

One Acre Fund and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

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One Acre Fund and Subsidiaries

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Independent Auditor's Report

The Board of Directors
One Acre Fund and Subsidiaries
Highland Park, Illinois

Opinion

We have audited the consolidated financial statements of One Acre Fund and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.



Auditor's 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 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 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

BDO USA, LLP

April 27, 2023

One Acre Fund and Subsidiaries
Consolidated Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 53,659,597	\$ 63,413,725
Grants receivable, current portion	26,312,266	23,945,972
Farmer repayment receivables, net	20,914,988	19,846,319
Voucher receivables, net	11,814,441	6,928,088
Employee receivables, net	2,039,559	1,743,821
Other current assets	799,323	1,595,342
Farm inputs inventory, net	38,502,356	40,111,853
Solar inventory	8,870,994	6,618,598
Other inventory	13,326,007	9,276,257
Prepaid expenses	14,380,623	27,462,205
Total Current Assets	190,620,154	200,942,180
Long-Term Grants Receivable, Net	36,140,918	39,932,585
Other Long-Term Investments	1,006,079	938,644
Other Long-Term Assets	225,117	325,374
Fixed Assets, Net	16,502,041	14,198,605
Total Assets	\$ 244,494,309	\$ 256,337,388
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 20,733,668	\$ 12,708,730
Deferred revenue from farmers	486,434	4,501,679
Refundable advances, current portion	12,142,017	12,182,017
Notes payable and lines of credit, current portion	29,169,379	29,417,721
Total Current Liabilities	62,531,498	58,810,147
Long-Term Refundable Advances	26,406,181	36,303,253
Long-Term Notes Payable and Lines of Credit	39,287,833	28,674,500
Total Liabilities	128,225,512	123,787,900
Commitments and Contingencies		
Net Assets		
Without donor restrictions	32,242,537	49,908,418
With donor restrictions	84,026,260	82,641,070
Total Net Assets	116,268,797	132,549,488
Total Liabilities and Net Assets	\$ 244,494,309	\$ 256,337,388

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenues, Gains, and Losses			
Contributions of cash and other financial assets	\$ 40,829,931	\$ 42,228,150	\$ 83,058,081
Revenue from sales to farmers and third parties	153,669,625	-	153,669,625
Non-financial contributions	427,566	-	427,566
Miscellaneous gains, net	2,085,244	-	2,085,244
Interest income	152,358	-	152,358
Net assets released from restrictions (Note 17)	40,842,960	(40,842,960)	-
Total Public Support, Revenues, Gains, and Losses	238,007,684	1,385,190	239,392,874
Expenses			
Program services	239,581,234	-	239,581,234
Management and general	8,212,245	-	8,212,245
Fundraising	6,607,384	-	6,607,384
Total Expenses	254,400,863	-	254,400,863
Change in Net Assets, before net remeasurement loss	(16,393,179)	1,385,190	(15,007,989)
Net Remeasurement Loss	(1,272,702)	-	(1,272,702)
Change in Net Assets	(17,665,881)	1,385,190	(16,280,691)
Net Assets, beginning of year	49,908,418	82,641,070	132,549,488
Net Assets, end of year	\$ 32,242,537	\$ 84,026,260	\$ 116,268,797

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenues, Gains, and Losses			
Contributions of cash and other financial assets	\$ 53,014,988	\$ 78,563,146	\$ 131,578,134
Revenue from sales to farmers and third parties	118,442,959	-	118,442,959
Non-financial contributions	279,083	-	279,083
Miscellaneous gains, net	1,077,730	-	1,077,730
Interest income	155,484	-	155,484
Net assets released from restrictions (Note 17)	34,030,660	(34,030,660)	-
Total Public Support, Revenues, Gains, and Losses	207,000,904	44,532,486	251,533,390
Expenses			
Program services	187,863,787	-	187,863,787
Management and general	6,783,542	-	6,783,542
Fundraising	4,067,417	-	4,067,417
Total Expenses	198,714,746	-	198,714,746
Change in Net Assets, before net remeasurement loss	8,286,158	44,532,486	52,818,644
Net Remeasurement Loss	(299,967)	-	(299,967)
Change in Net Assets	7,986,191	44,532,486	52,518,677
Net Assets, beginning of year	41,922,227	38,108,584	80,030,811
Net Assets, end of year	\$ 49,908,418	\$ 82,641,070	\$ 132,549,488

