

# **myAgro Farms and Subsidiaries**

## **Consolidated Financial Statements** **Year Ended June 30, 2021**

# **myAgro Farms and Subsidiaries**

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Consolidated Financial Statements  
Year Ended June 30, 2021

# myAgro Farms and Subsidiaries

## Contents

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<b>Independent Auditor's Report</b>	<b>3-4</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position as of June 30, 2021	5
Consolidated Statement of Activities for the Year Ended June 30, 2021	6
Consolidated Statement of Functional Expenses for the Year Ended June 30, 2021	7
Consolidated Statement of Cash Flows for the Year Ended June 30, 2021	8
Notes to Consolidated Financial Statements	9-19

## **Independent Auditor's Report**

The Board of Directors  
myAgro Farms and Subsidiaries  
New York, New York

### ***Opinion***

We have audited the consolidated financial statements of myAgro Farms and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of myAgro Farms and Subsidiaries as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of myAgro Farms and Subsidiaries 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 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 myAgro Farms and Subsidiaries ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of myAgro Farms and Subsidiaries 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 myAgro Farms and Subsidiaries 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.

### **Report on Summarized Comparative Information**

We have previously audited the 2020 consolidated financial statements of myAgro Farms and Subsidiaries and our report, dated April 9, 2021, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*BDO USA, LLP*

January 7, 2022

# myAgro Farms and Subsidiaries

## Consolidated Statement of Financial Position (with comparative totals for 2020)

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 3)	\$ 6,532,905	\$ 5,595,911
Accounts receivable (Notes 3, 5 and 6)	3,398,304	2,932,246
Employee advances	86,908	54,947
Inventory (Note 3)	648,999	442,952
Prepaid expenses	105,608	66,716
<b>Total Current Assets</b>	<b>10,772,724</b>	<b>9,092,772</b>
<b>Fixed Assets, Net (Notes 3 and 7)</b>	<b>161,825</b>	<b>260,569</b>
<b>Security Deposits</b>	<b>91,097</b>	<b>49,726</b>
<b>Total Assets</b>	<b>\$ 11,025,646</b>	<b>\$ 9,403,067</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 993,181	\$ 611,081
Notes payable, current portion (Notes 8)	3,700,000	3,350,000
Loan Payable - Paycheck Protection Program (Note 9)	209,000	-
Accrued payroll and other liabilities	559,327	493,428
<b>Total Current Liabilities</b>	<b>5,461,508</b>	<b>4,454,509</b>
<b>Loan Payable - Paycheck Protection Program (Note 9)</b>	<b>-</b>	<b>209,000</b>
<b>Notes Payable - net of current portion (Note 8)</b>	<b>300,000</b>	<b>-</b>
<b>Total Liabilities</b>	<b>5,761,508</b>	<b>4,663,509</b>
<b>Commitments and Contingencies</b> (Notes 3, 4, 8, 9 ,10, 11 and 13)		
<b>Net Assets</b>		
Without donor restrictions	4,457,335	4,253,042
With donor restrictions (Note 12)	806,803	486,516
<b>Total Net Assets</b>	<b>5,264,138</b>	<b>4,739,558</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,025,646</b>	<b>\$ 9,403,067</b>

