The DigDeep Right to Water Project

Financial Statements

December 31, 2025
(With Comparative Totals for 2024)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The DigDeep Right to Water Project

Opinion

We have audited the accompanying financial statements of The DigDeep Right to Water Project (a California nonprofit corporation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 The DigDeep Right to Water Project as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The DigDeep Right to Water Project 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 The DigDeep Right to Water Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The DigDeep Right to Water Project'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.

Report on Summarized Comparative Information

We have previously audited The DigDeep Right to Water Project's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Los Angeles, California

June 4, 2026

The DigDeep Right to Water Project
Statement of Financial Position
December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 6,035,509	$ 9,068,010
Investments	10,244,686	9,836,193
Contributions and grants receivable	1,269,511	1,125,000
Prepaid expenses and other assets	394,660	604,818
Property and equipment, net	3,782,984	4,325,006
Intangible asset in progress	806,330	-
Deposits	27,406	27,406
Right-of-use lease assets	160,718	205,513
Total assets	$ 22,721,804	$ 25,191,946
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 330,980	$ 569,302
Operating lease liabilities	160,939	207,049
Total liabilities	491,919	776,351
Net assets		
Without donor restrictions	20,259,685	23,154,895
With donor restrictions	1,970,200	1,260,700
Total net assets	22,229,885	24,415,595
Total liabilities and net assets	$ 22,721,804	$ 25,191,946

The accompanying notes are an integral part of these financial statements.

The DigDeep Right to Water Project
Statement of Activities
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenue, gains (losses) and support				
Grants and contributions	$ 1,815,851	$ 12,006,905	$ 13,822,756	$ 10,409,864
Investment income, net	535,857	-	535,857	683,864
Sales, net of cost of goods sold of $9,512 for 2025 and $8,629 for 2024	(4,595)	-	(4,595)	11,063
Loss on sale of property and equipment	(8,016)	-	(8,016)	(44,562)
Net assets released from restrictions	11,297,405	(11,297,405)	-	-
Total revenue, gains and support	13,636,502	709,500	14,346,002	11,060,229
Functional expenses				
Program services	14,015,086	-	14,015,086	13,429,559
Management and general	741,684	-	741,684	831,877
Fundraising	1,774,942	-	1,774,942	1,401,057
Total functional expenses	16,531,712	-	16,531,712	15,662,493
Change in net assets	(2,895,210)	709,500	(2,185,710)	(4,602,264)
Net assets, beginning of year	23,154,895	1,260,700	24,415,595	29,017,859
Net assets, end of year	$ 20,259,685	$ 1,970,200	$ 22,229,885	$ 24,415,595

The DigDeep Right to Water Project
Statement of Functional Expenses
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	Program Services	Support Services: Management and General	Support Services: Fundraising	2025 Total	2024 Total
Personnel expenses					
Salaries	$ 5,807,269	$ 204,245	$ 1,032,770	$ 7,044,284	$ 6,296,171
Employee related benefits and taxes	1,776,307	79,171	217,449	2,072,927	1,803,851
Total personnel expenses	7,583,576	283,416	1,250,219	9,117,211	8,100,022
Accounting	-	112,020	-	112,020	139,188
Advertising	145,945	10,310	21,685	177,940	252,244
Bad debt expense	-	-	-	-	70,000
Bank and merchant fees	5,175	88,222	-	93,397	74,874
Depreciation	918,657	-	-	918,657	766,016
Fundraising consultants	-	-	322,287	322,287	345,334
Information technology	50,866	14,517	821	66,204	56,489
Insurance	299,529	31,167	-	330,696	262,601
Interest expense	5,767	2,902	-	8,669	2,630
Meals and entertainment	17,696	3,909	528	22,133	26,081
Office expenses	179,953	32,176	40,200	252,329	326,940
Other professional fees	199,399	15,426	50,257	265,082	288,599
Project expenses	4,212,639	-	-	4,212,639	4,216,846
Rent	79,102	25,684	-	104,786	137,027
Travel	211,926	62,261	30,049	304,236	454,367
Website and technology	104,856	59,674	58,896	223,426	143,235
	$ 14,015,086	$ 741,684	$ 1,774,942	$ 16,531,712	$ 15,662,493

The accompanying notes are an integral part of these financial statements.

