One Acre Fund and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2021 and 2020

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Contents

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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, 2021 and 2020, 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, 2021 and 2020, 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, 2022

One Acre Fund and Subsidiaries

Consolidated Statements of Financial Position

December 31,	**2021**	2020
Assets		
Current Assets		
Cash and cash equivalents	**$ 63,413,725**	$ 55,312,183
Grants receivable, current portion	**23,945,972**	16,283,008
Farmer repayment receivables, net	**19,846,319**	17,547,925
Voucher receivables, net	**6,928,088**	7,670,055
Employee receivables, net	**1,743,821**	1,694,332
Other current assets	**1,595,342**	2,249,769
Farm inputs inventory, net	**40,111,853**	24,272,572
Solar inventory	**6,618,598**	3,372,290
Other inventory	**9,276,257**	5,773,452
Prepaid expenses	**27,462,205**	10,161,406
Total Current Assets	**200,942,180**	144,336,992
Long-Term Grants Receivable, Net	**39,932,585**	22,493,620
Other Long-Term Investments	**938,644**	73,519
Other Long-Term Assets	**325,374**	-
Fixed Assets, Net	**14,198,605**	13,854,545
Total Assets	**$ 256,337,388**	$ 180,758,676
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 12,708,730**	$ 18,230,528
Deferred revenue from farmers	**4,501,679**	6,530,923
Refundable advances, current portion	**12,182,017**	8,968,712
Notes payable and lines of credit, current portion	**29,417,721**	7,604,369
Total Current Liabilities	**58,810,147**	41,334,532
Long-Term Refundable Advances	**36,303,253**	31,000,000
Long-Term Notes Payable and Lines of Credit	**28,674,500**	28,393,333
Total Liabilities	**123,787,900**	100,727,865
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**49,908,418**	41,922,227
With donor restrictions	**82,641,070**	38,108,584
Total Net Assets	**132,549,488**	80,030,811
Total Liabilities and Net Assets	**$ 256,337,388**	$ 180,758,676

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	$ 53,294,071	$ 78,563,146	$ 131,857,217
Revenue from sales to farmers and third parties	118,442,959	-	118,442,959
Miscellaneous gains and losses, 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	187,582,955	-	187,582,955
Management and general	6,783,542	-	6,783,542
Fundraising	4,348,249	-	4,348,249
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 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, net	454,649	-	454,649
Interest income	163,352	-	163,352
Net assets released from restrictions (Note 17)	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 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	2,619,445	614,734	467,676	3,701,855
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 Functional Expenses	$ 187,582,955	$ 6,783,542	$ 4,348,249	$ 198,714,746

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 agricultural-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 Statements of Cash Flows

Year ended December 31,	**2021**	2020
Cash Flows from Operating Activities		
Change in net assets	$ **52,518,677**	$ 15,048,651
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**1,238,674**	1,134,166
Gain on sale of fixed assets	**(66,468)**	(2,857)
Provision for bad debt	**8,329,722**	5,521,047
Change in valuation allowance	**(107,599)**	1,494,162
Donated investments	**(1,260,145)**	(5,005,116)
Proceeds from sale of donated investments	**395,020**	5,005,116
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	**(25,101,929)**	(4,197,350)
Farmer repayment receivables	**(10,673,675)**	(7,234,146)
Voucher receivables	**864,570**	(2,237,779)
Employee receivables	**(18,934)**	268,091
Other current assets	**654,427**	(1,218,196)
Farm inputs inventory	**(15,839,281)**	(2,212,162)
Solar inventory	**(3,246,308)**	(914,713)
Other inventory	**(3,502,805)**	(733,786)
Prepaid expenses	**(17,300,799)**	1,353,703
Increase (decrease) in:		
Accounts payable and accrued expenses	**12,366,892**	(4,758,066)
Deferred revenue from farmers	**(2,029,244)**	1,796,157
Refundable advance	**8,516,558**	24,968,712
Net Cash Provided by Operating Activities	**5,737,353**	28,075,634
Cash Flows from Investing Activities		
Purchases of fixed assets	**(1,585,372)**	(708,280)
Proceeds from sale of fixed assets	**69,106**	149,020
Payments for other long-term assets	**(325,374)**	-
Net Cash Used in Investing Activities	**(1,841,640)**	(559,260)
Cash Flows from Financing Activities		
Proceeds from notes payable and lines of credit	**13,331,131**	29,693,195
Principal payments on notes payable and lines of credit	**(9,125,302)**	(18,488,671)
Net Cash Provided by Financing Activities	**4,205,829**	11,204,524
Net Increase in Cash and Cash Equivalents	**8,101,542**	38,720,898
Cash and Cash Equivalents, beginning of year	**55,312,183**	16,591,285
Cash and Cash Equivalents, end of year	$ **63,413,725**	$ 55,312,183
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ **1,085,895**	$ 1,067,668
Donated services	**279,083**	589,976

