

CONSOLIDATED FINANCIAL STATEMENTS

Digital Green

DIGITAL GREEN FOUNDATION

**FOR THE YEARS ENDED
MARCH 31, 2024 AND 2023**

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, 2024 and 2023, 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, 2024 and 2023, 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. 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 23, 2024

DIGITAL GREEN FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,364,396	\$ 7,873,960
Investments	12,108,496	11,705,343
Grants receivable	2,411,910	1,248,635
Other receivables	19,533	210,696
Advances	844,087	844,710
Inventory	81,144	74,427
Prepays and other assets	<u>140,643</u>	<u>120,928</u>
Total current assets	<u>17,970,209</u>	<u>22,078,699</u>
FIXED ASSETS		
Furniture and equipment	18,400	14,987
Vehicles	<u>45,317</u>	<u>47,370</u>
	63,717	62,357
Less: Accumulated depreciation	<u>(55,791)</u>	<u>(45,587)</u>
Net fixed assets	<u>7,926</u>	<u>16,770</u>
NONCURRENT ASSETS		
Grants receivable, net	1,383,523	-
Security deposits and other assets	201,905	172,207
Right-of-use asset, net	<u>35,227</u>	<u>66,680</u>
Total noncurrent assets	<u>1,620,655</u>	<u>238,887</u>
TOTAL ASSETS	<u>\$ 19,598,790</u>	<u>\$ 22,334,356</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,440,856	\$ 1,617,336
Refundable advances	446,501	446,501
Operating lease liability	<u>32,301</u>	<u>31,453</u>
Total current liabilities	1,919,658	2,095,290
NONCURRENT LIABILITIES		
Operating lease liability, net	<u>2,926</u>	<u>35,227</u>
Total liabilities	<u>1,922,584</u>	<u>2,130,517</u>
NET ASSETS		
Without donor restrictions	10,201,328	15,774,328
With donor restrictions	<u>7,474,878</u>	<u>4,429,511</u>
Total net assets	<u>17,676,206</u>	<u>20,203,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,598,790</u>	<u>\$ 22,334,356</u>

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, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grant and contributions:			
Foundations and individuals	\$ 1,267,419	\$ 9,823,181	\$ 11,090,600
Contracts	180,182	-	180,182
Interest	436,349	-	436,349
Net investment return	530,899	-	530,899
Contributed services	114,272	-	114,272
Other revenue	12,119	-	12,119
Currency loss	-	(48,569)	(48,569)
Net assets released from donor restrictions	<u>6,729,245</u>	<u>(6,729,245)</u>	<u>-</u>
Total support and revenue	<u>9,270,485</u>	<u>3,045,367</u>	<u>12,315,852</u>
EXPENSES			
Program Services	11,581,574	-	11,581,574
Management and General	<u>3,261,911</u>	<u>-</u>	<u>3,261,911</u>
Total expenses	<u>14,843,485</u>	<u>-</u>	<u>14,843,485</u>
Changes in net assets	(5,573,000)	3,045,367	(2,527,633)
Net assets at beginning of year	<u>15,774,328</u>	<u>4,429,511</u>	<u>20,203,839</u>
NET ASSETS AT END OF YEAR	<u>\$ 10,201,328</u>	<u>\$ 7,474,878</u>	<u>\$ 17,676,206</u>

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>
SUPPORT AND REVENUE			
Grant and contributions:			
Foundations and individuals	\$ 4,018,860	\$ 4,551,296	\$ 8,570,156
Contracts	365,986	-	365,986
Interest	384,855	-	384,855
Net investment return	(523,355)	-	(523,355)
Contributed services	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>
EXPENSES			
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	(246,356)	(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>
NET ASSETS AT END OF YEAR	<u>\$ 15,774,328</u>	<u>\$ 4,429,511</u>	<u>\$ 20,203,839</u>

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024**

	Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 4,600,678	\$ 2,151,425	\$ 6,752,103
Subaward expense	3,813,186	-	3,813,186
Professional fees	786,467	454,671	1,241,138
Travel	786,060	139,084	925,144
Consulting fees	549,167	76,884	626,051
Workshops and training	538,838	1,032	539,870
Equipment, maintenance and support	232,145	234,990	467,135
Rent and utilities	89,421	14,404	103,825
Other	92,786	1,048	93,834
Accounting and audit	1,877	80,837	82,714
Meetings and conventions	37,653	25,841	63,494
Insurance	2,908	36,767	39,675
Bank fees and finance charges	5,456	26,151	31,607
Supplies	27,640	2,101	29,741
Communication expense	8,967	4,313	13,280
Depreciation	6,931	5,681	12,612
Subscriptions and publications	145	4,060	4,205
Postage and delivery	1,249	2,622	3,871
TOTAL	<u>\$ 11,581,574</u>	<u>\$ 3,261,911</u>	<u>\$ 14,843,485</u>