The DigDeep Right to Water Project
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ (2,185,710)	$ (4,602,264)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	918,657	766,016
Loss on disposal of property and equipment	8,016	44,562
Realized and unrealized gain on investments	(73,583)	(57,579)
Donated investment securities	(43,312)	(83,232)
Reduction in carrying amount of right-of-use lease asset	99,190	70,358
Changes in operating assets and liabilities		
Contributions and grants receivable	(144,511)	8,882,993
Prepaid expenses and other assets	210,158	(409,936)
Deposits	-	(27,406)
Accounts payable and accrued expenses	(238,322)	123,391
Operating lease liabilities	(100,505)	(71,174)
Net cash provided by (used in) operating activities	(1,549,922)	4,635,729
Cash flows from investing activities		
Purchases of property and equipment	(384,651)	(953,409)
Purchases of intangible asset in progress	(806,330)	-
Purchases of investments	(21,567,318)	(30,844,015)
Proceeds from sale of investments	21,275,720	22,595,339
Net cash used in investing activities	(1,482,579)	(9,202,085)
Net decrease in cash and cash equivalents	(3,032,501)	(4,566,356)
Cash and cash equivalents, beginning of year	9,068,010	13,634,366
Cash and cash equivalents, end of year	$ 6,035,509	$ 9,068,010

Supplemental schedule of noncash investing and financing activities

Right-of-use lease assets obtained in exchange of lease obligations	$ 54,395	$ 219,132

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The DigDeep Right to Water Project (the "Organization") is a nonprofit corporation organized under the general nonprofit corporation laws of the state of California.

The Organization was founded in Los Angeles in 2012 and is the leading organization improving community-based water and sanitation ("WASH") outcomes in the United States. Today, the Organization runs several nationally-recognized water access programs that serve communities in New Mexico, Arizona, Utah, West Virginia, Kentucky, and Texas. The Organization also develops research and education projects, and maintains an extensive network of academic, government, and water industry partners focused on solving America's water crisis.

The operations of the Organization are funded primarily by contributions from individuals, foundations and businesses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The Organization prepares its financial statements on an accrual basis and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Accordingly, net assets are reported as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions.

Contributions and grants are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Investment income and gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior year summarized financial information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and cash equivalents

Cash equivalents generally consist of short-term, highly liquid investments with an original maturity of three months or less from the date of purchase as well as temporary cash held for reinvestment into long-term investment holdings.

Investments

Investments are valued at fair market value and investment transactions are recorded on the trade date. Donated investments are recorded at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- *Level 1* - Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.
- *Level 2* - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- *Level 3* - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Equipment that is purchased is stated at cost; donated assets are stated at fair value at the date of acquisition. The Organization capitalizes equipment purchases of $10,000 or more.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	31 - 40 years
Furniture and fixtures	3 - 10 years
Automobiles	5 years

Intangible asset in progress

Intangible asset in progress includes direct costs incurred in the production of a documentary. Such costs are capitalized as an asset on the statement of financial position when incurred and include expenditures related to the acquisition, adaptation, and development of the documentary properties. Capitalized costs are amortized on a straight-line basis over the estimated useful life of the documentary when the documentary is completed and placed into service.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such review indicates that the carrying amount of long-lived assets is not recoverable, then the carrying amount is reduced to fair value. There was no impairment of assets during the years ended December 31, 2025 and 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and grants revenue and receivables

Contributions and grants, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Contributions of assets other than cash are recorded at their estimated fair value. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Contributions and grants to be received after one year are discounted at a discount rate consistent with general principles for present value measurement. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on contributions. There is no discount recorded as of December 31, 2025 and 2024, as the discount calculated was immaterial to the financial statements. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. As of December 31, 2025 and 2024, the Organization considers all contributions receivable to be fully collectible; accordingly, no allowance for doubtful contributions has been recorded.

Conditional promises, 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. As of December 31, 2025 and 2024, the Organization had $619,800 of conditional promises outstanding that are not recognized as assets in the statement of financial position as qualifying expenditures have not yet been incurred.

Leases

The Organization evaluates whether new contracts are a lease at the contract inception or for a modified contract at the modification date. Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease payments are discounted using the rate implicit in the lease, or, if not readily determinable, the risk-free rate. The operating lease ROU asset also includes any lease payments made prior to lease commencement and excludes lease incentives. Variable lease payments are expensed as incurred and are not included within the ROU asset and lease liability calculation. The Organization does not recognize ROU assets and lease liabilities for short-term leases, which have a lease term of twelve months or less. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, general liability and IT administration, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the Organization to concentration of credit risk are cash, investments and contributions and grants receivable. The Organization manages deposit concentration risk by placing cash, money market accounts, and bank deposits with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations. Investments are made by diversified investment managers whose performance is monitored by the investment committee of the board of directors.

One donor accounted for 14% of grant revenue for the year ended December 31, 2024. Five grantors accounted for 86% and three grantors accounted for 71% of total contributions and grants receivable as of December 31, 2025 and 2024, respectively.

Income taxes

The Organization is a nonprofit, tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and 23701d of the California Revenue and Taxation Code. The Organization does not engage in any significant unrelated trades or businesses. Accordingly, no provision for income taxes is required.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Organization are more likely than not to be sustained upon examination.

