

**CONSOLIDATED FINANCIAL STATEMENTS**

Digital Green

**DIGITAL GREEN FOUNDATION**

**FOR THE YEARS ENDED  
MARCH 31, 2023 AND 2022**

# DIGITAL GREEN FOUNDATION

## CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Consolidated Statements of Financial Position, as of March 31, 2023 and 2022	4
EXHIBIT B - Consolidated Statement of Activities and Changes in Net Assets, for the Year Ended March 31, 2023	5
EXHIBIT C - Consolidated Statement of Activities and Changes in Net Assets, for the Year Ended March 31, 2022	6
EXHIBIT D - Consolidated Statement of Functional Expenses, for the Year Ended March 31, 2023	7
EXHIBIT E - Consolidated Statement of Functional Expenses, for the Year Ended March 31, 2022	8
EXHIBIT F - Consolidated Statements of Cash Flows, for the Years Ended March 31, 2023 and 2022	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10 - 19



**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, 2023 and 2022, 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, 2023 and 2022, and the consolidated changes in its net assets and its consolidated 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. 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 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.



October 19, 2023

**DIGITAL GREEN FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2023 AND 2022**

<b>ASSETS</b>		<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	7,873,960	\$ 11,708,336
Investments		11,705,343	11,934,455
Accounts receivable		210,696	-
Grants receivable		1,248,635	258,062
Advances		844,710	516,988
Inventory		74,427	7,616
Prepays and other assets		<u>120,928</u>	<u>113,958</u>
Total current assets		<u>22,078,699</u>	<u>24,539,415</u>
<b>FIXED ASSETS</b>			
Furniture and equipment		14,987	10,940
Vehicles		47,370	50,421
Less: Accumulated depreciation		<u>(45,587)</u>	<u>(35,311)</u>
Net fixed assets		<u>16,770</u>	<u>26,050</u>
<b>NONCURRENT ASSETS</b>			
Security deposits and other assets		172,207	5,664
Right-of-use asset		<u>66,680</u>	<u>-</u>
Total noncurrent assets		<u>238,887</u>	<u>5,664</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>22,334,356</u></b>	<b>\$ <u>24,571,129</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	1,617,336	\$ 1,446,828
Refundable advances		446,501	446,501
Lease liability		<u>31,453</u>	<u>-</u>
Total current liabilities		<u>2,095,290</u>	<u>1,893,329</u>
<b>NONCURRENT LIABILITIES</b>			
Lease liability, net of current portion		<u>35,227</u>	<u>-</u>
Total liabilities		<u>2,130,517</u>	<u>1,893,329</u>
<b>NET ASSETS</b>			
Without donor restrictions		15,774,328	16,020,684
With donor restrictions		<u>4,429,511</u>	<u>6,657,116</u>
Total net assets		<u>20,203,839</u>	<u>22,677,800</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>22,334,356</u></b>	<b>\$ <u>24,571,129</u></b>

See accompanying notes to consolidated financial statements.

## DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions:			
Foundations and individuals	\$ 4,018,860	\$ 4,551,296	\$ 8,570,156
Contracts	365,986	-	365,986
Interest	384,855	-	384,855
Investment loss, net of fees of \$35,269	(523,355)	-	(523,355)
In-kind contributions	227,411	-	227,411
Currency loss	-	(4,605)	(4,605)
Net assets released from donor restrictions	<u>6,774,296</u>	<u>(6,774,296)</u>	<u>-</u>
Total support and revenue	<u>11,248,053</u>	<u>(2,227,605)</u>	<u>9,020,448</u>
<b>EXPENSES</b>			
Program Services	9,100,976	-	9,100,976
Management and General	<u>2,393,433</u>	<u>-</u>	<u>2,393,433</u>
Total expenses	<u>11,494,409</u>	<u>-</u>	<u>11,494,409</u>
Changes in net assets	<u>(246,356)</u>	(2,227,605)	(2,473,961)
Net assets at beginning of year	<u>16,020,684</u>	<u>6,657,116</u>	<u>22,677,800</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 15,774,328</u></b>	<b><u>\$ 4,429,511</u></b>	<b><u>\$ 20,203,839</u></b>

