

**ONE ACRE FUND, INC.  
REPORT ON THE EXAMINATION  
OF THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**

**ONE ACRE FUND, INC.**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
Independent Auditors' Report	2
Statements of Financial Position	3
Statement of Activities	
For the Year Ended December 31, 2009	4
For the Year Ended December 31, 2008	5
Statement of Functional Expenses	
For the Year Ended December 31, 2009	6
For the Year Ended December 31, 2008	7
Statements of Cash Flows	8 - 9
Notes to the Financial Statements	10 - 16

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
One Acre Fund, Inc.

We have audited the accompanying statements of financial position of One Acre Fund, Inc. (an Illinois not-for-profit corporation) as of December 31, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of One Acre Fund, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We did not observe the physical inventory taken as of December 31, 2009 and December 31, 2008 to verify the quantity of inventory items.

In our opinion, except for the effects on the financial statements of any adjustments that might have resulted had we been able to observe the physical inventory at December 31, 2009 and 2008, or to otherwise satisfy ourselves as to quantities at those dates, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of One Acre Fund as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Knutte & Associates, P.C.*

**ONE ACRE FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

**ASSETS**

	<b>2009</b>	<b>2008</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,010,918	\$ 756,720
Cash Reserved for Crop Insurance Fund	540,292	500,000
Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	1,075,000	500,000
Employee Advances (Net of Allowance for Doubtful Accounts of \$6,214 and \$0, Respectively)	37,913	0
Inventory	759,892	302,590
Prepaid Expenses	21,875	24,840
<b>TOTAL CURRENT ASSETS</b>	<b>3,445,890</b>	<b>2,084,150</b>
<b>FIXED ASSETS</b>		
Vehicles	291,815	146,773
Land	59,875	4,952
Buildings	26,815	0
Equipment	21,985	13,323
	400,490	165,048
Less -- Accumulated Depreciation	61,905	19,902
<b>TOTAL FIXED ASSETS</b>	<b>338,585</b>	<b>145,146</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 3,784,475</b>	 <b>\$ 2,229,296</b>

**LIABILITIES AND NET ASSETS**

	<b>2009</b>	<b>2008</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 16,031	\$ 7,265
Note Payable	100,000	0
<b>TOTAL CURRENT LIABILITIES</b>	<u>116,031</u>	<u>7,265</u>
<b>LONG TERM LIABILITIES</b>		
Refundable Crop Insurance Funds	500,000	500,000
Note Payable	0	100,000
<b>TOTAL LONG TERM LIABILITIES</b>	<u>500,000</u>	<u>600,000</u>
<b>TOTAL LIABILITIES</b>	<u>616,031</u>	<u>607,265</u>
<b>NET ASSETS</b>		
Unrestricted	2,918,444	1,093,031
Temporarily Restricted	250,000	529,000
<b>TOTAL NET ASSETS</b>	<u>3,168,444</u>	<u>1,622,031</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,784,475</u></u>	<u><u>\$ 2,229,296</u></u>

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>PUBLIC SUPPORT AND REVENUES</b>				
Grants and Donations	\$ 2,582,519	\$ 590,000	\$ 0	\$ 3,172,519
Program Fees	435,667	0	0	435,667
Donated Services	49,071	0	0	49,071
Interest	15,066	0	0	15,066
Miscellaneous	6,806	0	0	6,806
Donated Investments	3,683	0	0	3,683
Special Events (Net of Direct Benefits to Donors of \$713)	470	0	0	470
Net Assets Released from Restrictions	869,000	(869,000)	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>3,962,282</b>	<b>(279,000)</b>	<b>0</b>	<b>3,683,282</b>
<b>FUNCTIONAL EXPENSES</b>				
Functional Expenses				
Program Services	1,745,847	0	0	1,745,847
Management and General	218,497	0	0	218,497
Fundraising	35,839	0	0	35,839
Total Functional Expenses	2,000,183	0	0	2,000,183
Remeasurement Loss	135,114	0	0	135,114
Loss on Disposal of Fixed Assets	1,532	0	0	1,532
Loss on Sale of Investments	40	0	0	40
<b>TOTAL FUNCTIONAL EXPENSES AND LOSSES</b>	<b>2,136,869</b>	<b>0</b>	<b>0</b>	<b>2,136,869</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,825,413</b>	<b>(279,000)</b>	<b>0</b>	<b>1,546,413</b>
<b>NET ASSETS,</b>				
<b>BEGINNING OF YEAR</b>	<b>1,093,031</b>	<b>529,000</b>	<b>0</b>	<b>1,622,031</b>
<b>END OF YEAR</b>	<b>\$ 2,918,444</b>	<b>\$ 250,000</b>	<b>\$ 0</b>	<b>\$ 3,168,444</b>