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Functional Expenses

Year ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Cost of goods sold (COGS) - farm inputs to farmers	\$ 79,020,545	\$ -	\$ -	\$ 79,020,545
COGS - solar products	2,084,902	-	-	2,084,902
COGS - other agricultural-related products	9,811,743	-	-	9,811,743
COGS - farm inputs to third parties	36,876,038	-	-	36,876,038
Farmer-related operating expenses	24,241,574	-	-	24,241,574
Bad debt expense	7,611,499	-	-	7,611,499
Salaries and benefits/compensation costs	48,295,181	7,430,671	5,117,044	60,842,896
Recruiting, training, and travel	7,664,217	267,744	189,059	8,121,020
Office and general expenses	10,128,942	179,939	93,140	10,402,021
Professional and consultancy fees	3,263,552	285,743	1,188,587	4,737,882
Occupancy costs	1,113,765	8,728	19,554	1,142,047
Transaction fees	2,615,242	39,420	-	2,654,662
Depreciation	1,534,248	-	-	1,534,248
Interest expense	1,979,978	-	-	1,979,978
Grants to outside org/subrecipient	1,446,845	-	-	1,446,845
Value-added tax and other taxes	1,748,429	-	-	1,748,429
Total Expenses, before in-kind expenses	239,436,700	8,212,245	6,607,384	254,256,329
In-Kind Expenses	144,534	-	-	144,534
Total Functional Expenses	\$ 239,581,234	\$ 8,212,245	\$ 6,607,384	\$ 254,400,863

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Functional Expenses

Year ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Cost of goods sold (COGS) - farm inputs to farmers	\$ 61,403,373	\$ -	\$ -	\$ 61,403,373
COGS - solar products	4,303,992	-	-	4,303,992
COGS - other agricultural-related products	14,898,798	-	-	14,898,798
COGS - farm inputs to third parties	14,247,561	-	-	14,247,561
Farmer-related operating expenses	18,689,938	-	-	18,689,938
Bad debt expense	8,329,722	-	-	8,329,722
Salaries and benefits/compensation costs	41,781,898	5,748,955	3,474,513	51,005,366
Recruiting, training, and travel	6,997,714	201,676	50,302	7,249,692
Office and general expenses	8,574,685	207,115	62,570	8,844,370
Professional and consultancy fees	2,340,362	614,734	467,676	3,422,772
Occupancy costs	886,955	9,166	12,356	908,477
Transaction fees	1,765,268	1,896	-	1,767,164
Depreciation	1,238,674	-	-	1,238,674
Interest expense	1,333,740	-	-	1,333,740
Grants to outside org/subrecipient	280,832	-	-	280,832
Value-added tax and other taxes	511,192	-	-	511,192
Total Expenses, before in-kind expenses	187,584,704	6,783,542	4,067,417	198,435,663
In-Kind Expenses	279,083	-	-	279,083
Total Functional Expenses	\$ 187,863,787	\$ 6,783,542	\$ 4,067,417	\$ 198,714,746

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries
Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (16,280,691)	\$ 52,518,677
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,534,248	1,238,674
Gain on sale of fixed assets	(6,351)	(66,468)
Provision for bad debt	7,611,499	8,329,722
Change in valuation allowance	2,788,403	(107,599)
Donated investments	(11,779,088)	(1,260,145)
Proceeds from sale of donated investments	11,779,088	395,020
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	1,425,373	(25,101,929)
Farmer repayment receivables	(10,346,159)	(10,673,675)
Voucher receivables	(5,960,610)	864,570
Employee receivables	(343,893)	(18,934)
Other current assets	796,019	654,427
Farm inputs inventory	1,609,497	(15,839,281)
Solar inventory	(2,252,396)	(3,246,308)
Other inventory	(4,049,750)	(3,502,805)
Prepaid expenses	13,081,582	(17,300,799)
Increase (decrease) in:		
Accounts payable and accrued expenses	136,248	12,366,892
Deferred revenue from farmers	(4,015,245)	(2,029,244)
Refundable advance	(9,937,072)	8,516,558
Net Cash (Used in) Provided by Operating Activities	(24,209,298)	5,737,353
Cash Flows from Investing Activities		
Purchases of fixed assets	(3,840,886)	(1,585,372)
Proceeds from sale of fixed assets	9,553	69,106
Purchases of investments	(67,435)	-
Payments from (for) other long-term assets	100,257	(325,374)
Net Cash Used in Investing Activities	(3,798,511)	(1,841,640)
Cash Flows from Financing Activities		
Proceeds from notes payable and lines of credit	23,617,274	13,331,131
Principal payments on notes payable and lines of credit	(5,363,593)	(9,125,302)
Net Cash Provided by Financing Activities	18,253,681	4,205,829
Net (Decrease) Increase in Cash and Cash Equivalents	(9,754,128)	8,101,542
Cash and Cash Equivalents, beginning of year	63,413,725	55,312,183
Cash and Cash Equivalents, end of year	\$ 53,659,597	\$ 63,413,725
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 2,171,988	\$ 1,085,895
Donated land	283,032	-
Donated services	144,534	279,083