*See accompanying notes to consolidated financial statements.*

# myAgro Farms and Subsidiaries

## Consolidated Statement of Activities (with comparative totals for 2020)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2021	2020
<b>Revenue and Public Support</b>				
Foundation grants	\$ 4,551,257	\$ 4,279,280	\$ 8,830,537	\$ 7,502,896
Inputs and layaway	4,414,104	-	4,414,104	3,435,180
Government grants	-	3,615,326	3,615,326	3,029,889
Other grants	-	-	-	105,880
Donations and contributions	369,247	-	369,247	198,495
Loss on disposal of fixed asset	-	-	-	(3,472)
Interest income	1,028	-	1,028	6,473
Net assets released from restrictions	7,574,319	(7,574,319)	-	-
<b>Total Revenue and Public Support</b>	<b>16,909,955</b>	<b>320,287</b>	<b>17,230,242</b>	<b>14,275,341</b>
<b>Expenses</b>				
Program services	15,103,379	-	15,103,379	12,948,510
Management and general	1,210,264	-	1,210,264	1,058,328
Fundraising	669,819	-	669,819	599,530
<b>Total Expenses</b>	<b>16,983,462</b>	<b>-</b>	<b>16,983,462</b>	<b>14,606,368</b>
<b>Change in Net Assets, before nonoperating revenue</b>	<b>(73,507)</b>	<b>320,287</b>	<b>246,780</b>	<b>(331,027)</b>
<b>Nonoperating Revenue (Expenses)</b>				
Foreign currency translation gain (loss)	277,800	-	277,800	(199,978)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>277,800</b>	<b>-</b>	<b>277,800</b>	<b>(199,978)</b>
<b>Change in Net Assets</b>	<b>204,293</b>	<b>320,287</b>	<b>524,580</b>	<b>(531,005)</b>
<b>Net Assets, beginning of year</b>	<b>4,253,042</b>	<b>486,516</b>	<b>4,739,558</b>	<b>5,270,563</b>
<b>Net Assets, end of year</b>	<b>\$ 4,457,335</b>	<b>\$ 806,803</b>	<b>\$ 5,264,138</b>	<b>\$ 4,739,558</b>

See accompanying notes to consolidated financial statements.

## myAgro Farms and Subsidiaries

### Consolidated Statement of Functional Expenses (with comparative totals for 2020)

*Year ended June 30,*

	Support Services				2021	2020
	Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 3,597,352	\$ 645,555	\$ 536,228	\$ 1,619,077	\$ 4,779,135	\$ 4,535,307
Payroll taxes and benefits	743,352	181,222	74,255	255,477	998,829	887,252
<b>Total Personnel Expenses</b>	<b>4,340,704</b>	<b>826,777</b>	<b>610,483</b>	<b>1,437,260</b>	<b>5,777,964</b>	<b>5,422,559</b>
Advertising	227,135	-	-	-	227,135	255,199
Bank charges	95,122	6,768	-	6,768	101,890	100,569
Computers and hardware	-	20,516	-	20,516	20,516	17,775
Cost of goods sold	5,311,901	-	-	-	5,311,901	3,752,006
Fuel	399,659	-	-	-	399,659	359,924
Insurance	51,603	10,337	-	10,337	61,940	82,274
Interest	99,027	-	-	-	99,027	73,631
Internet and telecommunication	530,675	3,737	-	3,737	534,412	442,425
Maintenance	149,361	-	-	-	149,361	127,566
Office expenses	248,678	6,875	-	11,024	255,523	246,280
Professional fees	972,909	129,554	-	126,784	1,102,463	1,004,736
Program expenses	1,373,902	-	-	-	1,373,902	1,331,100
Rent and utilities	251,890	59,184	-	59,184	311,074	328,376
Software and subscriptions	110,171	98,816	25,754	124,570	234,741	156,326
Taxes and fees	239,876	-	-	-	239,876	96,972
Transportation	46,483	-	-	-	46,483	39,261
Travel	482,078	47,700	33,582	81,282	563,360	620,568
<b>Total Other Expenses</b>	<b>10,590,470</b>	<b>383,487</b>	<b>59,336</b>	<b>442,823</b>	<b>11,033,293</b>	<b>9,034,988</b>
Depreciation and amortization	172,205	-	-	-	172,205	148,821
<b>Total Expenses</b>	<b>\$ 15,103,379</b>	<b>\$ 1,210,264</b>	<b>\$ 669,819</b>	<b>\$ 1,880,083</b>	<b>\$ 16,983,462</b>	<b>\$ 14,606,368</b>