DIGITAL GREEN FOUNDATION

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

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

DIGITAL GREEN FOUNDATION

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (2,527,633)	\$ (2,473,961)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	12,612	13,718
Loss on disposal of fixed assets	-	166
Realized gain on sale of investments	(111,637)	-
Unrealized (gain) loss on investments	(444,060)	488,086
Loss on currency devaluation of capital assets	234	1,277
Amortization of right-of-use asset	31,453	27,962
Change in discount on long-term receivable	99,323	-
(Increase) decrease in:		
Grants receivable	(2,646,121)	(990,573)
Other receivables	191,163	(210,696)
Advances	623	(327,722)
Inventory	(6,717)	(66,811)
Prepays and other assets	(19,715)	(6,970)
Security deposits and other assets	(29,698)	(166,543)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(176,480)	170,508
Operating lease liability	<u>(31,453)</u>	<u>(27,962)</u>
Net cash used by operating activities	<u>(5,658,106)</u>	<u>(3,569,521)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(4,002)	(5,881)
Net proceeds from sales (net purchases) of investments	<u>152,544</u>	<u>(258,974)</u>
Net cash provided (used) by investing activities	<u>148,542</u>	<u>(264,855)</u>
Net decrease in cash and cash equivalents	(5,509,564)	(3,834,376)
Cash and cash equivalents at beginning of year	<u>7,873,960</u>	<u>11,708,336</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,364,396</u>	<u>\$ 7,873,960</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 94,642</u>
Lease Liability of Right-of-Use Asset	<u>\$ -</u>	<u>\$ 94,642</u>

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

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, Ethiopia, and Kenya and also has activities in other countries undertaken in partnership with other organizations and consultants.

The Foundation is co-creating a world where farmers use technology and data to build prosperous communities. The Foundation is harnessing the power of Artificial Intelligence to deliver timely, localized advisory that empowers extension agents and farmers to improve their ability to make critical farm decisions and boost the productivity of the agricultural sector. The Foundation's approach is laying the groundwork for a future state where farmers have increased agency and self-efficacy over their lives through 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, 2024 and 2023, the Foundation transferred \$2,777,157 and \$2,034,220, 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, 2024 and 2023.

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, in fiscal year 2022, the Foundation received a gift of \$16,507 from Loop Tech Inc. (in connection with this transaction). 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. The balances, presented as net assets with donor restrictions, as of March 31, 2024 and 2023 totaling \$10,421 and \$13,853, respectively. As of (and during the years ended), March 31, 2024 and 2023, Loop did not have any assets, liabilities or other financial activities.

On February 19, 2024, the Foundation established Digital Green Private Limited (DGPL), an Indian private limited company. The Foundation holds 98% of the shares of DGPL, while 2% of the shares are held by Digital Green I, LLC, a Delaware Limited Liability Corporation. Digital Green I, LLC was established on December 18, 2023 as a single-member LLC owned entirely by the Foundation, and is a disregarded entity for tax purposes. As DGPL began formal operations on April 1, 2024, there are no financial activities included in the accompanying consolidated financial statements.

Principles of consolidation -

The accounts of Digital Green Foundation have been consolidated with Loop (collectively, the Foundation) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated in consolidation.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

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

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 pronouncement adopted -

Accounting Standards 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. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The Foundation implemented the ASU on April 1, 2023, using a modified retrospective approach. The impact of the implementation was not material and resulted only in enhanced disclosures.

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 \$338,726 and \$186,245 as of March 31, 2024 and 2023, respectively, which is uninsured. Management believes the risk in this situation is minimal.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

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

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Changes in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants receivable -

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been recorded.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense totaled \$12,612 and \$4,605, respectively for the years ended March 31, 2024 and 2023.

Income taxes -

The Foundation is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Foundation is not a private foundation.

LOOP is an Indian entity subject to tax in India based on its net taxable income. During the years ended March 31, 2024 and 2023, Loop did not incur any income tax expense.

Revenue from contracts with customers -

The Foundation's contracts revenue is treated as exchange transaction revenue and follow ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Foundation has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on the agreed-upon amounts included in each contract. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Foundation's contracts with customers generally have initial terms of one year or less. Contracts revenue is recorded over the period of time that the performance obligations are met, which is typically within the reporting period.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

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

Support from grants and contributions -

Contributions include funds received from foundations and individuals.

Contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions 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. Contributions, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Foundation's refundable advances totaled \$446,501 as of March 31, 2024 and 2023. The amount remains 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).

In addition, the Foundation may obtain funding source agreements related to conditional contributions, which will be received in future years. The Foundation had no conditional contributions to be received in future years as of March 31, 2024.

Contributed services -

Contributed services are recorded at their fair value as of the date of the service and consisted of contributed professional advertising services. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. None of the contributed nonfinancial assets were restricted by donors.