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>PUBLIC SUPPORT AND REVENUES</b>				
Grants and Donations	\$ 1,503,786	\$ 535,000	\$ 0	\$ 2,038,786
Program Fees	158,149	0	0	158,149
Donated Services	60,500	0	0	60,500
Special Events (Net of Direct Benefits to Donors of \$19,886)	31,925	0	0	31,925
Interest	7,852	0	0	7,852
Miscellaneous	3,599	0	0	3,599
Net Assets Released from Restrictions	8,000	(8,000)	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>1,773,811</b>	<b>527,000</b>	<b>0</b>	<b>2,300,811</b>
<b>FUNCTIONAL EXPENSES</b>				
Functional Expenses				
Program Services	1,019,079	0	0	1,019,079
Management and General	100,087	0	0	100,087
Fundraising	34,367	0	0	34,367
Total Functional Expenses	1,153,533	0	0	1,153,533
Remeasurement Loss	18,462	0	0	18,462
<b>TOTAL FUNCTIONAL EXPENSES AND LOSSES</b>	<b>1,171,995</b>	<b>0</b>	<b>0</b>	<b>1,171,995</b>
<b>CHANGE IN NET ASSETS</b>	<b>601,816</b>	<b>527,000</b>	<b>0</b>	<b>1,128,816</b>
<b>NET ASSETS,</b>				
<b>BEGINNING OF YEAR</b>	<b>491,215</b>	<b>2,000</b>	<b>0</b>	<b>493,215</b>
<b>END OF YEAR</b>	<b>\$ 1,093,031</b>	<b>\$ 529,000</b>	<b>\$ 0</b>	<b>\$ 1,622,031</b>

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT AND GENERAL</b>	<b>FUNDRAISING</b>	<b>TOTAL</b>
Accounting	\$ 0	\$ 4,723	\$ 0	\$ 4,723
Bad Debts	0	6,214	0	6,214
Bank and Credit Card Fees	0	12,834	0	12,834
Business Development	77,973	19,494	0	97,467
Consulting	22,737	7,579	0	30,316
Crop Insurance Fees	0	5,453	0	5,453
Depreciation	39,033	3,636	0	42,669
Employee Benefits	7,898	878	0	8,776
Farming Supplies	503,149	0	0	503,149
Farming Transportation	173,562	0	0	173,562
Farming Warehouse Costs	13,384	0	0	13,384
Insurance	3,351	3,351	0	6,702
Interest	0	4,992	0	4,992
Legal Fees	0	27,277	0	27,277
Marketing and Promotions	0	16,625	4,156	20,781
Miscellaneous	16,054	11,891	0	27,945
Occupancy	16,259	761	761	17,781
Payroll Taxes	26,117	2,902	0	29,019
Postage and Shipping	798	1,863	0	2,661
Printing and Publications	27,541	1,530	1,530	30,601
Recruiting and Training	27,522	9,791	0	37,313
Salaries and Wages	626,148	63,688	2,974	692,810
Supplies	25,627	2,848	0	28,475
Technology and Internet	15,922	1,447	724	18,093
Telephone	26,420	2,297	0	28,717
Travel	96,352	6,423	25,694	128,469
	<u>\$ 1,745,847</u>	<u>\$ 218,497</u>	<u>\$ 35,839</u>	<u>\$ 2,000,183</u>

**See Accompanying Notes To The Financial Statements.**



**ONE ACRE FUND, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT AND GENERAL</b>	<b>FUNDRAISING</b>	<b>TOTAL</b>
Accounting	\$ 0	\$ 2,000	\$ 0	\$ 2,000
Bank and Credit Card Fees	0	14,482	0	14,482
Business Development	38,737	0	0	38,737
Consulting	14,400	0	0	14,400
Depreciation	17,127	0	0	17,127
Employee Benefits	21,380	2,375	0	23,755
Farming Supplies	295,541	0	0	295,541
Farming Transportation	121,462	0	0	121,462
Farming Warehouse Costs	2,345	0	0	2,345
Insurance	4,307	0	0	4,307
Interest	0	1,777	0	1,777
Legal Fees	0	17,632	0	17,632
Marketing and Promotions	0	0	5,219	5,219
Miscellaneous	1,532	12,260	1,532	15,324
Occupancy	8,980	0	0	8,980
Payroll Taxes	34,394	3,822	0	38,216
Postage and Shipping	0	2,040	0	2,040
Printing and Publications	10,557	0	0	10,557
Recruiting and Training	10,618	0	0	10,618
Salaries and Wages	353,814	39,313	0	393,127
Supplies	10,904	2,726	0	13,630
Technology and Internet	11,845	623	0	12,468
Telephone	19,711	1,037	0	20,748
Travel	41,425	0	27,616	69,041
	<u>\$ 1,019,079</u>	<u>\$ 100,087</u>	<u>\$ 34,367</u>	<u>\$ 1,153,533</u>