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Organization

One Acre Fund is an Illinois not-for-profit organization that was incorporated in December 2005 and is registered to operate in its program countries, including those where One Acre Fund conducts trial activities. Currently, the primary countries of operation are Kenya, Rwanda, Burundi, Tanzania, Nigeria, and Malawi. The mission of One Acre Fund is to empower chronically hungry farm families in Africa to lift themselves out of hunger and poverty. One Acre Fund achieves its mission by working with self-help groups in rural villages to deliberately reach the most severely hunger affected.

2. Principles of Consolidation

The consolidated financial statements include One Acre Fund and Subsidiaries that are required to be consolidated and are related through shared management and directors. For the years ended December 31, 2022 and 2021, One Acre Fund and Subsidiaries include One Acre Stichting (Netherlands); One Acre UK Limited (United Kingdom); One Acre Fund, a trust/charity in Malawi; One Acre Farmers Organization, a trust/nongovernment organization (NGO) in Nigeria; Smallholder Resilience Ventures LLC US & Smallholder Resilience Ventures Rwanda; and One Acre Tanzania Limited, a company limited by guarantee in Tanzania (collectively, the Organization). All significant intercompany transactions are eliminated in consolidation.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). In the consolidated statements of financial position, assets are presented in order of liquidity or conversion to cash. Liabilities are presented in order of their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest, and other investments, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities.

One Acre Fund and Subsidiaries

Notes to Consolidated Financial Statements

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations. For the years ended December 31, 2022 and 2021, the Organization has no permanent donor-restricted assets.

Without Donor Restrictions - This class consists of the part of net assets that are not restricted by donor-imposed stipulations.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less, to be cash equivalents. At various times during the year, the Organization may have deposits at financial institutions that exceed federally insured limits. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal.

Provision for Doubtful Accounts

The Organization provides an allowance for doubtful accounts for various receivables, which are specifically identified by management, after the initial recording of revenue, as to their uncertainty in regard to collectability.

Investments at Fair Value

GAAP defines fair value, establishes a framework for measuring fair value, and expands the disclosures about fair value measurements. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by GAAP, as follows:

Level 1 - Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

One Acre Fund and Subsidiaries

Notes to Consolidated Financial Statements

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Grants Receivable, Farmer Repayment Receivables, Voucher Receivables, and Employee Receivables

Grants receivable, farmer repayment receivables, voucher receivables, and employee receivables are stated at the amount management expects to collect from outstanding balances. Long-term grants receivable are discounted to their net present value using a market rate. Management provides for estimated uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from farmers, employees, grants, contracts, etc. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable account. There was no allowance provided for grants receivable at December 31, 2022 and 2021. Farmer repayment receivables are net of a valuation allowance of \$3,206,130 and \$1,540,139 for December 31, 2022 and 2021, respectively. Voucher receivables are net of a valuation allowance of \$2,331,839 and \$1,257,581 at December 31, 2022 and 2021, respectively. Employee receivables are net of a valuation allowance of \$110,345 and \$62,197 at December 31, 2022 and 2021, respectively.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Revenue from government grants and other contracts is recognized as support without donor restrictions when expenditures have been incurred in compliance with the grantor's restrictions or when applicable performance-based milestones are reached, and as requisitions for payments are submitted. Grants are recognized as support without donor restrictions only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions.

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Notes to Consolidated Financial Statements

Revenue from Sales to Farmers and Third Parties

The Organization and farmers enter into a contract for the Organization to provide its program for a fee and the farmers pay a cash deposit on enrollment to the program. The Organization earns these fees as it provides farm inputs (seeds and fertilizer), other ag related products, solar, training, and other services to the farmers over the span of the contract period. Revenue from sales to farmers and third parties is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services rendered and as the performance obligations are satisfied.

