

	2022				2021			
	Program Services	General & Administrative	Fundraising	Total	Program Services	General & Administrative	Fundraising	Total
Salaries and related expenses:								
Ghana staff salaries	\$ 229,139	\$ -	\$ -	\$ 229,139	\$216,063	\$ -	\$ -	\$ 216,063
Ghana payroll taxes and benefits	76,913	-	-	76,913	69,446	-	-	69,446
US salaries and wages	135,363	23,745	71,377	230,485	122,321	21,305	68,412	212,038
US payroll taxes and benefits	9,650	1,841	5,625	17,116	9,464	1,656	5,318	16,438
US contractors	44,373	4,474	-	48,847	39,280	4,364	-	43,644
	495,438	30,060	77,002	602,500	456,574	27,325	73,730	557,629
Occupancy	10,624	487	-	11,111	6,317	122	-	6,439
Entrepreneur stipends - COVID	5,764	-	-	5,764	26,815	417	-	27,232
Program materials	126,296	352	-	126,648	84,976	-	-	84,976
Office supplies and expenses	69,659	11,153	-	80,812	45,087	11,459	490	57,036
Equipment rental, supplies and repairs	16,608	3,633	-	20,241	13,219	3,223	-	16,442
Insurance	9,084	9,751	-	18,835	8,076	8,676	-	16,752
Marketing and advertising	-	-	45,625	45,625	-	-	47,125	47,125
Professional fees	45,387	42,262	-	87,649	17,080	37,022	-	54,102
Professional fees - donated	-	37,922	-	37,922	-	50,800	-	50,800
Travel and meals	262,822	10,356	1,661	274,839	173,123	-	-	173,123
Miscellaneous expenses	26,533	552	555	27,640	9,850	-	-	9,850
Depreciation expense	11,986	653	-	12,639	1,516	182	-	1,698
Foreign currency exchange losses	14,668	42,865	-	57,533	2,878	8,415	-	11,293
	599,431	159,986	47,841	807,258	388,937	120,316	47,615	556,868
TOTAL FUNCTIONAL EXPENSES	\$1,094,869	\$ 190,046	\$ 124,843	\$1,409,758	\$845,511	\$ 147,641	\$121,345	\$1,114,497

Saha Global, Inc.

Statements of Cash Flows

Years Ended December 31

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (198,454)	\$ 321,685
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	12,639	1,698
Payroll protection program loan forgiveness	-	(81,875)
Changes in operating assets and liabilities:		
Promises to give	(2,763)	(76,794)
Prepaid expenses	(15,544)	(851)
Accounts payable and accrued expenses	257	8,396
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(203,865)</u>	<u>172,259</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to property and equipment	<u>(51,169)</u>	<u>(9,703)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on SBA Paycheck Protection Program Loan	-	(1,738)
SBA Paycheck Protection Program Loan, forgivable	-	43,690
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>41,952</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(255,034)	204,508
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>828,401</u>	<u>623,893</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 573,367</u>	<u>\$ 828,401</u>
<u>Supplemental Cash Flow Information</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 503</u>

Notes to Financial Statements

December 31, 2022

Note 1 – Organization and Significant Accounting Policies

Organization and Activities – Saha Global, Inc. (“the Organization”) is a nonprofit organization that was formed on October 23, 2008. The Organization partners with rural communities in Ghana, Africa to establish sustainable water treatment businesses that are owned and operated by the communities that the businesses serve, and to generate economic growth and empower women in the community. The capital necessary for the initial establishment of these businesses is generated from the Organization’s fundraising activities, primarily funded through foundations and individuals. The water treatment businesses use simple, affordable technologies to enable the treatment, distribution, and storage of clean and safe drinking water.

Tax-Exempt Status – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files informational tax returns with the Internal Revenue Service (Form 990) and the Commonwealth of Massachusetts (Form PC).

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

Accounting Estimates – The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial Statement Presentation – As a nonprofit entity, the Organization presents in its statement of financial position and its statement of activities and changes in net assets two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor restrictions. At its discretion, the Board of Directors may designate from net assets without donor restrictions amounts to be used for specific purposes.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of certain events, or by the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity, such as an endowment.

Donor-restricted support is recorded as “net assets with donor restrictions” when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, related amounts of “net assets with donor restrictions” are reclassified to “net assets without donor restrictions” and reported in the statement of activities as “net assets released from restrictions” (see Note 5). Contributions are recorded as increases in “net assets without donor restrictions” if the restrictions are met in the year the contribution is made.

Contributions – In evaluating whether transactions should be accounted for and reported as contributions or as exchange transactions, and in determining whether a contribution is conditional or unconditional, the Organization follows the Financial Accounting Standards Update (ASU) 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”.

Note 1 – Organization and Significant Accounting Policies (Cont.)