**See Accompanying Notes To The Financial Statements.**

**ONE ACRE FUND, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Donors and Grantors	\$ 3,041,175	\$ 2,252,345
Interest Received	15,066	7,852
Paid to Suppliers and Employees	(2,387,648)	(1,438,983)
Interest Paid	(4,992)	(1,777)
Income Taxes Paid	0	0
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	663,601	819,437
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Purchase of Property	(237,640)	(123,295)
Proceeds from the Sale of Investments	3,643	0
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(233,997)	(123,295)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Long-Term Debt	0	100,000
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	0	100,000
	<hr/>	<hr/>
Effect of Exchange Rate Changes on Cash	(135,114)	(18,462)
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	294,490	777,680
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>BEGINNING OF YEAR</b>	1,256,720	479,040
	<hr/>	<hr/>
<b>END OF YEAR</b>	<u>\$1,551,210</u>	<u>\$ 1,256,720</u>
	<hr/>	<hr/>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Donated Investments	<u>\$ 3,683</u>	<u>\$ 0</u>

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	<u>\$ 1,546,413</u>	<u>\$ 1,128,816</u>
Adjustments to Reconcile Net Cash Provided by Operating Activities:		
Remeasurement Loss	135,114	18,462
Depreciation	42,669	17,127
Allowance for Doubtful Accounts	6,214	0
Donated Investments	(3,683)	0
Loss on Disposal of Fixed Assets	1,532	
Loss on Sale of Investments	40	0
Changes in Certain Assets and Liabilities:		
Grants Receivable	(575,000)	(500,000)
Employee Advances	(44,127)	0
Inventory	(457,302)	(302,590)
Prepaid Expenses	2,965	(24,840)
Accounts Payable	8,766	(17,538)
Refundable Crop Insurance Funds	0	500,000
Total Adjustments	<u>(882,812)</u>	<u>(309,379)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 663,601</u></u>	<u><u>\$ 819,437</u></u>

**See Accompanying Notes To The Financial Statements.**

**ONE ACRE FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A) Organization and Nature of Activities

One Acre Fund, Inc. (the Organization) is an Illinois not-for-profit organization that was incorporated in December 2005 and operates primarily in Kenya and Rwanda. The mission of One Acre Fund is to empower chronically hungry farm families in East Africa to lift themselves out of hunger and poverty. The Organization's method is to work through self-help groups in rural villages to deliberately reach the most severely hunger affected.

B) Method of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

The Organization has adopted FASB *Accounting Standards Codification* (ASC) 958, *Not For Profit Entities*. Under ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

C) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

**ONE ACRE FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C) Accounting Policies (Continued)

Grants Receivable and Employee Advances - Grants receivable and employee advances are stated at the amount management expects to collect from outstanding balances. Management provides for probable 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 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 employee or grants receivable account. The allowance for doubtful employee advances receivable at December 31, 2009 and 2008 is \$6,214 and \$0, respectively. The allowance for doubtful grants receivable at December 31, 2009 and 2008 is \$0, respectively.

Inventory - Inventory is valued at the lower of cost or market with cost determined on a weighted average basis. Inventories consist of seed and fertilizer for use in the Organization's programs and maize kept for sale.

Fixed Assets - Property and equipment are recorded at cost when purchased, while donated fixed assets are recorded at their estimated fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of fixed assets are capitalized. Depreciation is computed on the straight-line method over various useful lives. Depreciation expense for the years ended December 31, 2009 and 2008 amounts to \$42,669 and 17,127, respectively.

Donated Services - Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. For the years ended December 31, 2009 and 2008, donated professional services consist of legal, accounting, and program-related services with estimated fair value of \$49,071 and \$60,500, respectively. These amounts are reflected in the statements of activities as donated services revenue and in the statements of functional expenses as salaries and wages, and legal expenses. For the year ended December 31, 2009 the Organization received a significant amount of other donated services from volunteers who assist with the operations. No amounts have been recognized in the accompanying statement of activities for these volunteer services because the criteria for recognition of such volunteer effort under ASC 958 have not been satisfied.

**ONE ACRE FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C) Accounting Policies (Continued)

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 on the financial statements. It is also classified as other than a private foundation. The Organization has no unrelated business income during the years ended December 31, 2009 and 2008, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

In June 2006, the FASB issued Financial Interpretation 48, "Accounting for Uncertainty in Income Taxes" (*FASB Accounting Standard Codification (ASC) 740, Income Taxes*) which clarifies the accounting uncertainty in income taxes recognized in an organization's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. Income tax positions must be a more likely-than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization adopted ASC 740 for the year ended December 31, 2009. The adoption of ASC 740 had no impact on the Organization's financial position or results of operations.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ONE ACRE FUND, INC.  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

The Organization has deposits in foreign financial institutions not covered by federal insurance of approximately \$311,000 and \$229,000 at December 31, 2009 and 2008, respectively. The Organization also has deposits in domestic financial institutions in excess of FDIC insurance limits of approximately \$623,000 and \$656,000 at December 31, 2009 and 2008, respectively. 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.

