One Acre Fund and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2020 and 2019

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Contents

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Independent Auditor's Report

The Board of Directors
One Acre Fund and Subsidiaries
Highland Park, IL 60035

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, 2020 and 2019, 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, 2020 and 2019, 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 29, 2021

One Acre Fund and Subsidiaries

Consolidated Statements of Financial Position

December 31,	2020	2019
Assets		
Current		
Cash and cash equivalents	$ 55,312,183	$ 16,488,293
Restricted cash, less than one year	-	102,992
Grants receivable, current portion	16,283,008	17,614,890
Farmer repayment receivables, net	17,547,925	16,770,705
Voucher receivables, net	7,670,055	5,994,726
Employee receivables, net	1,694,332	1,958,256
Other current assets	2,249,769	1,031,573
Farm inputs inventory, net	24,272,572	22,060,410
Solar inventory	3,372,290	2,457,577
Other inventory	5,773,452	5,039,666
Prepaid expenses	10,161,406	11,515,109
Total Current Assets	144,336,992	101,034,197
Long-Term Grants Receivable, Net	22,493,620	16,964,388
Other Investments	73,519	73,519
Fixed Assets, Net	13,854,545	14,426,594
Total Assets	$ 180,758,676	$ 132,498,698
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 18,230,528	$ 20,260,919
Deferred revenue from farmers	6,530,923	4,734,766
Refundable advances, current portion	8,968,712	-
Notes payable and lines of credit, current portion	7,604,369	12,020,853
Total Current Liabilities	41,334,532	37,016,538
Long-Term Refundable Advances	31,000,000	15,000,000
Long-Term Notes Payable and Lines of Credit	28,393,333	15,500,000
Total Liabilities	100,727,865	67,516,538
Commitments and Contingencies		
Net Assets		
Without donor restrictions	41,922,227	17,498,729
With donor restrictions	38,108,584	47,483,431
Total Net Assets	80,030,811	64,982,160
Total Liabilities and Net Assets	$ 180,758,676	$ 132,498,698

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenues, Gains and Losses			
Contributions	$ 53,488,507	$ 33,300,174	$ 86,788,681
Revenue from sales to farmers and third parties	98,764,502	-	98,764,502
Miscellaneous gains and losses	454,649	-	454,649
Interest income	163,352	-	163,352
Net assets released from restrictions (Note 18)	42,675,021	(42,675,021)	-
Total Public Support, Revenues, Gains and Losses	195,546,031	(9,374,847)	186,171,184
Expenses			-
Program services	154,020,270	-	154,020,270
Management and general	8,775,341	-	8,775,341
Fundraising	4,087,122	-	4,087,122
Total Expenses	166,882,733	-	166,882,733
Change in Net Assets Before Net Remeasurement Loss	28,663,298	(9,374,847)	19,288,451
Net Remeasurement Loss	(4,239,800)	-	(4,239,800)
Change in Net Assets	24,423,498	(9,374,847)	15,048,651
Net Assets, beginning of year	17,498,729	47,483,431	64,982,160
Net Assets, end of year	$ 41,922,227	$ 38,108,584	$ 80,030,811

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Activities

Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support, Revenues, Gains and Losses			
Contributions	$ 43,047,143	$ 42,282,957	$ 85,330,100
Revenue from sales to farmers and third parties	81,727,242	-	81,727,242
Miscellaneous gains and losses	(551,989)	-	(551,989)
Interest income	266,223	-	266,223
Net assets released from restrictions (Note 18)	36,194,075	(36,194,075)	-
Total Public Support, Revenues, Gains and Losses	160,682,694	6,088,882	166,771,576
Expenses			
Program services	135,018,219	-	135,018,219
Management and general	7,345,327	-	7,345,327
Fundraising	3,653,657	-	3,653,657
Total Expenses	146,017,203	-	146,017,203
Change in Net Assets Before Net Remeasurement Loss	14,665,491	6,088,882	20,754,373
Net Remeasurement Loss	(1,574,065)	-	(1,574,065)
Change in Net Assets	13,091,426	6,088,882	19,180,308
Net Assets, beginning of year	4,407,303	41,394,549	45,801,852
Net Assets, end of year	$ 17,498,729	$ 47,483,431	$ 64,982,160