The Organization determines the revenue from sales to farmers and third parties as a transaction price based on charges for goods and services provided, reduced by discounts and implicit price concessions at time the services are provided. The Organization factors in adjustments and discounts based on historical experience in the initial recording of revenue. Management regularly reviews data about these transactions in evaluating the sufficiency of allowances for bad debt based on collectability issues identified after the initial recording of the transaction price. For the years ended December 31, 2022 and 2021 provisions for bad debt recorded after the initial transactions price were \$7,611,499 and \$8,329,722, respectively. Actual results could differ from those estimates.

Cash received from farmers in advance of the Organization providing goods and services is recorded in the consolidated statements of financial position as deferred revenue from farmers.

Inventory

Inventory is valued at the lower of cost or market with cost determined on a weighted-average basis. Inventories primarily consists of farm inputs - seed and fertilizer, other agricultural products and solar. The valuation allowance for inventory amounted to \$3,435,272 and \$2,737,055 at December 31, 2022 and 2021, respectively.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Asset Category	Years
Buildings	15
Equipment	5-7
Vehicles	2-5

Repairs and maintenance are charged to operations in the period incurred.

It is the Organization's policy to capitalize individual fixed assets purchases greater than \$5,000 and aggregate similar grouped items over \$10,000, which may have been below \$5,000 individually.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including fixed assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of

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the asset are less than the carrying amount of that asset. As of December 31, 2022 and 2021, there have been no such losses.

Grant Expenditures

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The Organization incurred grant expenditures of \$1,446,845 and \$280,832 for the years ended December 31, 2022 and 2021, respectively. Grant expenditures are reported as grants to outside organizations/subrecipients within the consolidated statements of functional expenses.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made in the consolidated financial statements. The Organization is also classified as other than a private foundation. The Organization has no unrelated business income during the years ended December 31, 2022 and 2021 and, therefore, no provision for federal or state income taxes has been made in the accompanying consolidated financial statements. The Organization had no income tax expense for the years ended December 31, 2022 and 2021.

Under GAAP, an organization must recognize the tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended December 31, 2022 and 2021, there were no interest or penalties recorded or included in the consolidated statements of activities. The Organization is subject to a routine audit by taxing authorities.

Allocation Methodology

Program Services - The Organization's mission is to empower chronically hungry farm families in Africa to lift themselves out of hunger and poverty. The Organization works with self-help groups in rural villages to deliberately reach the most severely hunger affected. Currently, the Organization operates programmatically in seven countries on the African continent, primarily in East Africa, and pilot programs in a few additional countries. For the year ended December 31, 2022, the Organization served approximately 1,588,000 farmers. Expenses that can be directly identified with the Organization's programs or support services are charged accordingly. Occupancy costs, office, and general expenses are allocated to program or support based on Board of Directors (Board)-approved department budgets.

Management and General - This supporting service category includes the functions necessary to secure proper administrative functions, maintain an adequate working environment, and manage financial responsibilities of the Organization. In addition to expenses that can be directly identified as relating to management and general, this category includes all staff-related costs related to

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overhead activity departments, as well as an allocation of other costs that are considered necessary to support the Organization in general rather than specific programs.

Fundraising - This supporting service category includes expenditure that provides the structure necessary to encourage and secure private financial support for the Organization's own operations.

Reclassifications

Certain 2021 balances have been reclassified to be consistent with the 2022 financial presentation.

Use of Estimates

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

Accounting Pronouncements Recently Adopted

Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This update, along with ASU 2018-10, *Codification Improvements to Topic 842: Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; and ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, establish a comprehensive leasing standard. These standards require the recognition of lease assets and lease liabilities on the statements of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures, as well as provides entities with an additional (and optional) transition method to adopt the new standard. The ASU is effective for the Organization's fiscal year beginning after December 15, 2021. The adoption of the ASU did not have a material impact on the consolidated financial statements.

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)

The FASB issued ASU 2020-07 to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statements of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the statements of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs

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utilized to determine a fair value. In accordance with GAAP fair value should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. ASU 2020-07 does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021. The provisions of ASU 2020-07 were adopted by the Organization for all periods presented. The adoption of ASU 2020-07 did not have a material impact on the consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

Financial Instruments - Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying FASB Accounting Standards Codification (ASC), *Revenue from Contracts with Customers* (ASC 606), loans, and certain other instruments, entities will be required to use a new forward-looking “expected-loss” model that generally will result in earlier recognition of credit losses than under today’s incurred loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

4. Concentration of Credit Risk

The financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents. At various times, the Organization has cash deposits at financial institutions that exceed the Federal Depository Insurance Coverage limit of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