## 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>
<b>SUPPORT AND REVENUE</b>			
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>
<b>EXPENSES</b>			
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>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 16,020,684</u></b>	<b><u>\$ 6,657,116</u></b>	<b><u>\$ 22,677,800</u></b>

## DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2023**

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 3,183,385	\$ 1,379,827	\$ 4,563,212
Professional fees	639,437	459,364	1,098,801
Rent and utilities	88,734	15,855	104,589
Accounting and audit	4,380	51,390	55,770
Insurance	2,086	34,199	36,285
Travel	630,871	107,292	738,163
Workshops and training	342,159	26,386	368,545
Communication expense	3,187	1,320	4,507
Consulting fees	723,298	128,456	851,754
Postage and delivery	1,063	888	1,951
Supplies	51,344	7,814	59,158
Subscriptions and publications	95	-	95
Meetings and conventions	23,729	31,152	54,881
Bank fees and finance charges	4,644	4,006	8,650
Equipment, maintenance and support	233,662	135,473	369,135
Subawards	3,083,332	-	3,083,332
Other	75,826	6,037	81,863
Depreciation	9,744	3,974	13,718
<b>TOTAL</b>	<b>\$ 9,100,976</b>	<b>\$ 2,393,433</b>	<b>\$ 11,494,409</b>



## DIGITAL GREEN FOUNDATION

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

	<b>Program Services</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries and benefits	\$ 2,601,024	\$ 1,063,378	\$ 3,664,402
Professional fees	937,215	409,251	1,346,466
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	23,699	-	23,699
Depreciation	11,194	2,795	13,989
<b>TOTAL</b>	<b>\$ 7,708,130</b>	<b>\$ 1,889,264</b>	<b>\$ 9,597,394</b>

## DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (2,473,961)	\$ 12,685,267
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation	13,718	13,989
Loss on disposal of fixed assets	166	-
Realized loss on sales of investments	-	998
Unrealized loss on investments	488,086	58,357
Forgiveness of debt	-	(213,200)
Loss on currency devaluation of capital assets	1,277	9,597
(Increase) decrease in:		
Accounts receivable	(210,696)	-
Grants receivable	(990,573)	(212,976)
Advances	(327,722)	(428,244)
Inventory	(66,811)	(7,616)
Prepays and other assets	(6,970)	(48,133)
Amortization of right-of-use asset	27,962	-
Security deposits and other assets	(166,543)	944
Increase (decrease) in:		
Accounts payable and accrued liabilities	170,508	522,915
Refundable advances	-	(46,595)
Lease liability	(27,962)	-
Net cash (used) provided by operating activities	(3,569,521)	12,335,303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(5,881)	(3,284)
Purchase of investments	(258,974)	(12,063,695)
Proceeds from sale of investments	-	69,885
Net cash used by investing activities	(264,855)	(11,997,094)
Net (decrease) increase in cash and cash equivalents	(3,834,376)	338,209
Cash and cash equivalents at beginning of year	11,708,336	11,370,127
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 7,873,960</b>	<b>\$ 11,708,336</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>		
<b>Right-of-Use Asset</b>	<b>\$ 94,642</b>	<b>\$ -</b>
<b>Lease Liability for Right-of-Use Asset</b>	<b>\$ 94,642</b>	<b>\$ -</b>

## DIGITAL GREEN FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

#### 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, 2023 and 2022, the Foundation transferred \$2,034,220 and \$678,506, respectively, to the Trust (under grant award agreements). There were no balances owed or due between the Foundation and the Trust as of March 31, 2023 and 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 was 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); the balance as of March 31, 2023 totaled \$13,853. In February 2023, the Foundation's Executive Director transferred one share (via gift deed) to the Foundation. Accordingly, as of March 31, 2023, 98 shares were held by the Foundation and 2 shares were held by Alchemist. As of (and during the years ended), March 31, 2023 and 2022, 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, 2023 AND 2022

#### 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.

New accounting pronouncements adopted -

During the year ended March 31, 2023, the Foundation adopted ASU 2019-01, *Leases* (Topic 842), which changed 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 Statement of Financial Position and disclosure of key information about leasing arrangements. The Foundation applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 8 for further details.