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Functional Expenses

Year ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Cost of Goods Sold (COGS) - farm inputs to farmers	**$50,961,098**	**$ -**	**$ -**	**$50,961,098**
COGS - solar products	**4,964,246**	**-**	**-**	**4,964,246**
COGS - other AG-related products	**9,651,532**	**-**	**-**	**9,651,532**
COGS - farm inputs to third parties	**4,146,769**	**-**	**-**	**4,146,769**
Farmer-related operating expenses	**18,941,213**	**-**	**-**	**18,941,213**
Bad debt expense	**5,521,047**	**-**	**-**	**5,521,047**
Salaries and benefits/compensation costs	**38,666,589**	**7,833,655**	**3,296,519**	**49,796,763**
Recruiting, training and travel	**6,305,852**	**331,918**	**53,370**	**6,691,140**
Office and general expenses	**6,972,531**	**274,401**	**57,440**	**7,304,372**
Professional and consultancy fees	**2,848,374**	**181,387**	**550,604**	**3,580,365**
Occupancy costs	**825,216**	**8,218**	**13,055**	**846,489**
Transaction fees	**1,503,091**	**145,762**	**-**	**1,648,853**
Depreciation	**1,134,166**	**-**	**-**	**1,134,166**
Interest expense	**1,130,328**	**-**	**-**	**1,130,328**
Grants to outside org./subrecipient	**-**	**-**	**116,134**	**116,134**
Value-Added Tax and other taxes	**448,218**	**-**	**-**	**448,218**
Total Functional Expenses	**$154,020,270**	**$ 8,775,341**	**$ 4,087,122**	**$166,882,733**

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statement of Functional Expenses

Year ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
COGS - farm inputs to farmers	$ 46,735,923	$ -	$ -	$ 46,735,923
COGS - solar products	5,880,648	-	-	5,880,648
COGS - other AG-related products	6,329,777	-	-	6,329,777
COGS - farm inputs to third parties	2,934,282	-	-	2,934,282
Farmer-related operating expenses	13,990,362	-	-	13,990,362
Bad debt expense	2,779,720	-	-	2,779,720
Salaries and benefits/compensation costs	33,027,738	6,370,039	3,019,270	42,417,047
Recruiting, training and travel	9,160,210	605,267	210,531	9,976,008
Office and general expenses	7,592,827	206,869	85,248	7,884,944
Professional and consultancy fees	1,451,013	82,568	198,641	1,732,222
Occupancy costs	1,017,195	9,631	14,997	1,041,823
Transaction fees	1,607,333	70,953	-	1,678,286
Depreciation	1,098,821	-	-	1,098,821
Interest expense	1,070,928	-	-	1,070,928
Grants to outside org./subrecipient	-	-	124,970	124,970
Value-Added Tax and other taxes	341,442	-	-	341,442
Total Functional Expenses	$135,018,219	$ 7,345,327	$ 3,653,657	$146,017,203

See accompanying notes to consolidated financial statements.

One Acre Fund and Subsidiaries

Consolidated Statements of Cash Flows

Year ended December 31,	**2020**	2019
Cash Flows from Operating Activities		
Change in net assets	**$ 15,048,651**	$ 19,180,308
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**1,134,166**	1,098,821
(Gain) loss on sale of fixed assets	**(2,857)**	8,794
Provision for bad debt	**5,521,047**	2,779,720
Donated investments	**(5,005,116)**	(8,197,349)
Proceeds from sale of donated investments	**5,005,116**	8,197,349
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	**(4,197,350)**	(5,255,594)
Farmer repayment receivables	**(6,298,267)**	(6,768,386)
Voucher receivables	**(1,675,329)**	563,859
Employee receivables	**263,924**	(710,460)
Other current assets	**(1,218,196)**	7,259
Farm inputs inventory	**(2,212,162)**	(2,485,761)
Solar inventory	**(914,713)**	127,796
Other inventory	**(733,786)**	(3,017,236)
Prepaid expenses	**1,353,703**	(7,411,294)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(4,758,066)**	2,332,885
Deferred revenue from farmers	**1,796,157**	280,572
Refundable advance	**24,968,712**	-
Net Cash Provided by Operating Activities	**28,075,634**	731,283
Cash Flows from Investing Activities		
Purchases of fixed assets	**(708,280)**	(2,823,291)
Proceeds from sale of fixed assets	**149,020**	37,998
Proceeds from sale of investments	**-**	102,696
Net Cash Used in Investing Activities	**(559,260)**	(2,682,597)
Cash Flows from Financing Activities		
Proceeds from notes payable and lines of credit	**29,693,195**	9,203,675
Principal payments on notes payable and lines of credit	**(18,488,671)**	(17,284,130)
Net Cash Provided by (Used in) Financing Activities	**11,204,524**	(8,080,455)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	**38,720,898**	(10,031,769)
Cash, Cash Equivalents and Restricted Cash, beginning of year	**16,591,285**	26,623,054
Cash, Cash Equivalents and Restricted Cash, end of year	**$ 55,312,183**	$ 16,591,285
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	**$ 1,067,668**	$ 1,149,323
Donated services	**589,976**	373,415