*See accompanying notes to consolidated financial statements.*



# myAgro Farms and Subsidiaries

## Consolidated Statement of Cash Flows (with comparative totals for 2020)

<i>Year ended June 30,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 524,580	\$ (531,005)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	172,205	148,821
Loss on disposal of fixed assets	-	3,472
Decrease (increase) in:		
Accounts receivable	(466,058)	(2,096,498)
Employee advances	(31,961)	(4,843)
Inventory	(206,047)	(80,335)
Prepaid expenses	(38,892)	(35,418)
Security deposits	(41,371)	(13,594)
Increase (decrease) in:		
Accounts payable and accrued expenses	382,100	(240,644)
Accrued payroll and other liabilities	65,899	301,587
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>360,455</b>	<b>(2,548,457)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(73,461)	(148,551)
<b>Net Cash (Used in) Investing Activities</b>	<b>(73,461)</b>	<b>(148,551)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from notes payable	3,850,000	3,559,000
Principal payments on notes payable	(3,200,000)	(1,350,000)
<b>Net Cash Provided by Financing Activities</b>	<b>650,000</b>	<b>2,209,000</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>936,994</b>	<b>(488,008)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>5,595,911</b>	<b>6,083,919</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 6,532,905</b>	<b>\$ 5,595,911</b>
<b>Supplemental Information</b>		
Cash paid for interest	\$ 99,027	\$ 73,631

*See accompanying notes to consolidated financial statements.*

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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### 1. Nature of Organization

MyAgro Farms is a California not-for-profit organization that was incorporated in March 2012 and is registered to operate in its program countries. Currently, the primary countries of operations are Senegal, Mali and Tanzania. The mission of myAgro Farms is to move small-scale farmers out of poverty. MyAgro Farms achieves this mission by helping farmers using a mobile network layaway system to purchase agricultural inputs and by providing technical training to help increase their harvests.

### 2. Principles of Consolidation

The consolidated financial statements include myAgro Farms and Subsidiaries that are required to be consolidated and are related through shared management and members of the board of directors. For the year ended June 30, 2021, myAgro Farms and Subsidiaries include myAgro Farms (United States), myAgro Farms Senegal, myAgro Farms Mali and myAgro Farms Tanzania (collectively, the Organization). All significant intercompany transactions are eliminated in consolidation.

### 3. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The Organization maintains its accounting records and prepares its consolidated financial statements on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

#### *Basis of Presentation*

The consolidated financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States (U.S. GAAP). In the consolidated statement of financial position, assets are presented in order of liquidity or conversion to cash, and liabilities are presented according to their maturity resulting in the use of cash.

#### *Financial Statement Presentation*

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investment income, net of direct internal and external investment expenses, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

*Without Donor Restrictions* - This class consists of net assets that are available for use at the discretion of the Board of Directors and/or management for general operating purposes. These amounts are not subject to donor-imposed stipulations.

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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*With Donor Restrictions* - This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restrictions is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

See Note 12 for more information on the composition of net assets with donor restrictions and the releases from restrictions, respectively.

### ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization's cash and cash equivalents, at times, may exceed government-insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

### ***Accounts Receivable and Advances***

Accounts receivable and employee advances are stated at the amount management expects to collect from outstanding balances.

### ***Inventory***

Inventory is valued at the lower of cost or market with cost determined on a weighted-average basis. Inventories consist of seeds and fertilizer for use in the Organization's programs or kept for sale.

### ***Fixed Assets***

Fixed assets are recorded at cost when purchased, while donated fixed assets are recorded at their estimated fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of fixed assets are capitalized. Depreciation and amortization is computed on the straight-line method over various useful lives.

	Years
Furniture and equipment	7-10
Computer hardware	3-5
Vehicles	3-5

### ***Impairment of Fixed Assets***

The Organization reviews fixed assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2021, there have been no such losses.

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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### ***Revenue Recognition***

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There are no such amounts for the year ended June 30, 2021.

Revenue from foundation, government, and other grants is recognized as revenue without donor restrictions when expenditures have been incurred in compliance with the grantor's restrictions or when applicable performance-based milestones are reached, and as requisitions for payments are submitted. Foundation, government, and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, Not-for-Profit Entities. Government and other grants contracts are evaluated for contributions that are conditional.

### ***Inputs and Layaway Revenue***

The Organization provides its program resources and services for a fee and the farmers pay cash deposits on enrollment to the program. The Organization earns these fees as it provides seeds, fertilizer, training and other services to the farmers. Cash received from farmers in advance of the Organization providing goods and services is recorded in the consolidated statement of financial position as accounts payable and accrued expenses.

### ***Income Taxes***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made on the consolidated financial statements. It is also classified as "other than a private foundation." The Organization has no unrelated business income during the year, and, therefore, no provision for federal or state income taxes has been made in the accompanying consolidated financial statements. Additionally, the Organization has filed Internal Revenue Service Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. The Organization is subject to routine audits by a taxing authority. As of June 30, 2021, the Organization was not subject to any examination by a taxing authority.

