

CONSOLIDATED FINANCIAL STATEMENTS

Digital Green

DIGITAL GREEN FOUNDATION

**FOR THE YEARS ENDED
MARCH 31, 2022 AND 2021**

DIGITAL GREEN FOUNDATION

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Digital Green Foundation
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of Digital Green Foundation (the Foundation), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of March 31, 2022 and 2021, and the consolidated 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Foundation'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 Foundation'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation's internal control over financial reporting and compliance.



September 22, 2022

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2022 AND 2021**

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,708,336	\$ 11,370,127
Investments	11,934,455	-
Grants receivable	258,062	45,086
Advances and other receivables	516,988	88,744
Inventory	7,616	-
Prepays and other assets	113,958	65,825
Total current assets	<u>24,539,415</u>	<u>11,569,782</u>
FIXED ASSETS		
Furniture and equipment	10,940	12,717
Vehicles	50,421	66,543
Less: Accumulated depreciation	(35,311)	(32,908)
Net fixed assets	<u>26,050</u>	<u>46,352</u>
NONCURRENT ASSETS		
Security deposits	5,664	6,608
TOTAL ASSETS	\$ 24,571,129	\$ 11,622,742

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Loan payable	\$ -	\$ 213,200
Accounts payable and accrued liabilities	1,446,828	923,913
Refundable advances	446,501	493,096
Total liabilities	<u>1,893,329</u>	<u>1,630,209</u>
NET ASSETS		
Without donor restrictions	16,020,684	1,770,562
With donor restrictions	6,657,116	8,221,971
Total net assets	<u>22,677,800</u>	<u>9,992,533</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 24,571,129	\$ 11,622,742

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions:			
U.S. Government	\$ 866,220	\$ -	\$ 866,220
Foundations and individuals	15,790,058	4,731,172	20,521,230
Contracts	563,305	-	563,305
Interest	1,277	-	1,277
Investment loss, net of fees of \$2,143	(61,498)	-	(61,498)
In-kind contributions	243,527	-	243,527
Currency gain	-	148,600	148,600
Net assets released from donor restrictions	<u>6,444,627</u>	<u>(6,444,627)</u>	<u>-</u>
Total support and revenue	<u>23,847,516</u>	<u>(1,564,855)</u>	<u>22,282,661</u>
EXPENSES			
Program Services	7,708,130	-	7,708,130
Management and General	<u>1,889,264</u>	<u>-</u>	<u>1,889,264</u>
Total expenses	<u>9,597,394</u>	<u>-</u>	<u>9,597,394</u>
Changes in net assets	14,250,122	(1,564,855)	12,685,267
Net assets at beginning of year	<u>1,770,562</u>	<u>8,221,971</u>	<u>9,992,533</u>
NET ASSETS AT END OF YEAR	<u>\$ 16,020,684</u>	<u>\$ 6,657,116</u>	<u>\$ 22,677,800</u>

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions:			
U.S. Government	\$ 2,278,575	\$ -	\$ 2,278,575
Foundations and individuals	981,428	8,126,484	9,107,912
Contracts	148,786	-	148,786
Interest	715	-	715
In-kind contributions	19,319	-	19,319
Other revenue	9,595	-	9,595
Currency gain	-	87,371	87,371
Net assets released from donor restrictions	<u>4,665,417</u>	<u>(4,665,417)</u>	<u>-</u>
Total support and revenue	<u>8,103,835</u>	<u>3,548,438</u>	<u>11,652,273</u>
EXPENSES			
Program Services	6,528,103	-	6,528,103
Management and General	<u>1,065,950</u>	<u>-</u>	<u>1,065,950</u>
Total expenses	<u>7,594,053</u>	<u>-</u>	<u>7,594,053</u>
Changes in net assets	509,782	3,548,438	4,058,220
Net assets at beginning of year	<u>1,260,780</u>	<u>4,673,533</u>	<u>5,934,313</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,770,562</u>	<u>\$ 8,221,971</u>	<u>\$ 9,992,533</u>