5. In-Kind Donations

Donated Services and Land

Donated services and land are recognized as revenue at their estimated fair value when they create or enhance nonfinancial assets, or they require specialized skills that would need to be purchased if they were not donated. For the years ended December 31, 2022 and 2021, donated services amounted to \$144,534 and \$279,083, respectively. These donated services are reported within non-financial contributions and corresponding expenses in the accompanying consolidated statements of activities. For the years ended December 31, 2022 and 2021, donated land amounted to \$283,032 and \$0, respectively. Donated land is reported within fixed assets in the accompanying consolidated statement of financial position, and within non-financial contributions in the accompanying consolidated statements of activities. For the years ended December 31, 2022 and 2021, the Organization received other donated services from volunteers who assist with the operations. No amounts have been recognized in the accompanying consolidated statements of activities for these volunteer services because the criteria for recognition of such volunteer effort have not been satisfied.

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Donated Investments

During the years ended December 31, 2022 and 2021, the Organization received donations of stocks and mutual funds valued at \$11,779,088 and \$395,020, respectively. The Organization's policy is to liquidate publicly traded securities immediately upon their receipt. For the years ended December 31, 2022 and 2021, the Organization received investments with a value of \$0 and \$865,125, respectively, that was related to non-publicly traded investments and was held as of year-end. These donated investments are included within reported within non-financial contributions and corresponding expenses in the accompanying consolidated statements and activities. There was no gain or loss recognized on the sale of its donated investments for the years ended December 31, 2022 and 2021.

6. Related Party Transactions

The Organization grants permanent staff and staff members on fixed-term contracts of more than 12 months in good standing the ability to take out a cash loan, salary advance, or non-cash loans of input or equipment. Management believes these transactions are conducted at arm's length.

7. Grants Receivable, Net

Grants due in more than one year have been recorded at the present value of the estimated cash flows using a discount rate of 5%.

Grants are due as follows:

<i>December 31,</i>	2022	2021
Less than one year	\$ 26,312,266	\$ 23,945,972
One to five years	39,054,200	43,573,247
Unconditional Promises to Give	65,366,466	67,519,219
Less: discount balance to present value	(2,913,282)	(3,640,662)
Grants Receivable, Net	\$ 62,453,184	\$ 63,878,557

8. Farmer Accounts Receivable and Farmer Service Revenue

The Organization recognizes revenue when control of the promised services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. FASB ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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The following table shows the Organization's revenue from farmers and third parties disaggregated by geographical area:

<i>Year ended December 31,</i>	2022	2021
Kenya	\$ 57,307,116	\$ 56,566,485
Rwanda	43,824,602	32,348,545
Tanzania	21,196,292	8,816,683
Burundi	15,006,207	11,241,913
Malawi	11,121,369	5,435,321
Nigeria	5,175,931	2,014,587
Uganda	38,108	553,973
Zambia	-	1,465,452
Total Revenue from Sales to Farmers and Third Parties	\$ 153,669,625	\$ 118,442,959

The following table shows the Organization's farmers receivable, net of the valuation allowance, disaggregated by geographical area:

<i>December 31,</i>	2022	2021
Malawi	\$ 6,780,371	\$ 3,240,289
Rwanda	6,240,481	6,317,972
Tanzania	4,136,727	4,696,421
Burundi	2,678,586	1,819,465
Nigeria	916,900	261,788
Kenya	149,724	3,510,384
Zambia	12,199	-
Total Farmers Receivable, Net	\$ 20,914,988	\$ 19,846,319

Farmers revenue and farmers receivable are reported in the amount that reflects consideration to which the Organization be entitled in exchange for providing services. These amounts are due from farmers as a loan receivable or accounts receivable and include a variable consideration (reductions to revenue) for various contractual discounts offered. The estimates for such discounts are based on historical experience with farmers and the number of units purchased. The transaction price amount is fixed based on each unit in the bundle of services provided to farmers. Each bundle of services provided includes distribution of seeds and fertilizers. Since the Organization's performance obligations are satisfied when the bundle of services has been performed, all of the Organization's farmers revenues presented are recognized at a point in time. Distribution of products and services timing varies based on the geographical location and ranges from one to two distributions a year. All farmers payments during the year before the distribution occurs are recorded as deferred revenue. All respective geographical locations' farmers revenues and accounts receivable are presented above.

As substantially all of its performance obligations relate to a bundle of service-type agreements with a duration of less than one year, the Organization has elected, as part of its adoption of the new revenue standard, to apply the optional exemption provided in ASC 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

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9. Conditional Grants

The Organization has grant agreements with several donors and foundations that consist of providing conditional funding in future years. A corresponding grant receivable has not been recorded on the consolidated statements of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts received are recorded as refundable advances.