Also during the year ended March 31, 2023, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

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 \$186,245 and \$343,812 as of March 31, 2023 and 2022, respectively, which is uninsured. Management believes the risk in this situation is minimal.

## DIGITAL GREEN FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

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

##### Cash and cash equivalents (continued) -

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, 2023 and 2022. 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 losses of \$4,605 and gains of \$148,600 have been recognized in support and revenue during the years ended March 31, 2023 and 2022, respectively.

##### Grants receivable -

Grants receivable at March 31, 2023 and 2022 are recorded at their net realizable value, which approximates fair value. As of March 31, 2023 and 2022, 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, 2023 and 2022.

##### 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, 2023 and 2022, Loop did not incur any income tax expense.

##### 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.

## DIGITAL GREEN FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

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

##### Revenue recognition (continued) -

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).

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.

The Foundation did not receive any conditional commitments during the fiscal year ending March 31, 2023. However, as of March 31, 2022, the Foundation had received conditional commitments for support totaling \$3,719,461, which has not been recorded in the accompanying consolidated financial statements. As of March 31, 2023 and 2022, the Foundation has a refundable advances ending balance of \$446,501 in the accompanying consolidated financial statements. The amount remains unchanged and unsettled because the Foundation's fiscal year 2022 indirect cost rate submission is still under review (and may ultimately result in a refund to the U.S. Government).

The Foundation receives revenue under contracts that are deemed to be exchange transactions and follows ASU 2014-09, *Revenue from Contracts With Customers*. The transaction prices are based on fixed-fee arrangements agreed upon with its customers. The Foundation records such revenue when the performance obligations are met, and the revenue is recorded as without donor restrictions. The typical performance obligation period is within one year. Funds received in advance of earning contract revenue is recorded as a refundable contract advance liability in the accompanying Statements of Financial Position.

##### 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, 2023 and 2022, the Foundation received in-kind contributions totaling \$227,411 and \$243,527, 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.

**DIGITAL GREEN FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

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

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 pronouncement (not yet adopted) -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Foundation for the year ending March 31, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach. The Foundation plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

**2. INVESTMENTS**

Investments consisted of the following at March 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
	<b>Fair Value</b>	<b>Fair Value</b>
Money market funds	\$ 153,100	\$ 3,177,702
Equities and funds	7,703,440	6,461,406
Corporate bonds and notes	2,351,331	2,295,347
Certificates of deposit	1,497,472	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 11,705,343</b>	<b>\$ 11,934,455</b>

Included in investment loss, net, are the following:

	<b>2023</b>	<b>2022</b>
Unrealized loss on investments	\$ (488,086)	\$ (58,357)
Realized loss on sales of investments	-	(998)
Management fees	(35,269)	(2,143)
<b>TOTAL INVESTMENT LOSS, NET</b>	<b>\$ (523,355)</b>	<b>\$ (61,498)</b>

**DIGITAL GREEN FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**3. PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

During the fiscal year ended March 31, 2021, the Foundation received a loan totaling \$213,200 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the loan was forgivable by the Small Business Administration (SBA) in whole or in part. During the year ended March 31, 2022, the Foundation used the loan proceeds for purposes consistent with PPP and received formal notification of forgiveness in February 2022. The forgiven loan was recorded during the year of forgiveness as a contribution (under "U.S. Government") in the accompanying 2022 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Enhanced Advisory Services	\$ 777,909	\$ 61,262
Agricultural Data Exchange	3,027,552	5,452,551
Farmer Market Access	13,853	15,745
Climate Smart Agriculture	<u>610,197</u>	<u>1,127,558</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 4,429,511</u></b>	<b><u>\$ 6,657,116</u></b>

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:

	<u>2023</u>	<u>2022</u>
Enhanced Advisory Services	\$ 466,528	\$ 870,201
Agricultural Data Exchange	4,671,654	4,895,299
Farmer Market Access	1,892	395
Climate Smart Agriculture	<u>1,634,222</u>	<u>678,732</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 6,774,296</u></b>	<b><u>\$ 6,444,627</u></b>