**NOTE 3 - CASH RECEIVED FOR CROP INSURANCE FUND**

In December, 2008 the Organization received \$500,000 of refundable advances for the establishment of an endowment fund for the Organization's harvest insurance programs. The entity providing these funds has placed certain restrictions and has reserved the right to withdraw these funds from One Acre Fund and redirect them to another charitable organization after five years. The term endowment agreement provides that the principal, along with all premiums received under the Organization's harvest insurance programs be invested in a designated fund account, from which disbursements can be made upon the occurrence of specified insurance events. No such events occurred during the years ended December 31, 2009 and 2008.

During the year ended December 31, 2009, the Organization received a temporarily restricted grant of \$10,000 for the Crop Insurance Fund. The Organization also made voluntary transfers to the fund totaling \$31,971. As of December 31, 2009 and 2008 the fund's balance is \$540,292 and \$500,000, respectively and is fully invested in a money market account.

**NOTE 4 - NOTE PAYABLE**

Notes payable consist of the following at December 31:

	<b>2009</b>	<b>2008</b>
Note payable of \$100,000 to FJC, secured by the balance in the crop insurance fund account, with floating interest of prime plus three percent, payable semi-annually, starting July 31, 2009. The principal was due February 28, 2010 and was repaid in full when due.	100,000	100,000
Total Debt	100,000	100,000
Less - Current Portion	100,000	0
Total Long-Term Portion	\$ 0	\$ 100,000

**ONE ACRE FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 5 - CONCENTRATION OF FUNDING SOURCES**

The Organization receives a major portion of its revenues from foundation grants. The level of services available in the future could be impacted if the Organization were to lose a major grant.

**NOTE 6 - 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 balance sheet date, while nonmonetary 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 period. However, revenues and expenses that represent the allocations of historical balances, such as depreciation, are remeasured using the same historical exchange rates as used for the underlying items on the balance sheet.

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. During the year ended December 31, 2009 all operations and all cash accounts in Uganda were closed. However, the Organization has remaining significant deposits in foreign financial institutions and petty cash held in the local currencies of Kenya and Rwanda. 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 Statements of Activities as a net remeasurement gain or loss. For the years ended December 31, 2009 and 2008, the Organization recognized remeasurement loss of \$135,114 and \$18,462, respectively.

**NOTE 7 - DONATED INVESTMENTS**

During 2009 the Organization received donations of stocks and mutual funds valued at \$3,683. It is the Organization's policy to liquidate donated securities immediately upon their receipt. The Organization sold these donated investments during 2009 for a total of \$3,643, recognizing a loss of \$40.



**ONE ACRE FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 8 - NET ASSET RESTRICTIONS**

Net assets are temporarily restricted for the following purposes at December 31:

Purpose	2009	2008
Taking Prototype District to Scale	150,000	0
Webuye District	50,000	23,000
Program Support	40,000	0
Crop Insurance Fund	10,000	0
Farm Input Loans	0	500,000
Children Health Program	0	6,000
Total Temporarily Restricted Net Assets	<u>\$ 250,000</u>	<u>\$ 529,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31:

Purpose Restriction Accomplished	2009	2008
Program Expansion in Rwanda	\$ 300,000	\$ 0
Support for Women's Farm Groups	30,000	0
Program Support	10,000	0
Children Health Program	6,000	6,000
Webuye District	23,000	2,000
Total Restrictions Released	<u>\$ 369,000</u>	<u>\$ 8,000</u>

In addition, \$500,000 of net assets, temporarily restricted for farm input loans as of December 31, 2008 were released for unrestricted use during 2009 with the donor's consent.

**ONE ACRE FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 9 - LEASE COMMITMENTS**

The Organization leases office and warehouse space and housing for its workforce in Africa under multiple operating leases expiring on various dates through October, 2014. The Organization also leases trial plots of land used for testing of new crops, fertilizer, seeds and betterment of farming practices under multiple operating leases expiring on various dates through October, 2011. Total rent expense under all leases is \$17,781 and \$8,980, for the years ended December 31, 2009 and 2008, respectively.

Minimum future rental payments are as follows:

For the year ended December 31, 2010	\$	5,462
2011		4,926
2012		4,850
2013		3,941
2014		2,697
		<hr/>
	\$	<u>21,876</u>

**NOTE 10 - SUBSEQUENT EVENTS**

The date to which events occurring after December 31, 2009, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is August 30, 2010, which is the date on which the financial statements were issued.