Conditional Grants Receivables

Short-term and long-term conditional grants receivable, with long-term conditional grants receivable discounted for future cash flows at 5%, amounted to \$75,260,705 and \$67,943,350 as of December 31, 2022 and 2021, respectively. Due to the conditional nature of these receivables, they are not recorded at the respective year-ends.

Conditional Refundable Advances

A transfer of assets (i.e., cash received) related to a conditional contribution is accounted for as a refundable donor advance in the accompanying consolidated statements of financial position until the conditions are met; otherwise, the amount received will need to be repaid. As of December 31, 2022 and 2021, amounts due under refundable advance agreements totaled \$38,548,198 and \$48,485,270, respectively, which can be recognized as revenue in varying amounts through 2025 once certain conditions are met. This is broken down as follows:

<i>December 31,</i>	2022	2021
Refundable advance (senior), current portion	\$ 12,142,017	\$ 12,182,017
Long-term refundable advance (senior)	16,000,000	24,000,000
Long-term refundable advance (subordinate)	10,406,181	12,303,253
Total Refundable Advances	\$ 38,548,198	\$ 48,485,270

10. Fixed Assets, Net

Fixed assets, net, consist of the following:

<i>December 31,</i>	2022	2021
Land	\$ 2,231,568	\$ 1,901,369
Buildings	13,410,121	12,869,906
Equipment	6,354,800	3,094,859
Vehicles	1,508,458	1,488,678
	23,504,947	19,354,812
Less: accumulated depreciation and amortization	(7,242,520)	(5,742,786)
	16,262,427	13,612,026
Construction-in-progress	239,614	586,579
Fixed Assets, Net	\$ 16,502,041	\$ 14,198,605

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Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$1,534,248 and \$1,238,674, respectively. The estimated cost to complete the construction-in-progress at December 31, 2022 is \$401,715. During 2022 and 2021, fixed assets of \$15,904 and \$61,238, respectively, were disposed of. The disposals resulted in a gain of \$6,351 and \$66,468 for the years ended December 31, 2022 and 2021, respectively.

11. Notes Payable and Lines of Credit

The Organization uses notes payable and lines of credit to provide working capital for its farmer program activities. Lines of credit and notes payable consist of the following:

December 31, 2022

Debt Instrument	Interest Rate (%)	Amount Available	Outstanding Principal	Current Portion
Web-based line of credit	-	\$ 4,000,000	\$ 1,102,712	\$ 1,102,712
Lines of credit	Varies	15,500,000	10,000,000	10,000,000
Note payable	2.00 or less	37,113,334	25,618,334	12,400,000
Note payable	2.01-3.00	7,902,833	7,902,833	3,333,334
Note payable	3.01-4.00	15,833,333	15,833,333	2,333,333
Note payable	4.01-5.00	20,000,000	8,000,000	-
Total		\$ 100,349,500	\$ 68,457,212	\$ 29,169,379

December 31, 2021

Debt Instrument	Interest Rate (%)	Amount Available	Outstanding Principal	Current Portion
Web-based line of credit	-	\$ 4,000,000	\$ 615,698	\$ 615,698
Lines of credit	Varies	15,500,000	14,888,690	14,888,690
Note payable	2.00 or less	30,880,000	14,010,000	8,246,667
Note payable	2.01-3.00	7,411,167	7,411,166	333,333
Note payable	3.01-4.00	18,166,667	18,166,667	2,333,333
Note payable	4.01-5.00	3,000,000	3,000,000	3,000,000
Total		\$ 78,957,834	\$ 58,092,221	\$ 29,417,721

The Organization has an agreement with a web-based organization that allows the Organization to post short-term non-recourse and direct loans on the Organization's website. At December 31, 2022 and 2021, the amount outstanding on direct (recourse) loans was \$0 and \$500,000, respectively.

The Organization has revolving lines of credit with a commercial bank with amounts available totaling \$15,500,000 and \$15,500,000 at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, outstanding amounts on these lines of credit were \$10,000,000 and \$14,888,690, respectively.

The lines of credit and the notes payable are unsecured. Certain lines of credit and notes payable agreements have covenants, the most significant of which are a limitation on debt, maintenance of a minimum cash balance or positive operating cash flow, and maintenance of a minimum current ratio and net worth. The Organization complied with these covenants at December 31, 2022 and 2021.