**5. CONTRIBUTED SERVICES**

During the years ended March 31, 2023 and 2022, the Foundation was the beneficiary of donated services which allowed the Foundation to provide greater resources toward its activities. The following donations have been included in revenue and expense during the years ended March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Donated Advertising Services (Professional Fees)</b>	<b><u>\$ 227,411</u></b>	<b><u>\$ 243,527</u></b>

Following is the functional allocation of the aforementioned contributions in the accompanying Statements of Functional Expenses:

	<u>2023</u>	<u>2022</u>
<b>Management and General</b>	<b><u>\$ 227,411</u></b>	<b><u>\$ 243,527</u></b>



## DIGITAL GREEN FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

#### 6. 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.

#### 7. 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,873,960	\$ 11,708,336
Investments	11,705,343	11,934,455
Accounts receivable	210,696	-
Grants receivable	1,248,635	258,062
Advances	<u>844,710</u>	<u>516,988</u>
Financial assets available within one year	21,883,344	24,417,841
Less: Donor restricted funds	<u>(4,429,511)</u>	<u>(6,657,116)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 17,453,833</u></b>	<b><u>\$ 17,760,725</u></b>

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due.

#### 8. LEASE COMMITMENTS

The Foundation leases office space in New Delhi, India under a three year agreement set to expire in 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 rented office space in San Francisco, California under a short-term lease agreement which expired in April 2023.

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 Statement of Financial Position and disclosure of key information about leasing arrangements. The Foundation implemented the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The Foundation also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Foundation adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, the Foundation recorded a right-of-use asset in the amount of \$94,642. The Foundation recorded an operating lease liability in the amount of \$94,642 by calculating the present value using the discount rate of 3.2%. As of March 31, 2023, the weighted-average remaining lease term and rate for the financing leases is two years and 3.2%, respectively.

## DIGITAL GREEN FOUNDATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2023 AND 2022

#### 8. LEASE COMMITMENTS (Continued)

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

<u>Year Ending March 31,</u>	
2024	\$ 33,040
2025	33,040
2026	2,753
	68,833
Less: Imputed interest	<u>(2,153)</u>
	66,680
Less: Current portion	<u>(31,453)</u>
<b>NONCURRENT PORTION</b>	<b><u>\$ 35,227</u></b>

Rent expense, including utilities, for the years ended March 31, 2023 and 2022, totaled \$89,498 and \$61,637, respectively.

#### 9. 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, 2023 and 2022 totaled \$80,873 and \$56,735, respectively.

#### 10. 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.

**DIGITAL GREEN FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2023 AND 2022**

**10. FAIR VALUE MEASUREMENT (Continued)**

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, 2023 and 2022.

- *Money Market Funds* - The fair value is equal to the reported net asset value of the fund.
- *Equities and Funds* - Valued at the closing price reported on the active market in which the individual securities are traded, or the reported net asset value of the fund (which is the price at which additional shares can be obtained).
- *Corporate Bonds and Notes* - 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.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of March 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Money market funds	\$ 153,100	\$ -	\$ -	\$ 153,100
Equities and funds	7,703,440	-	-	7,703,440
Corporate bonds and notes	-	2,351,331	-	2,351,331
Certificates of deposit	-	1,497,472	-	1,497,472
<b>TOTAL</b>	<b><u>\$ 7,856,540</u></b>	<b><u>\$ 3,848,803</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,705,343</u></b>

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>
<b>Asset Class:</b>				
Money market funds	\$ 3,177,702	\$ -	\$ -	\$ 3,177,702
Equities and funds	6,461,406	-	-	6,461,406
Corporate bonds and notes	-	2,295,347	-	2,295,347
<b>TOTAL</b>	<b><u>\$ 9,639,108</u></b>	<b><u>\$ 2,295,347</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,934,455</u></b>

**11. CONCENTRATION OF REVENUE**

Approximately 55% and 90% of the Foundation's contributions revenue during the years ended March 31, 2023 and 2022, respectively, was derived from assistance from three donors. With the exception of one major donor (an anonymous single gift of \$15,000,000 received in 2022, without donor restrictions), the Foundation has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e. the failure to renew grant agreements or withholding of funds) would adversely affect the Foundation's ability to finance ongoing operations.

**DIGITAL GREEN FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2023 AND 2022**

**12. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 19, 2023, the date the consolidated financial statements were issued.