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022**

	Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 2,601,024	\$ 1,063,378	\$ 3,664,402
Professional fees	937,215	165,724	1,102,939
Rent and utilities	53,167	8,470	61,637
Accounting and audit	2,212	127,733	129,945
Insurance	1,458	29,098	30,556
Travel	341,973	11,856	353,829
Workshops and training	432,324	9,975	442,299
Communication expense	6,402	864	7,266
Consulting fees	502,599	126,742	629,341
Postage and delivery	348	502	850
Supplies	9,991	3,631	13,622
Subscriptions and publications	227	1,129	1,356
Meetings and conventions	1,434	3,564	4,998
Bank fees and finance charges	1,585	5,339	6,924
Equipment, maintenance and support	122,564	84,937	207,501
Subawards	2,658,714	-	2,658,714
Other project costs	6,241	-	6,241
In-kind contributions	17,458	243,527	260,985
Depreciation	11,194	2,795	13,989
TOTAL	\$ 7,708,130	\$ 1,889,264	\$ 9,597,394

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021**

	Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 2,039,838	\$ 703,133	\$ 2,742,971
Professional fees	386,488	147,893	534,381
Rent and utilities	59,575	18,219	77,794
Accounting and audit	4,944	2,250	7,194
Insurance	2,211	24,446	26,657
Travel	122,052	1,167	123,219
Workshops and training	72,598	37	72,635
Communication expense	9,664	3,743	13,407
Consulting fees	661,182	111,600	772,782
Postage and delivery	40	602	642
Supplies	5,634	5,912	11,546
Subscriptions and publications	2,300	-	2,300
Meetings and conventions	7,543	2,512	10,055
Bank fees and finance charges	1,004	1,189	2,193
Equipment, maintenance and support	52,406	38,972	91,378
Subawards	3,067,035	-	3,067,035
Other project costs	97	-	97
In-kind contributions	19,319	-	19,319
Depreciation	14,173	4,275	18,448
TOTAL	\$ 6,528,103	\$ 1,065,950	\$ 7,594,053

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 12,685,267	\$ 4,058,220
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	13,989	18,448
Forgiveness of debt	(213,200)	(212,500)
Loss on currency devaluation of capital assets	9,597	16,483
(Increase) decrease in:		
Grants receivable	(212,976)	389,421
Advances and other receivables	(428,244)	(64,264)
Inventory	(7,616)	-
Prepays and other assets	(48,133)	(26,567)
Security deposits	944	24,581
Increase (decrease) in:		
Accounts payable and accrued liabilities	522,915	458,973
Refundable advances	(46,595)	(1,228,257)
Net cash provided by operating activities	<u>12,275,948</u>	<u>3,434,538</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,284)	(1,869)
Purchase of investments	(12,004,340)	-
Proceeds from sale of investments	<u>69,885</u>	<u>-</u>
Net cash used by investing activities	<u>(11,937,739)</u>	<u>(1,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds received	<u>-</u>	<u>425,700</u>
Net cash provided by financing activities	<u>-</u>	<u>425,700</u>
Net increase in cash and cash equivalents	338,209	3,858,369
Cash and cash equivalents at beginning of year	<u>11,370,127</u>	<u>7,511,758</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,708,336</u>	<u>\$ 11,370,127</u>

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Digital Green Foundation (the Foundation) was incorporated in March 2008 as a non-profit public benefit corporation in California. The Foundation has registered offices in India and Ethiopia and also has activities in other countries undertaken in partnership with other organizations and consultants.

The Foundation is creating a world where farmers use technology and data to build prosperous communities. The Foundation believes in the power of advisory, finance, and data to strengthen farmer groups and unlock the potential of the agricultural sector. The Foundation's approach lays the foundation for a future state in which farmer groups have agency over their data and drive their own digitization efforts in order to deliver more value for their members, resulting in multiple benefits for small-scale producers, including individual control over how information is used; access to better advisory, finance, and market services; and new income streams and greater power within the agricultural system.

The Foundation is affiliated with Digital Green Trust (the Trust), an Indian tax-exempt organization, based upon their common mission; however, the Foundation does not maintain significant influence or control over the Trust. The Foundation provides assistance to the Trust in order to further its programmatic purposes. During the years ended March 31, 2022 and 2021, the Foundation transferred \$678,506 and \$1,235,164, respectively, to the Trust (under grant award agreements). In addition, as of March 31, 2021, the Foundation maintained an obligation to the Trust in the amount of \$401,774. There was no balance owed or due between the Foundation and the Trust as of March 31, 2022.