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Included in notes payable is \$20,900,000 senior subordinated debt. Lenders of this note can elect to subordinate their loan to select senior debt that meets criteria defined in the agreement. At December 31, 2022, \$9,405,000 of senior subordinated debt was outstanding. It is subordinated to \$19,000,000 outstanding senior debt. The senior subordinated debt ranks equally with all other senior obligations of the Organization.

At December 31, 2022, maturities on the lines of credit and notes payable are as follows:

Year ending December 31,

2023	\$	29,169,379
2024		9,849,165
2025		9,658,269
2026		4,916,936
2027		4,722,436
Thereafter		10,141,027
Total	\$	68,457,212

12. Functional Currency, Foreign Currency Translation, and Currency Exchange Rate Exposure

Based on several factors, including the dominant role of the U.S. currency in the funding of the Organization's programs, management considers the U.S. dollar to be the Organization's functional currency. As such, the Organization's monetary assets and liabilities held in foreign currencies are remeasured using the current rate at the consolidated statement financial position date, while non-monetary assets and liabilities are remeasured using historical exchange rates. Most revenues and expenses that occur during a period are remeasured for practical purposes using a weighted-average exchange rate for the year. However, revenues and expenses that represent the allocations of historical balances, such as depreciation expense, are remeasured using the same historical exchange rates, as the ones used for remeasuring the underlying items on the consolidated statements of financial position. The Organization regularly transfers cash from its domestic accounts to its foreign accounts to cover expenses, translating its foreign transactions into U.S. dollars using a weighted-average exchange rate. The Organization has significant deposits in foreign financial institutions. Cash and petty cash are held in the local currencies of Kenya, Rwanda, Burundi, Uganda, Malawi, Ethiopia, Zambia, Tanzania, and Nigeria. The Organization has other assets and liabilities originally denominated in foreign currencies.

This results in an exposure to currency exchange gains and losses at the time assets are disposed of and liabilities are settled, as well as during year-end foreign currency translation into U.S. dollars. In any particular year, currency exchange rate fluctuations may have a significant impact on the Organization's financial results. The foreign currency translation gains and losses are recorded on the Organization's consolidated statements of activities as a net remeasurement gain or loss. For the years ended December 31, 2022 and 2021, the Organization recognized a net remeasurement loss of \$1,272,702 and \$299,967, respectively.

13. Lease Commitments

The Organization leases office, warehouse space, trial plots of land, and housing for its workforce in Africa under multiple operating leases expiring on various dates through 2027 and thereafter.

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Total rent expenses under all leases amounted to \$1,142,047 and \$908,477 for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022, minimum future rental payments are as follows:

Year ending December 31,

2023	\$	1,008,811
2024		628,772
2025		439,800
2026		270,973
2027		106,083
Thereafter		178,263
Total	\$	2,632,702

14. Concentration of Foreign Operations Risk

Contributions are raised globally, with a majority within the U.S. The nature of the Organization's program activities is to supply agricultural inputs, training, and other services on credit in foreign countries. While foreign operations risk is somewhat diversified across countries, and is actively managed by the Organization, it remains reasonably possible that operations outside the U.S. could be disrupted due to political, economic, or natural events, impacting the normal functioning of these programs. As of December 31, 2022 and 2021, the Organization has assets outside the U.S. with a carrying value of \$143,566,815 and \$141,620,047, respectively, primarily across four countries in East Africa, with the largest concentration in Kenya, which contains \$52,520,005 and \$65,371,193 of the Organization's assets as of December 31, 2022 and 2021, respectively.

15. Employee Benefit Plan

The Organization has a 401(k) plan for employees that are U.S. citizens, to which employees may contribute up to the maximum amount allowable by federal regulation, with the Organization matching contributions at the discretion of the Organization. The Organization made no discretionary matching contributions to the plan for the years ended December 31, 2022 and 2021.