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; Tanzania, 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, 2021 and 2020, 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; One Acre Fund Private Limited, a private company incorporated in India; 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 (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 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.

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, 2021 and 2020, 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 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, 2021 and 2020. Farmer repayment receivables are net of a valuation allowance of $1,540,139 and $1,494,580 for December 31, 2021 and 2020, respectively. Voucher receivables are net of a valuation allowance of $1,257,581 and $1,380,190 at December 31, 2021 and 2020, respectively. Employee receivables are net of a valuation allowance of $62,197 and $92,746 at December 31, 2021 and 2020, 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.

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 year ended December 31, 2021 and 2020 provisions for bad debt recorded after the initial transactions price was $8,329,722 and $5,521,047, 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 $2,737,055 and $273,792 at December 31, 2021 and 2020, 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, 2021 and 2020, 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 $280,832 and $116,134 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 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, 2021 and 2020.

Under U.S. 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, 2021 and 2020, 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, 2021, the Organization served approximately 1,429,000 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 2020 balances have been reclassified to be consistent with the 2021 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 Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (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.

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.

Not-for-Profit Entities (Topic 958)

The FASB issued ASU 2020-07, the Update, 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 consolidated statement 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 consolidated statement 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 utilized to determine a fair value. In accordance with Topic 820, Fair Value Measurement, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets.

The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021 with early adoption permitted. Management is currently evaluating the impact of the adoption of the 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

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, 2021 and 2020, donated professional services amounted to $279,083 and $589,976, respectively. These donated professional services are reported as contributions in the accompanying consolidated statements of activities. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Organization received donations of stocks and mutual funds valued at $395,020 and $5,005,116, respectively. The Organization’s policy is to liquidate publicly traded securities immediately upon their receipt. For the year ended December 31, 2021 the Organization received investments with a value of $865,125 that was related to non-publicly traded investments and was held as of year-end. No such investments were received for the year ended December 31, 2020.There was no gain or loss recognized on the sale of its donated investments for the years ended December 31, 2021 and 2020.

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. One Board member of the Organization is also an Executive Director at an entity that deals with the Organization. The Board member recuses himself from decision-making discussions related to his employer and the Organization. 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:

December 31,	**2021**	2020
Less than one year	**$ 23,945,972**	$ 16,283,008
One to five years	**43,573,247**	24,630,202
Unconditional Promises to Give	**67,519,219**	40,913,210
Less: discount balance to present value	**(3,640,662)**	(2,136,582)
Grants Receivable, Net	**$ 63,878,557**	$ 38,776,628

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 Accounting Standards Codification (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 following table shows the Organization's revenue from farmers and third parties for December 31, 2021 and 2020, respectively; disaggregated by geographical area:

December 31,	**2021**	2020
Kenya	**$ 56,566,485**	$ 45,944,818
Rwanda	**32,348,545**	28,667,233
Burundi	**11,241,913**	7,610,043
Tanzania	**8,816,683**	7,634,689
Malawi	**5,435,321**	4,329,763
Nigeria	**2,014,587**	335,402
Zambia	**1,465,452**	3,747,619
Uganda	**553,973**	494,935
Total Revenue from Sales to Farmers and Third Parties	**$ 118,442,959**	$ 98,764,502

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

December 31,	**2021**	2020
Rwanda	**$ 6,317,972**	$ 5,698,936
Tanzania	**4,696,421**	4,980,898
Kenya	**3,510,384**	1,732,471
Malawi	**3,240,289**	2,701,945
Burundi	**1,819,465**	726,927
Nigeria	**261,788**	39,162
Zambia	**-**	1,667,586
Total Farmers Receivable, Net	**$ 19,846,319**	$ 17,547,925

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.