On May 20, 2020, the Foundation received 97 shares of LOOP AGTECH PRIVATE LIMITED (Loop), an Indian private limited company from Loop Tech Inc., a Delaware C Corporation (that has since been dissolved). Loop was created with the intent to facilitate farmer market access interventions. Two shares of Loop are held by Alchemist (an investor in Loop Tech Inc. whose stake was transferred to Loop), and an additional share is held by the Foundation's Executive Director. Additionally, the Foundation received a gift of \$16,507 from Loop Tech Inc. (in connection with this transaction), which has been presented as net assets with donor restrictions as of March 31, 2022 totaling \$15,475 (after of current year releases). As of (and during the years ended), March 31, 2022 and 2021, Loop did not have any assets, liabilities or other financial activities.

Principles of consolidation -

The accounts of Digital Green Foundation have been consolidated with the accounts of Loop (collectively, "the Foundation") in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), FASB ASC 958-810, *Not-for-Profit Entities*, Consolidation, which require that owned, controlled and financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Included in cash and cash equivalents is cash held in India and Ethiopia totaling \$343,812 and \$712,990 as of March 31, 2022 and 2021, respectively, which is uninsured. Management believes the risk in this situation is minimal.

Bank deposit accounts in the U.S. are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 (all overnight sweep balances are all FDIC insured, in increments of \$250,000). At times during the year, the Foundation may maintain cash balances in excess of FDIC limits. Management believes such a risk is minimal.

Functional currency and exchange translation -

The functional currency of the Foundation is the U.S. Dollar. The financial statements and transactions of the Foundation's foreign operations (in India and Ethiopia) are maintained in local currency. Accordingly, assets and liabilities are translated into U.S. Dollars in the accompanying Consolidated Statements of Financial Position at the spot exchange rate in effect as of March 31, 2022 and 2021. Revenue and expense transactions in currencies other than U.S. Dollars are translated into U.S. dollars at the rates of exchange in effect during the month of the transaction.

The effect of the Foundation's currency translation has been recognized in the accompanying Consolidated Statements of Activities and Changes in Net Assets. Currency gains of \$148,600 and \$87,371 have been recognized under support and revenue for the years ended March 31, 2022 and 2021, respectively.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants receivable -

Grants receivable at March 31, 2022 and 2021 are recorded at their net realizable value, which approximates fair value. As of March 31, 2022 and 2021, management has evaluated all grants receivable and deemed them to be fully collectable. Accordingly, there is no allowance for doubtful accounts as of March 31, 2022 and 2021.

Fixed assets -

Fixed assets with an acquisition value in excess of \$5,000 are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years.

Income taxes -

Digital Green Foundation is exempt from U.S. income tax under Section 501(c)(3) of the Internal Revenue Code. Digital Green Foundation is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

LOOP AGTECH PRIVATE LIMITED (Loop) is an Indian entity subject to tax in India based on its net taxable income. During the years ended March 31, 2022 and 2021, Loop did not realize any tax expense.

Uncertain tax positions -

For the years ended March 31, 2022 and 2021, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Revenue recognition -

The majority of the Foundation's revenue is received through awards and contributions from the United States Government, corporations, foundations and individuals. Contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of awards to determine if the revenue streams follow the contribution rules, or if they should be recorded as exchange transactions, depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Awards qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Awards qualifying as conditional contributions contain a right of return (and a release from obligation) coupled with a specific barrier (or barriers).

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition (continued) -

Awards from the United States Government and pass-through entities are for direct and indirect program costs; these transactions are nonreciprocal and classified as conditional, and therefore are recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances.

As of March 31, 2022 and 2021, the Foundation has received conditional commitments for support totaling \$3,719,461 and \$7,274,928, respectively, which has not been recorded in the accompanying consolidated financial statements. As of March 31, 2022 and 2021, the Foundation has received cash under conditional commitments for support totaling \$446,501 and \$493,096, respectively, which has been recorded as refundable advances in the accompanying consolidated financial statements.

In-kind contributions -

In-kind contributions consist of donated professional advertising services. In-kind contributions are recorded at their fair market value as of the date of the gift. During the years ended March 31, 2022 and 2021, the Foundation received in-kind contributions totaling \$243,527 and \$19,319, respectively.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Consolidated Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities with fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Foundation plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its consolidated financial statements.