See accompanying 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 and Tanzania. 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, 2020 and 2019, One Acre Fund and Subsidiaries includes 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; and One Acre Fund Private Limited, a private company incorporated in India (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 (U.S. 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 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.

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, 2020 and 2019, 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

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (ASU 2016-18). ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents and restricted cash in the consolidated statements of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash in the consolidated statements of cash flows. The Organization has adopted this ASU and has applied the retrospective transition method for each period presented.

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. Cash, cash equivalents and restricted cash consist of the following:

December 31,	**2020**	2019
Cash and cash equivalents	**$ 55,312,183**	$ 16,488,293
Restricted cash	**-**	102,992
Total	**$ 55,312,183**	$ 16,591,285

Provision for Doubtful Accounts

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

Investments at Fair Value

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. 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. U.S. 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 U.S. 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.

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, 2020 and 2019. Voucher receivables is net of a valuation allowance of $1,380,190 and $817,740 at December 31, 2020 and 2019, respectively. Employee receivables is net of a valuation allowance of $92,746 and $96,913 at December 31, 2020 and 2019, 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 revenue in unrestricted revenue 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.

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 seeds, fertilizer, training and other services to the farmers over the span of the contract period. 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 consist of seed and fertilizer and solar for use in the Organization's programs, or kept for sale. The valuation allowance for inventory amounted to $273,792 and $637,132 at December 31, 2020 and 2019, 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:

	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 the asset are less than the carrying amount of that asset. As of December 31, 2020 and 2019, 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 $116,134 and $124,970 for the years ended December 31, 2020 and 2019, respectively. Grant expenditures are reported as grants to outside org./subrecipient 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, 2020 and 2019 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, 2020 and 2019.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will 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, 2020 and 2019, 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 program in a few additional countries. For the year ended December 31, 2020, the Organization served approximately 1,300,000 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 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 2019 balances have been reclassified to be consistent with the 2020 financial presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 Pronouncement Recently Adopted

Statement of Cash Flows (Topic 230): Restricted Cash

As discussed further above in Note 3, within cash and cash equivalents, the Organization has adopted ASU 2016-18 for all periods presented.

Accounting Pronouncements Issued but Not Yet Adopted

Changes to the Disclosure *Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its ROU underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization's fiscal years beginning after December 15, 2021, with early adoption permitted.

Entities are required to use a modified retrospective approach for leases that exist at or are entered into after the beginning of the earliest comparative period in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

4. Concentration of Credit Risk

The Organization has deposits in foreign financial institutions not covered by U.S. federal deposit insurance that amounted to $13,559,284 and $5,878,409 at December 31, 2020 and 2019, respectively. The Organization also has deposits in U.S. financial institutions in excess of Federal Deposit Insurance Corporation insurance limits amounting to $40,082,742 and $10,465,743 at December 31, 2020 and 2019, 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.

5. Other Investments and Restricted Cash

The Organization had provided a standby letter of credit through Citibank to BSD 80 Broad LLC as cash collateral to secure a security deposit for its New York administrative office. The letter of credit expired on October 1, 2020.

At December 31, 2020 and 2019, the Organization has an investment in a private entity that does not have a readily determined fair value. In accordance with U.S. GAAP, the Organization has elected to measure the private entity investment using the cost method of valuation. As such, other investments have not been adjusted to fair value, and are recorded at their original contributed value of $73,519 at December 31, 2020 and 2019. No impairment is deemed to have occurred during the years ended December 31, 2020 and 2019.

6. In-Kind Donations

Donated Services

Donated services 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, 2020 and 2019, donated professional services amounted to $589,976 and $373,415, respectively. For the years ended December 31, 2020 and 2019, 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 consolidated statements of activities for these volunteer services because the criteria for recognition of such volunteer effort have not been satisfied.