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Notes to Consolidated Financial Statements

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

<i>December 31,</i>	2022	2021
Subject to specified purpose:		
Trees scale-up and research	\$ 29,496,732	\$ 23,326,288
Seed systems in Rwanda	10,896,294	12,750,000
Systems change initiatives	7,121,730	10,120,432
Tech development	6,089,312	7,501,263
Program expansion in Tanzania	5,718,821	2,000,000
Scaling climate-sustainable interventions	4,756,182	-
Carbon sequestration	4,446,588	6,060,148
Program expansion in Rwanda	1,785,343	-
Rural retail and market access	1,000,000	-
Non-repayment loss absorption	829,897	3,452,587
Monitoring and evaluation research	770,238	-
New interventions research and trials	746,040	-
Scaling climate-sustainable interventions (IKEA Foundation)	449,896	1,104,014
Program expansion - Malawi and Rwanda	222,796	256,203
Program expansion in Kenya	200,000	-
Pilot operations and expansions	94,971	-
Nutrition and scale up innovations	34,099	140,472
Program expansion in Malawi	33,844	170,069
Program expansion in Burundi	-	100,000
Program-related costs excluding inputs	-	4,958,500
Kenya seed and fertilizer sourcing	-	1,349,225
Total Net Assets Subject to Specified Purpose	74,692,783	73,289,201
Subject to passage of time:		
Donor-specified time	9,333,477	9,351,869
Total Net Assets with Donor Restrictions	\$ 84,026,260	\$ 82,641,070

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Notes to Consolidated Financial Statements

17. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during the years ended December 31, 2022 and 2021. The net assets released from donor restrictions are as follows:

<i>Year ended December 31,</i>	2022	2021
Purpose or period restrictions accomplished:		
Trees scale-up and research	\$ 10,065,426	\$ 7,434,300
Program-related costs excluding inputs	4,958,500	4,958,500
Systems change initiatives	3,331,500	1,403,000
Passage of time	3,264,000	3,240,001
Non-repayment loss absorption	2,639,911	2,483,684
Tech development	2,432,853	2,619,844
Program expansion in Tanzania	2,000,000	2,000,000
Carbon sequestration	1,870,049	496,230
Sourcing seeds and fertilizer	1,815,892	1,650,895
Seed systems in Rwanda	1,242,927	-
Program expansion in Malawi	1,202,045	12,964
Program expansion in Kenya	1,000,000	200,000
Rural retail and market access	1,000,000	-
Program expansion in Burundi	700,000	375,400
Scaling climate-sustainable interventions (IKEA Foundation)	675,518	1,700,396
Program expansion in Rwanda	651,068	604,480
Radical innovations	650,000	104,342
Pilot operations and expansions	405,029	336,642
Monitoring and evaluation research	324,000	-
Program expansion - Malawi and Rwanda	256,203	-
Nutrition and scale up innovations	175,849	1,231,687
Woman farmers in Kenya	100,000	75,000
New interventions research and trials	82,190	-
COVID-19 response	-	708,218
Kenya seed and fertilizer sourcing	-	707,879
Pilot operations in Malawi and Uganda	-	621,620
Program expansion in Burundi and Malawi	-	300,000
Program expansion in Zambia	-	45,000
Seed production in Rwanda	-	720,578
Total Restrictions Released	\$ 40,842,960	\$ 34,030,660

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18. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statements of financial position due for general expenditure are as follows:

<i>Year ended December 31,</i>	2022	2021
Unrestricted cash and cash equivalents	\$ 53,659,597	\$ 63,413,725
Grants receivable, current portion	26,312,266	23,945,972
Farmer repayments receivables	20,914,988	19,846,319
Voucher receivables	11,814,441	6,928,088
Employee receivables and other current assets	2,838,882	3,339,163
Financial Assets	115,540,174	117,473,267
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	(24,377,045)	(20,797,972)
Total Financial Assets Available to Management for General Expenditures Within One Year	\$ 91,163,129	\$ 96,675,295

The receivables are subject to implied time restrictions but are expected to be collected within one year. Net assets with donor restrictions that are expected to be incurred in greater than one year are excluded from the table above. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of liquidity requirements. Additional liquidity is also available through its unused line of credit (see Note 11).

19. Miscellaneous Gains and Losses

Miscellaneous gains (losses) consisted of the following:

<i>Year ended December 31,</i>	2022	2021
Gain from sale of fixed assets	\$ 6,351	\$ 66,468
Gain from other sales	2,165,628	489,709
(Loss) gain on farmers crop insurance (net of insurance payouts of \$67,637 and \$841,687, respectively, and farmer forgiveness of \$154,372 and \$320,134, respectively)	(86,735)	521,553
Net Miscellaneous Gains	\$ 2,085,244	\$ 1,077,730

The consolidated statements of functional expenses include a crop insurance premium of \$1,309,267 and \$1,525,535 for the years ended December 31, 2022 and 2021, respectively. Crop insurance premium is reported as farmer-related operating expenses within the consolidated statements of functional expenses.

20. Subsequent Events

The Organization's management has performed subsequent events procedures through April 27, 2023, which is the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as a result of these procedures.