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 $67,943,350 and $87,167,620 as of December 31, 2021 and 2020, 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, 2021 and 2020, amounts due under refundable advance agreements totaled $48,485,270 and $39,968,712, respectively, which can be recognized as revenue in varying amounts through 2025 once certain conditions are met. This is broken down as follows:

December 31,	**2021**	2020
Refundable advance (senior), current portion	**$ 12,182,017**	$ 8,968,712
Long-term refundable advance (senior)	**24,000,000**	16,000,000
Long-term refundable advance (subordinate)	**12,303,253**	15,000,000
Total Refundable Advances	**$ 48,485,270**	$ 39,968,712

10. Fixed Assets, Net

Fixed assets, net, consist of the following:

December 31,	**2021**	2020
Land	**$ 1,901,369**	$ 1,901,369
Buildings	**12,869,906**	12,570,682
Equipment	**3,094,859**	1,955,096
Vehicles	**1,488,678**	1,844,282
	19,354,812	18,271,429
Less: accumulated depreciation and amortization	**(5,742,786)**	(4,865,059)
	13,612,026	13,406,370
Construction-in-progress	**586,579**	448,175
Fixed Assets, Net	**$ 14,198,605**	$ 13,854,545

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to $1,238,674 and $1,134,166, respectively. The estimated cost to complete the construction-in-progress at December 31, 2021 is $150,751. During 2021 and 2020, fixed assets of $501,989 and $27,293, respectively, were disposed of. The disposals resulted in a gain of $66,468 and $2,857 for the years ended December 31, 2021 and 2020, respectively.

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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, 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

December 31, 2020

Debt Instrument	Interest Rate (%)	Amount Available	Outstanding Principal	Current Portion
Web-based 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

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, 2021 and 2020, the amount outstanding on direct (recourse) loans was $500,000 and $0, respectively.

The Organization has revolving lines of credit with a commercial bank with amounts available totaling $15,500,000 and $15,000,000 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, outstanding amounts on these lines of credit were $14,888,690 and $0, 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, 2021 and 2020.

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, 2021, $4,180,000 of senior subordinated debt was outstanding. It is subordinated to $11,000,000 outstanding senior debt. The senior subordinated debt ranks equally with all other senior obligations of the Organization.

At December 31, 2021, maturities on the lines of credit and notes payable are as follows:

Year ending December 31,		
2022	$	29,417,721
2023		6,566,667
2024		8,006,666
2025		4,415,001
2026		3,686,166
Thereafter		6,000,000
Total	$	58,092,221

See Note 20 related to the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and funds received by the Organization under the Small Business Administration Paycheck Protection Program (PPP).

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; 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, 2021 and 2020, the Organization recognized a net remeasurement loss of $299,967 and $4,239,800, 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 October 2025. Total rent expenses under all leases amounted to $908,477 and $846,489 for the years ended December 31, 2021 and 2020, respectively. Minimum future rental payments are as follows:

Year ending December 31,		
2022	$	914,962
2023		579,981
2024		280,768
2025		88,084
Total	$	1,863,795

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, 2021 and 2020, the Organization has assets outside the U.S. with a carrying value of $141,620,047 and $99,513,779, respectively, primarily across four countries in East Africa, with the largest concentration in Kenya, which contains $65,371,193 and $40,911,342 of the Organization's assets as of December 31, 2021 and 2020, 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, 2021 and 2020.

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16. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

December 31,	2021	2020
Subject to specified purpose:		
Trees scale-up and research	$ 23,326,288	$ 10,754,106
Seed systems in Rwanda	12,750,000	-
Systems change initiatives	10,120,432	-
Tech development	7,501,263	350,000
Carbon sequestration	6,060,148	-
Program-related costs excluding inputs	4,958,500	3,904,762
Non-repayment loss absorption	3,452,587	-
Program expansion in Tanzania	2,000,000	3,904,762
Kenya seed and fertilizer sourcing	1,349,225	2,207,879
Scaling climate-sustainable interventions (IKEA Foundation)	1,104,014	2,751,863
Program expansion – Malawi and Rwanda	256,203	-
Program expansion - Malawi	170,069	-
Nutrition and scale-up innovation	140,472	-
Program expansion in Burundi	100,000	-
COVID-19 response	-	683,091
Pilot operations expansion	-	555,173
Pilot operations in Uganda and Malawi	-	546,620
Seed production in Rwanda	-	401,300
Radical innovation	-	104,342
Program expansion in Zambia	-	40,000
Total Net Assets Subject to Specified Purpose	73,289,201	26,203,898
Subject to passage of time:		
Donor-specified time restrictions	9,351,869	11,904,686
Total Net Assets with Donor Restrictions	$ 82,641,070	$ 38,108,584