The ASU clarifies that a contribution represents a nonreciprocal transaction where the grantor or donor does not receive a benefit of commensurate value in return for the assets or resources provided to the recipient. In an exchange transaction, the resource provider receives some thing or benefit of commensurate value in return for the resources provided. Exchange transactions include instances where a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer receiving the benefit. However, where the benefit or potential benefit is received by the public, or segments thereof, and the resource provider (such as a foundation, government agency, corporation, or other entity) only receives indirect or incidental benefit that is not of commensurate value, the transaction is considered a contribution for accounting purposes.

Distinguishing between contributions and exchange transactions determines the appropriate accounting and reporting for a transaction. Transactions determined to be contributions are reported as support with or without donor restrictions as described above, “Financial Statement Presentation”, under accounting standards for Not-for-Profit entities.

Cash and Cash Equivalents – For purposes of classification in the statement of financial position, the Organization considers all highly-liquid deposits and investments with original maturities of three months or less to be cash equivalents.

Promises to Give – Promises to give to the Organization that are considered “unconditional promises to give” are reported at their net realizable value. Promises to give are written-off and charged against “grants and contributions” if they are determined to be uncollectible, based upon a periodic review of the pledges by management (direct write-off method). Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize potentially uncollectible promises, whereby an estimated provision is made for pledges that may become uncollectible. However, in management’s opinion, the effect of utilizing the direct write-off method is not materially different from the results which would have been obtained under the allowance method, principally due to the short-term nature of the promises. There were no write-offs of promises to give recorded by the Organization during the years ended December 31, 2022 and 2021, as none were considered necessary by management. At December 31, 2022 and 2021, the Organization considered its pledges receivable to be fully collectible. Accordingly, no allowance for doubtful accounts was recorded. At December 31, 2022 and 2021, all recorded promises to give to the Organization represent amounts due within one year.

Conditional Contributions – Conditional contributions or promises to give are not recognized as support in the financial statements until they become “unconditional”, that is, at the time when the conditions on which they depend are substantially met. Conditional contributions received in cash or other assets are reported as liabilities until the specified conditions are met (see Note 3).

Equipment – Equipment consists of office and computer equipment and vehicles stated on the basis of cost, less accumulated provisions for depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, three to ten years. Repair and maintenance costs are charged to expense as incurred (see Note 2).

Contributed Services – Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated, are recorded at their estimated fair market values when the donated services are provided. The fair value of the services are reported in the accompanying statements of activities and changes in net assets as support with equivalent amounts reported as expense (see Note 4).

Foreign Currency Transactions – The Organization has entered into contracts with certain foreign vendors and donors that are settled in the applicable local currency, principally the Ghanaian cedi. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the U.S. dollar are recognized upon settlement in the accompanying statements of activities and changes in net assets. The change in net assets for the years ended December 31, 2022 and 2021 includes foreign exchange transaction losses of approximately \$58,000 and \$11,000, respectively.

Note 1 – Organization and Significant Accounting Policies (Cont.)

At each balance sheet date, the Company evaluates the outstanding accounts receivable and payable that will be settled in currencies other than the U.S. dollar for transaction gain or loss adjustments. Transaction adjustments resulting from this process are charged to the statements of activities and changes in net assets if material.

Functional Allocation of Expenses – The statement of activities and changes in net assets reports a summary of the Organization's expenses by function, either program or supporting functions (management and general or fundraising). The statement of functional expenses presents the natural classification of expenses by function. Certain expenses are charged directly to the programs or supporting functions to which they relate. Other expenses require allocation to programs and/or supporting functions, which is made on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and fringe benefits, which are allocated based on estimates of time and effort. Occupancy expenses are allocated based on management's use of the functional area.

Evaluation of Subsequent Events – In accordance with generally accepted accounting principles, management has evaluated subsequent events involving the Organization for potential recognition or disclosure in the accompanying financial statements. Subsequent events relate to transactions or events which occurred after December 31, 2022 up through September 6, 2023, the date the accompanying financial statements were available to be issued.

Note 2 – Equipment

Equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 57,082	\$ 8,454
Office and computer equipment	7,796	5,255
	<u>64,878</u>	<u>13,709</u>
Accumulated depreciation	(18,343)	(5,704)
	<u>\$ 46,535</u>	<u>\$ 8,005</u>

Depreciation expense was \$12,639 and \$1,698 for the years ended December 31, 2022 and 2021, respectively.

Note 3 – Conditional Promises to Give

In 2019, the Organization received two promises to give that included future funding tranches totaling \$600,000 to be funded at various points in 2020 through 2022. Future funding was subject to meeting certain benchmarks and reporting requirements as defined in the agreements; therefore, the pledges were not recorded in the Organization's financial statements at the time the pledges were made. During 2022 and 2021, \$20,000 and \$180,000, respectively, was recognized as support upon meeting requirements defined in the agreement. There are no future funds to be received under these pledge agreements.