Donated Investments

During the years ended December 31, 2020 and 2019, the Organization received donations of stocks and mutual funds valued at $5,005,116 and $8,197,349, respectively. The Organization’s policy is to liquidate donated securities immediately upon their receipt. There was no gain or loss recognized on the sale of its donated investments for the years ended December 31, 2020 and 2019.

7. 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. One Board member of the Organization is also an Executive Director at an entity that deals with the Organization. The Board member recluses himself from decision making discussions related to his employer and the Organization. Management believes these transactions are conducted at arm’s length.

8. 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:

December 31,	2020	2019
Less than one year	**$ 16,283,008**	$ 17,614,890
One to five years	**24,630,202**	18,664,928
Unconditional Promises to Give	**40,913,210**	36,279,818
Less: discount balance to present value	**(2,136,582)**	(1,700,540)
Grants Receivable, Net	**$ 38,776,628**	$ 34,579,278

9. Farmer Accounts Receivable and Farmer Service Revenue

The Organization adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, on January 1, 2019. 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. 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. The Organization has identified revenue from sales to farmers as a category subject to the adoption of ASU 2014-09 Topic 606.

The results of ASU 2014-09 Topic 606 did not have a material impact on the financial position, changes in net assets, cash flows, business processes, controls or systems of the Organization.

The following table shows the Organization’s farmers revenues net of valuation allowance of $1,494,580 and $558,701 for December 31, 2020 and 2019, respectively; disaggregated by geographical area:

December 31,	2020	2019
Kenya	**$ 45,944,818**	$ 40,845,715
Rwanda	**28,667,233**	18,481,042
Zambia	**3,747,619**	7,927,995
Tanzania	**7,634,689**	7,061,537
Burundi	**7,610,043**	5,313,334
Malawi	**4,329,763**	1,718,522
Uganda	**494,935**	285,581
Nigeria	**335,402**	93,516
Total Revenue from Sales to Farmers and Third Parties	**$ 98,764,502**	$ 81,727,242

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

December 31,	**2020**	2019
Zambia	**$ 1,667,586**	$ 5,530,939
Tanzania	**4,980,898**	5,102,608
Rwanda	**5,698,936**	3,394,218
Malawi	**2,701,945**	1,268,765
Kenya	**1,732,471**	870,369
Burundi	**726,927**	602,445
Nigeria	**39,162**	1,361
Total Farmers Receivable, Net	**$ 17,547,925**	$ 16,770,705

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 seeds 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 their adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-19 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligation that are unsatisfied or partially unsatisfied at the end of the reporting period.

10. 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 $87,167,620 and $28,541,926 as of December 31, 2020 and 2019, 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, 2020, amounts due under refundable advance agreements totaled $39,968,712, which can be recognized as revenue in varying amounts through 2025 once certain conditions are met. This is broken down as follows:

December 31,	2020	2019
Refundable advance (senior), current portion	$ **8,968,712**	$ -
Long-term refundable advance (senior)	**16,000,000**	-
Long-term refundable advance (subordinate)	**15,000,000**	15,000,000
Total Refundable Advances	$ **39,968,712**	$ 15,000,000

11. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31,	2020	2019
Land	$ **1,901,369**	$ 1,884,857
Buildings	**12,570,682**	9,642,726
Equipment	**1,955,096**	1,779,296
Vehicles	**1,844,282**	1,899,118
	18,271,429	15,205,997
Less: accumulated depreciation and amortization	**(4,865,059)**	(3,853,714)
	13,406,370	11,352,283
Construction-in-progress	**448,175**	3,074,311
Fixed Assets, Net	$ **13,854,545**	$ 14,426,594

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to $1,134,166 and $1,098,821, respectively. The estimated cost to complete the construction-in-progress at December 31, 2020 is approximately $4,207,820.

12. 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, 2020

Debt Instrument	Interest Rate (%)	Amount Available	Outstanding Principal	Current Portion
Non-recourse line of credit	-	**$ 4,000,000**	**$ 37,702**	**$ 37,702**
Lines of credit	Varies	**15,000,000**	**-**	**-**
Note payable	2.00 or less	**25,605,000**	**8,735,000**	**1,775,000**
Note payable	2.01-3.00	**4,225,000**	**4,225,000**	**125,000**
Note payable	3.01-4.00	**23,000,000**	**23,000,000**	**5,666,667**
Note payable	4.01-5.00	**3,000,000**	**-**	**-**
Total		**$ 74,830,000**	**$ 35,997,702**	**$ 7,604,369**