Foreign currency translation -

The functional currency of the Foundation is the U.S. Dollar. The consolidated 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, 2024 and 2023. 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.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

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

Foreign currency translation (continued) -

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 \$48,569 and \$4,605 have been recognized in support and revenue during the years ended March 31, 2024 and 2023, 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 Foundation's programs and supporting services 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 are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort or other reasonable basis.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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, 2024 AND 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (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 and there were no transfers between levels in the fair value hierarchy during the years ended March 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *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).
- *Government and 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 investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of March 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 2,006,501	\$ -	\$ -	\$ 2,006,501
Government bonds and notes	-	4,072,524	-	4,072,524
Corporate bonds and notes	-	<u>6,029,471</u>	-	<u>6,029,471</u>
TOTAL INVESTMENTS	<u>\$ 2,006,501</u>	<u>\$ 10,101,995</u>	<u>\$ -</u>	<u>\$ 12,108,496</u>

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of March 31, 2023:

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

Net investment return consisted of the following for the years ended March 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Unrealized gain (loss) on investments	\$ 444,060	\$ (488,086)
Realized gain on sales of investments	111,637	-
Management fees	<u>(24,798)</u>	<u>(35,269)</u>
NET INVESTMENT RETURN	<u>\$ 530,899</u>	<u>\$ (523,355)</u>

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. GRANTS RECEIVABLE

The Foundation has received written promises to give from various donors totaling \$3,894,756 and \$1,248,635, respectively, as of March 31, 2024 and 2023. Pledges receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using a discount rate of 4.42%.

Grants receivable are expected to be collected as follows as of March 31, 2024 and 2023:

	2024	2023
Less than one year	\$ 2,411,910	\$ 1,248,635
One to five years	1,482,846	-
Total	3,894,756	1,248,635
Less: Current portion	(2,411,910)	(1,248,635)
Less: Allowance to discount balance to present value	(99,323)	-
NET NONCURRENT GRANTS RECEIVABLE	\$ 1,383,523	\$ -

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of March 31, 2024 and 2023:

	2024	2023
Subject to expenditure for specified purpose:		
Enhanced Advisory Services	\$ 347,286	\$ 777,909
Agricultural Data Exchange	648,138	3,027,552
Farmer Market Access	28,917	13,853
Climate Smart Agriculture	-	610,197
Product and Tech Development	431,985	-
Product Development and Deployment	6,018,552	-
NET ASSETS WITH DONOR RESTRICTIONS	\$ 7,474,878	\$ 4,429,511

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended March 31, 2024 and 2023, respectively:

	2024	2023
Purpose restrictions accomplished:		
Enhanced Advisory Services	\$ 430,623	\$ 466,528
Agricultural Data Exchange	4,145,771	4,671,654
Farmer Market Access	196,742	1,892
Climate Smart Agriculture	576,869	1,634,222
Product and Tech Development	338,060	-
Product Development and Deployment	1,041,180	-
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 6,729,245	\$ 6,774,296

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

5. 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 as of March 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 2,364,396	\$ 7,873,960
Investments	12,108,496	11,705,343
Grants receivable	2,411,910	1,248,635
Other receivables	19,533	210,696
Advances	844,087	844,710
Subtotal financial assets available within one year	17,748,422	21,883,344
Less: Donor restricted funds	(7,474,878)	(4,429,511)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 10,273,544	\$ 17,453,833

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

6. CONTRIBUTED SERVICES

The Foundation was the beneficiary of certain contributed nonfinancial assets which allowed the Foundation to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the service. In addition, none of the donated goods were monetized through sale.

The contributed nonfinancial assets consisted of the following for the years ended March 31, 2024 and 2023:

	2024	2023
Donated Advertising Services	\$ 114,272	\$ 227,411

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the years ended March 31, 2024 and 2023:

	2024	2023
Management and General	\$ 114,272	\$ 227,411

7. LEASE COMMITMENTS

The Foundation follows FASB ASC 842 for leases. The Foundation has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Foundation has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

DIGITAL GREEN FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2024 AND 2023

7. LEASE COMMITMENTS (Continued)

The Foundation has an operating lease for office space in New Delhi, India under a three year agreement set to expire in May 2025.

For the years ended March 31, 2024 and 2023, total lease cost for this lease was \$28,822 and \$27,737, respectively. The total cash paid was \$33,040 for the years ended March 31, 2024 and 2023.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of March 31, 2024:

Year Ending March 31,

2025	\$	33,040
2026		<u>2,753</u>
		35,793
Less: Imputed interest		<u>(566)</u>
		35,227
Less: Current portion		<u>(32,301)</u>
NONCURRENT PORTION	\$	<u>2,926</u>

The Foundation also rented office space in Addis Ababa, Ethiopia under a short-term lease agreement which is set to expire in September 2024.

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 eligible employee's contribution. The Foundation's contributions to the Plan totaled \$110,335 and \$80,873, respectively for the years ended March 31, 2024 and 2023, and have been included in benefits in the accompanying Consolidated Statements of Functional Expenses.

9. CONCENTRATION OF REVENUE

Approximately 69% and 55% of the Foundation's support and revenue for the years ended March 31, 2024 and 2023, respectively, was derived from assistance from three and two donors, respectively. The Foundation has no reason to believe that its relationship with these donors will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Foundation's ability to finance ongoing operations.

10. 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)*.

DIGITAL GREEN FOUNDATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. CONTINGENCY (Continued)

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. The total contingent amount is included as refundable advances in the Statement of Financial Position.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 23, 2024, the date the consolidated financial statements were issued.