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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, 2021 and 2020. The net assets released from donor restrictions are as follows:

Year ended December 31,	**2021**	2020
Purpose or period restrictions accomplished:		
Trees scale-up and research	**$ 7,434,300**	$ 3,334,520
Program-related costs excluding inputs	**4,958,500**	2,000,000
Passage of time	**3,240,001**	3,000,469
Tech development	**2,619,844**	450,000
Non-repayment loss absorption	**2,483,684**	-
Program expansion in Tanzania	**2,000,000**	2,083,432
Scaling climate-sustainable interventions (IKEA Foundation)	**1,700,396**	2,097,102
Sourcing seeds and fertilizer	**1,650,895**	1,300,000
Systems change initiatives	**1,403,000**	-
Nutrition and scale-up innovations	**1,231,687**	-
Seed production in Rwanda	**720,578**	355,736
COVID-19 response	**708,218**	5,619,210
Kenya seed and fertilizer sourcing	**707,879**	2,607,227
Pilot operations in Malawi and Uganda	**621,620**	829,818
Program expansion in Rwanda	**604,480**	908,680
Carbon sequestration	**496,230**	-
Program expansion in Burundi	**375,400**	329,663
Pilot operations and expansions	**336,642**	749,304
Program expansion in Burundi and Malawi	**300,000**	-
Program expansion in Kenya	**200,000**	100,000
Radical innovations	**104,342**	-
Woman farmers in Kenya	**75,000**	-
Program expansion in Zambia	**45,000**	40,000
Program expansion in Malawi	**12,964**	116,187
Improvement of agricultural systems	**-**	4,447,926
Program growth in Kenya, Uganda, and Rwanda (IKEA Foundation)	**-**	4,059,817
Nutrition and scale-up of innovations in Kenya, Rwanda, Burundi, and Tanzania	**-**	3,777,545
Program expansion in Rwanda and Kenya	**-**	2,500,000
Farmer adoption of existing and impactful technologies	**-**	788,663
Program innovations	**-**	615,511
Nutrition and digital innovation	**-**	249,618
Core program expansion	**-**	214,593
Health insurance	**-**	100,000
Total Restrictions Released	**$ 34,030,660**	$ 42,675,021

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:

Year ended December 31,	**2021**	2020
Unrestricted cash and cash equivalents	**$ 63,413,725**	$ 55,312,183
Grants receivable, current portion	**23,945,972**	16,283,008
Farmer repayments receivables	**19,846,319**	17,547,925
Voucher receivables	**6,928,088**	7,670,055
Employee and other current assets	**3,339,163**	3,944,101
Financial Assets	**117,473,267**	100,757,272
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	**(82,641,070)**	(38,108,584)
Total Financial Assets Available to Management for General Expenditures Within One Year	**$ 34,832,197**	$ 62,648,688

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. Additional liquidity is also available through its unused line of credit (see Note 11).

19. Miscellaneous Gains and Losses

Miscellaneous gains and losses consisted of the following:

Year ended December 31,	**2021**	2020
Gain from sale of fixed assets	**$ 66,468**	$ 2,857
Gain from other sales	**489,709**	489,436
Gain (loss) on farmers crop insurance (net of insurance payouts of $841,687 and $748,412, respectively, and farmer forgiveness of $320,134 and $786,056, respectively)	**521,553**	(37,644)
Net Miscellaneous Gains	**$ 1,077,730**	$ 454,649

The consolidated statements of functional expenses include a crop insurance premium of $1,525,535 and $1,852,715 for the years ended December 31, 2021 and 2020, respectively. Crop insurance premium is reported as farmer-related operating expenses within the consolidated statements of functional expenses.

20. 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 spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the increase in exposure globally.

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 2022.

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.

21. Subsequent Events

The Organization’s management has performed subsequent events procedures through April 27, 2022, 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.