2. INVESTMENTS

Investments consisted of the following at March 31, 2022 and 2021:

	2022	2021
	Fair Value	Fair Value
Money market funds	\$ 3,177,702	\$ -
Equities	3,637,054	-
Fixed income	5,119,699	-
TOTAL INVESTMENTS	\$ 11,934,455	\$ -

Included in investment loss, net are the following:

	2022	2021
Unrealized loss on investments	\$ (58,357)	\$ -
Realized loss on sales of investments	(998)	-
Management fees	(2,143)	-
TOTAL INVESTMENT LOSS, NET	\$ (61,498)	\$ -

Digital Green developed an Investment Policy during the course of this fiscal year and that policy guides Digital Green's investment approach.

3. PAYCHECK PROTECTION PROGRAM (PPP) LOANS

During the fiscal year ended March 31, 2021, the Foundation received two loans totaling \$425,700 (\$212,500 and \$213,200) under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the loans were forgivable by the Small Business Administration (SBA) in whole or in part.

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

3. PAYCHECK PROTECTION PROGRAM (PPP) LOANS (Continued)

During the year ended March 31, 2021, the Foundation used the first \$212,500 loan proceeds for purposes consistent with PPP and received formal notification of forgiveness during that fiscal year; the second loan was also used for purposes consistent with PPP and received formal notification during February 2022. The forgiven amounts were recorded during the year of forgiveness as a contribution (under "U.S. Government") in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at March 31, 2022 and 2021:

	2022	2021
Enhanced Advisory Services	\$ 61,262	\$ -
Agricultural Data Exchange	5,452,551	7,529,275
Farmer Market Access	15,745	122,166
Climate Smart Agriculture	1,127,558	570,530
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 6,657,116	\$ 8,221,971

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2022	2021
Enhanced Advisory Services	\$ 870,201	\$ 121,401
Agricultural Data Exchange	4,895,299	4,116,939
Farmer Market Access	395	128,202
Climate Smart Agriculture	678,732	298,875
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 6,444,627	\$ 4,665,417

5. CONTINGENCY

Digital Green Foundation receives assistance from various agencies of the United States Government. These awards are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from the government's review of these audits.

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	2022	2021
Cash and cash equivalents	\$ 11,708,336	\$ 11,370,127
Investments	11,934,455	-
Grants receivable	258,062	45,086
Advances and other receivables	516,988	88,744
Financial assets available within one year	24,417,841	11,503,957
Less: Donor restricted funds	(6,657,116)	(8,221,971)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 17,760,725	\$ 3,281,986

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. As of March 31, 2022 and 2021, the Foundation has financial assets available to meet cash needs for general expenditures (assuming the same level of spending) for a period of 23 and 5 months, respectively.

7. LEASE COMMITMENTS

The Foundation leases office space in New Delhi, India under a three year agreement set to expire on May 2025. The Foundation also leases office space in Addis Ababa, Ethiopia under an agreement currently set to expire on March 31, 2023. Additionally, the Foundation rents office space in San Francisco, California under a short-term lease agreement which is set to expire in March 2023.

Following is a schedule of future lease commitments, denominated in U.S. Dollars, by fiscal year:

Year Ending March 31,		
2023	\$	83,276
2024		33,940
2025		33,040
2026		5,507
TOTAL FUTURE MINIMUM LEASE COMMITMENTS	\$	155,763

Rent expense, including utilities, for the years ended March 31, 2022 and 2021 totaled \$61,637 and \$77,794, respectively.

8. RETIREMENT PLAN

The Foundation provides retirement benefits to its U.S. employees through a defined contribution plan covering all full-time employees with one year of eligible experience. The Foundation provides a 4% match of each eligible employee's contribution. Contributions to the Plan during the years ended March 31, 2022 and 2021 totaled \$56,735 and \$44,138, respectively.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2022 AND 2021

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at March 31, 2022 and 2021.

- *Money market funds* - The fair value is equal to the reported net asset value of the fund.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed income: corporate debt, bonds and related funds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of March 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 3,177,702	\$ -	\$ -	\$ 3,177,702
Equities	3,637,054	-	-	3,637,054
Fixed income	<u>-</u>	<u>5,119,699</u>	<u>-</u>	<u>5,119,699</u>
TOTAL	\$ <u>6,814,756</u>	\$ <u>5,119,699</u>	\$ <u>-</u>	\$ <u>11,934,455</u>

10. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 22, 2022, the date the consolidated financial statements were issued.

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

10. SUBSEQUENT EVENTS (Continued)

In recent months, the global financial markets have experienced significant declines. As of the date of this report, the Foundation's investments have declined by approximately 6% (\$720,000) since March 31, 2022.