Subsequent events

Subsequent events have been evaluated through June 4, 2026, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

3. LIQUIDITY AND AVAILABILITY

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 comprise the following:

	2025	2024
Cash and cash equivalents	$ 6,035,509	$ 9,068,010
Investments	10,244,686	9,836,193
Contributions and grants receivable	1,269,511	1,125,000
	17,549,706	20,029,203
Net assets with donor restrictions	(1,970,200)	(1,260,700)
	$ 15,579,506	$ 18,768,503

The Organization regularly monitors cash and liquidity to meet its operating needs. The Organization invests a portion of its cash not required for current operations in mutual funds.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consisted of the following:

	2025	2024
Less than one year	$ 959,511	$ 1,125,000
One to five years	310,000	-
	$ 1,269,511	$ 1,125,000

4. CONTRIBUTIONS AND GRANTS RECEIVABLE (continued)

The discount resulting from the measurement of the present value of future receivables was not material to the financial statements as of and for the year ended December 31, 2025

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2025:

	Level 1	Level 2	Level 3	Fair Value
Equity mutual funds	$ 856,888	$ -	$ -	$ 856,888
Fixed income mutual funds	9,387,798	-	-	9,387,798
	$ 10,244,686	$ -	$ -	$ 10,244,686

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
Equity mutual funds	$ 1,095,262	$ -	$ -	$ 1,095,262
Fixed income mutual funds	8,740,931	-	-	8,740,931
	$ 9,836,193	$ -	$ -	$ 9,836,193

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	2025	2024
Realized and unrealized gains on investments	$ 73,583	$ 57,579
Interest and dividend income	609,987	787,152
	683,570	844,731
Investment fees	(147,713)	(160,867)
	$ 535,857	$ 683,864

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	2025	2024
Land	$ 418,480	$ 418,480
Buildings	1,160,067	1,125,411
Automobiles	4,807,571	4,673,104
Construction in progress	525,334	408,239
	6,911,452	6,625,234
Accumulated depreciation	(3,128,468)	(2,300,228)
	$ 3,782,984	$ 4,325,006

Depreciation expense for the years ended December 31, 2025 and 2024 was $918,657 and $766,016, respectively.

7. INTANGIBLE ASSET IN PROGRESS

During the year ended December 31, 2025, the Organization began production of a documentary intended to outline the Organization's mission and impact. Direct costs associated with the production of the documentary are capitalized and included within intangible assets in progress on the accompanying statement of financial position. The Organization intends to pursue distribution of the film through a campaign specifically designed to create visibility and credibility that may lead to distribution agreements. The documentary is also being considered for licensing to platforms, broadcasters, and other secondary markets. The Organization has capitalized costs of $806,330 related to the documentary as of December 31, 2025. The documentary is expected to be completed in 2026.

8. MARGIN LINE OF CREDIT

In October 2025, the Organization entered into a margin line of credit agreement (the "LOC") with RBC Wealth Management ("RBC") under the RBC Express Credit program. The LOC permits borrowings for general investment and liquidity purposes and is collateralized by all securities, cash, and other assets held in the Organization's RBC brokerage account, over which RBC retains a first-priority security interest. There is no stated limit as of December 31, 2025.

Borrowings under the LOC bear interest at a variable rate based on RBC's internally determined Base Lending Rate plus an applicable spread, which varies depending on the average daily debit balance outstanding. Interest is calculated on a 360-day year, accrued daily, and charged monthly. All amounts outstanding under the LOC, including principal and interest, are payable on demand.

8. MARGIN LINE OF CREDIT (continued)

The Organization is required to maintain margin levels established by RBC. If margin requirements are not met, or upon the occurrence of certain specified events, RBC may require additional collateral or liquidate pledged assets without prior notice. The LOC does not have a stated maturity date and may be terminated by RBC at any time in accordance with the terms of the agreement. There were no outstanding borrowings on the LOC as of December 31, 2025.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for capital projects are intended to be used for future major capital investments and/or projects.

Net assets with donor restrictions are available for the following purposes:

	2025	2024
Development of the Thoreau Facility	$ 1,000,000	$ 1,000,000
Close the Water Gap	950,200	260,700
Time restrictions	20,000	-
	$ 1,970,200	$ 1,260,700

Donor restricted net assets for the development of the Thoreau Facility represent funds designated for construction of a new facility. A portion of these funds have already been spent and the full amount of the restriction will be recognized as a release from restricted net assets upon construction completion.

Net assets restricted for the Close the Water Gap program represent contributions restricted to support water access initiatives across multiple projects. The reported balance reflects the aggregate of all program-related restricted funds.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2025	2024
Close the Water Gap	$ 11,287,405	$ 20,037,563
Time restriction	10,000	-
	$ 11,297,405	$ 20,037,563

10. EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution retirement plan for eligible employees. Eligibility begins after completion of one month of service and all contributions are immediately vested. Under the plan, the Organization contributes up to 50% on the first 8% of total compensation for qualified employees. For the years ended December 31, 2025 and 2024, the Organization's contributions to the plan totaled $189,291 and $152,388, respectively.