Note 4 – Services Contributed by Related Party

During 2022 and 2021, the Organization received contributed legal services from a related party. The fair value of these services approximated \$37,900 and \$50,800 for the years ended December 31, 2022 and 2021, respectively.

Note 5 – SBA Paycheck Protection Program Loans and Forgiveness

In May of 2020, the Organization applied for, and received, a \$39,923 Paycheck Protection Program (PPP) loan from its primary lender, through the Small Business Administration, as authorized by the U.S. Government's stimulus package in response to the economic fallout of the COVID-19 pandemic, the CARES Act. Under the note agreement, the loan's repayment was guaranteed by the Small Business Administration ("SBA"), it accrued interest at 1%, and it was forgivable and payable by the SBA if the Organization incurred, and paid, eligible expenses such as payroll and other specified costs as defined by the CARES Act. Additionally, in March of 2021, the Organization applied for, and received, a second PPP loan in the amount of \$43,690 under terms similar to the first loan.

The Organization applied for the loans' forgiveness under the terms of the agreement and, in fiscal 2021, it was notified by the SBA that the loans and accrued interest had been forgiven in the amount of \$81,875, leaving \$1,738 which was repaid by the Organization. The Organization was released from obligation under the debt instruments. The amount of the loan forgiveness is reflected as non-operating support in the accompanying statement of activities and changes in net assets for 2021.

SBA audits of loan forgiveness applications can take place after a PPP loan is forgiven and the statute of limitations for an audit is generally 6 years. The IRS has also announced that it believes it has the right to audit the use of the PPP loan funds and the loan forgiveness from an income tax perspective. The statute of limitations for IRS audits is generally 3 years.

Note 6 – Net Assets with Donor Restrictions

At December 31, 2022 and 2021, the Organization's net assets with donor restrictions, \$52,654 and \$383,615 , respectively, represent purpose restricted contributions in line with the Organization's overall mission, which had not yet been expended as of December 31, 2022 and 2021, respectively.

During the years ended December 31, 2022 and 2021, net assets of \$395,931 and \$349,503 , respectively, were released from restriction upon the satisfaction of donor restrictions.

Note 7 – Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at end of year:		
Cash and cash equivalents	\$ 573,367	\$ 828,401
Promises to give	<u>80,000</u>	<u>77,237</u>
	<u>653,367</u>	<u>905,638</u>
Less amount of donor restricted net assets	<u>(52,654)</u>	<u>(383,615)</u>
Financial assets available for general expenditure	<u>\$ 600,713</u>	<u>\$ 522,023</u>

Note 7 – Liquidity and Availability of Resources (Cont.)

The Organization's expenditures and commitments are entirely funded by contributed support and existing cash balances. The Organization takes into consideration committed funding as well as its funding pipeline of expected grants, including renewal grants from contributing foundations as well as grants from new contributing foundations when setting its annual expenditure budget. The annual budget is approved by the Board of Directors in advance of the calendar year. Monthly financial statements are reviewed by the Finance Committee of the Board of Directors and, in the event that a funding shortfall is expected, spending is adjusted, as necessary. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of operating expense. The Organization also maintains corporate credit cards with a total borrowing limit of \$12,000. Management has determined that the Organization's financial assets and liquidity resources at December 31, 2022 are more than sufficient to meet its general expenditures in 2023.

Note 8 – Financial Instruments, Credit Risk and Other Risks

The Organization's financial instruments that may be subject to concentrations of credit risk consist of cash and promises to give. A summary of credit risks and other concentrations and risks follows.

Cash and Foreign Currency – The Organization maintains its cash accounts at high-quality financial institutions within the United States of America and Ghana. Cash held at those financial institutions may occasionally exceed the amount of insurance provided on such accounts. Based on bank balances at December 31, 2022, there was approximately \$295,000 in U.S. deposits in excess of the FDIC insured limits. At December 31, 2022 and 2021, the value of the Organization's cash denominated in the Ghanaian cedi in a Ghanaian financial institution, converted to U.S. Dollars at the exchange rate on those dates, was approximately \$15,000 and \$122,000, respectively.

The foreign operations of the Organization subjects it to certain risks associated with foreign currency rate exchange volatility, foreign legislation and policy, and foreign economic and political conditions.

Promises to Give – At December 31, 2022, \$75,000 of promises to give to the Organization was made by one foundation, representing 94% of the total promises to give to the Organization. Subsequent to December 31, 2022, \$25,000 of this promise to give has been received by the Organization as of the date these financial statements were available to be issued.

Support – In 2022, the grants and contributions from four foundations totaled approximately \$734,000, or 63% of the Organization's total grants and contributions. In 2021, three of these foundations made grants and contributions of approximately \$774,000 in total, or 59% of the Organization's total grants and contributions.