December 31, 2019

Debt Instrument	Interest Rate (%)	Amount Available	Outstanding Principal	Current Portion
Non-recourse line of credit	-	$ 4,000,000	$ 193,176	$ 193,176
Lines of credit	5.90	5,000,000	2,727,677	2,727,677
Note payable	2.00 or less	4,150,000	3,500,000	1,600,000
Note payable	2.01-3.00	8,100,000	8,100,000	7,500,000
Note payable	3.01-4.00	23,000,000	13,000,000	-
Total		$ 44,250,000	$ 27,520,853	$ 12,020,853

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, 2020 and 2019, all loans posted were non-recourse to the Organization.

The Organization has revolving lines of credit with a commercial bank with amounts available totaling $15,000,000. At December 31, 2020 and 2019, outstanding amounts on these lines of credit were $0 and $2,727,677, 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, 2020 and 2019.

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, 2020, $4,180,000 of senior subordinated debt was outstanding. It is subordinated to $11,000,000 available senior debt. The senior subordinated debt ranks equally with all other senior obligations of the Organization.

At December 31, 2020, maturities on the lines of credit and notes payable are as follows:

Year ending December 31,	
2021	$ **7,604,368**
2022	**5,021,667**
2023	**5,966,667**
2024	**4,356,667**
2025	**4,381,667**
Thereafter	**8,666,666**
Total	**$ 35,997,702**

See Note 21 related to the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) and funds received by the Organization under the Paycheck Protection Program (PPP).

13. 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 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 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. 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 and Tanzania. 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, 2020 and 2019, the Organization recognized a net remeasurement loss of $4,239,800 and $1,574,065, respectively.

14. 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 October 2025. Total rent expenses under all leases amounted to $846,489 and $1,041,823 for the years ended December 31, 2020 and 2019, respectively. Minimum future rental payments are as follows:

Year ending December 31,		
2021	$	**735,020**
2022		**697,832**
2023		**591,667**
2024		**298,518**
2025		**85,728**
Total	**$**	**2,408,765**

15. 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, 2020 and 2019, the Organization has assets outside the U.S. with a carrying value of $99,513,779 and $86,978,829, respectively, primarily across four countries in East Africa, with the largest concentration in Kenya, which contains $40,911,342 and $41,321,910 of the Organization's assets as of December 31, 2020 and 2019, respectively.

16. 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, 2020 and 2019.

17. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

December 31,	**2020**	2019
Subject to specified purpose:		
Trees scale-up and research	**$ 10,754,106**	$ 5,319,383
Program expansion in Tanzania	**3,904,762**	5,800,523
Program-related costs excluding inputs	**3,904,762**	5,718,821
Scaling climate-sustainable interventions (IKEA Foundation)	**2,751,863**	4,717,449
Kenya seed and fertilizer sourcing	**2,207,879**	4,314,664
COVID-19 response	**683,091**	-
Pilot operations expansion	**555,173**	801,210
Pilot operations in Uganda and Malawi	**546,620**	1,225,248
Seed production in Rwanda	**401,300**	349,065
Tech development	**350,000**	-
Radical Innovation	**104,342**	-
Program expansion in Zambia	**40,000**	40,000
Program growth in Kenya, Uganda and Rwanda (IKEA Foundation)	**-**	4,059,817
Program expansion in Kenya	**-**	2,500,000
Improvement to agricultural systems	**-**	1,273,418
Nutrition and digital innovation	**-**	802,115
Farmer adoption of existing and impactful technologies	**-**	788,663
Program expansion in Rwanda	**-**	763,310
Core program expansion	**-**	224,413
Program expansion in Burundi	**-**	62,922
Total Net Assets Subject to Specified Purpose	**26,203,898**	38,761,021
Subject to passage of time:		
Donor-specified time	**11,904,686**	8,722,410
Total Net Assets with Donor Restrictions	**$ 38,108,584**	$ 47,483,431

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18. 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, 2020 and 2019. The net assets released from donor restrictions are as follows:

Year ended December 31,	**2020**	2019
Purpose or period restrictions accomplished:		
COVID-19 response	**$ 5,619,210**	$ -
Improvement of agricultural systems	**4,447,926**	3,624,236
Program growth in Kenya, Uganda and Rwanda (IKEA Foundation)	**4,059,817**	3,012,679
Nutrition and scale-up of innovations in Kenya, Rwanda, Burundi and Tanzania	**3,777,545**	2,332,252
Trees scale-up and research	**3,334,520**	2,195,384
Passage of time	**3,000,469**	4,795,974
Kenya seed and fertilizer sourcing	**2,607,227**	5,163,072
Program expansion in Rwanda and Kenya	**2,500,000**	-
Scaling climate-sustainable interventions (IKEA Foundation)	**2,097,102**	2,162,610
Program expansion in Tanzania	**2,083,432**	65,783
Program-related costs excluding inputs	**2,000,000**	2,000,000
Sourcing seeds and fertilizer	**1,300,000**	-
Program expansion in Rwanda	**908,680**	1,921,269
Pilot operations in Malawi and Uganda	**829,818**	1,848,340
Farmer adoption of existing and impactful technologies	**788,663**	1,505,550
Pilot operations and expansions	**749,304**	-
Program innovations	**615,511**	-
Tech development	**450,000**	-
Seed production in Rwanda	**355,736**	201,166
Program expansion in Burundi	**329,663**	431,899
Nutrition and digital innovation	**249,618**	347,915
Core program expansion	**214,593**	222,387
Program expansion in Malawi	**116,187**	-
Health insurance	**100,000**	-
Program expansion in Kenya	**100,000**	2,000,000
Program expansion in Zambia	**40,000**	-
Program expansion in Uganda	**-**	1,848,560
Financial inclusion for small holder farmers	**-**	264,999
Seed and soil agronomy	**-**	250,000
Total Restrictions Released	**$ 42,675,021**	$ 36,194,075

19. 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:

Year ended December 31,	**2020**	2019
Unrestricted cash and cash equivalents	**$ 55,312,183**	$ 16,488,293
Grants receivable, current portion	**16,283,008**	17,614,890
Farmer repayments receivables	**17,547,925**	16,770,705
Voucher receivables	**7,670,055**	5,994,726
Employee and other current assets	**3,944,101**	2,989,829
Financial Assets	**100,757,272**	59,858,443
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	**(38,108,584)**	(47,483,431)
Total Financial Assets Available to Management for General Expenditures Within One Year	**$ 62,648,688**	$ 12,375,012

The receivables are subject to implied time restrictions but are expected to be collected within one year. 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.

20. Miscellaneous Gains and Losses

Miscellaneous gains and losses consisted of the following:

Year ended December 31,	**2020**	2019
Gain (loss) from sale of fixed assets	**$ 2,857**	$ (8,794)
Gain from other sales	**489,436**	259,257
Loss on farmers crop insurance (net of insurance payouts of $748,412 and $0, respectively, and farmer forgiveness of $786,056 and $802,452, respectively)	**(37,644)**	(802,452)
Net Miscellaneous Gains (Losses)	**$ 454,649**	$ (551,989)

The consolidated statements of functional expenses include a crop insurance premium of $1,852,715 and $1,074,921 for the years ended December 31, 2020 and 2019, respectively. Crop insurance premium is reported as Farmer-related operating expenses within the consolidated statements of functional expenses.

21. Risks and Uncertainties – COVID-19

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Organization's operations are heavily dependent on grants from government and contributions from individuals and foundations to provide service to the farmers. Additionally, funding from governmental sources may be subject to budget modifications depending on appropriations by the source. The Organization has incurred, and is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the Organization's consolidated financial condition, liquidity and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the COVID-19 outbreak. Nevertheless, the COVID-19 outbreak presents material uncertainty and risk with respect to the Organization, its performance and its financial results.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, it may have an adverse effect on the Organization's results of future operations, financial position and liquidity in fiscal year 2021.

CARES Act

On March 27, 2020, the President signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes $900 billion in stimulus relief as a result of the COVID-19 pandemic.

On April 16, 2020, the Organization received funds under the PPP loan program in the amount of $1,701,600. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account the current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The Organization has received the forgiveness of the full loan under the PPP during 2020. PPP loan forgiveness is reported as contributions within the consolidated statements of activities.

The Organization did not defer or delay any timely payment of payroll taxes during the quarter October 1, 2020 through December 31, 2020. Management continues to examine the impact that the COVID-19 outbreak and CARES Act may have on its business.

22. Subsequent Events

The Organization's management has performed subsequent events procedures through April 29, 2021, 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, except for the following:

On March 10, 2021, the President signed the $1.9 trillion American Rescue Plan Act into law. The Organization is currently evaluating the impact of this new regulation.