Under ASC 740, *Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on the Organization's consolidated financial statements. The Organization does not believe they have taken any material uncertain tax positions and, accordingly, they have not recorded any

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where they are required to do so.

### ***Use of Estimates***

In preparing the consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and judgments that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Functional Allocation of Expenses***

The costs of providing the Organization's program and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited, including rent and utilities, internet and telecommunication, office expenses and depreciation, based on an estimation of time and/or space utilized.

### ***Foreign Currency Translations***

Foreign currencies are translated in accordance with Accounting Standards Codification (ASC) 830, *Foreign Currency Matters*. Under the provisions of ASC 830, the local currencies used in the Organization's foreign operations are considered to be the functional currencies of these operations. Assets and liabilities denominated in each functional currency are translated to U.S. dollars (USD) using the exchange rate in effect at the date of the consolidated statement of financial position. Revenues, expenses, gains and losses are translated using the average-exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying consolidated financial statements. The foreign currency exchange rate utilized within the consolidated statement of financial position at June 30, 2021 was USD 1/.00181 CFA and USD 1/.00043 TSH.

The cumulative translation gain is included in net assets without donor restrictions. Loss of foreign currency translation for the year ended June 30, 2021 amounted to \$277,800.

### ***Recently Adopted Accounting Pronouncements***

#### ***Revenue from Contracts with Customers (Topic 606)***

In May 2014, the Financial Accounting Standards Board (FASB) Issued ASU 2014-09, Revenue from Contracts with Customer (Topic 606), which is a comprehensive new revenue recognition standard that superseded existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2020-05, which deferred the effective date for Organization until annual periods beginning after December 15, 2019. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior-reporting period presented or with the cumulative effect being recognized at the date of initial application. Effective July 1, 2020, the Organization elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of this ASU did not have a material impact on the consolidated financial statements (see Note 6 - Receivable and Inputs and Layaway Revenue).

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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### *Recently Issued Accounting Pronouncements Not Yet Adopted*

#### *Changes to the Disclosure Leases (Topic 842)*

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

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

#### *Not-for-Profit Entities (Topic 958)*

The FASB issued ASU 2020-07, the Update, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the combined statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the combined statement of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement*, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets.

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

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

### 4. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

<i>June 30,</i>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 6,532,905	\$ 5,595,911
Accounts receivable, net	3,398,304	2,932,246
<b>Total Financial Assets Available</b>	<b>9,931,209</b>	<b>8,528,157</b>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose or time	806,803	486,516
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 9,124,406</b>	<b>\$ 8,041,641</b>

#### *Liquidity Management*

The Organization has \$9,274,406 of financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditure, consisting of cash of \$6,532,905, and accounts receivable of \$3,398,304. The accounts receivable is subject to implied time restrictions but is expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

### 5. Accounts Receivable

Accounts receivable, consists of the following amounts:

<i>June 30, 2021</i>	
Grant receivable	\$ 3,047,201
Other receivable	351,103
	<b>\$ 3,398,304</b>

### 6. Inputs and Layaway Revenue and Receivable

The Organization adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, on January 1, 2019. The Organization recognizes revenue when control of the promised services is transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has identified revenue from sales to farmers as a category subject to the adoption of ASU 2014-09 Topic 606.

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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

*Year ended June 30, 2021*

Inputs and layaways	\$ 4,414,104
<b>Total Revenue Subject to Accounting Standards Codification 606</b>	<b>4,414,104</b>
Foundation grants	8,830,537
Government grants	3,615,326
Donations and contributions	369,247
Interest and other income	1,028
<b>Total Revenue Not Subject to Accounting Standards Codification 606</b>	<b>12,816,138</b>
<b>Total Revenue</b>	<b>\$ 17,230,242</b>

The following table shows the Organization's inputs and layaway revenue for June 30, 2021; disaggregated by geographical area:

*December 31, 2021*

Mali	\$ 2,623,788
Senegal	1,750,685
Tanzania	39,631
<b>Total Revenue from inputs and layaway</b>	<b>\$ 4,414,104</b>

The following table shows the Organization's receivables, disaggregated by geographical area:

*December 31, 2021*

Mali	\$ 3,108,724
Senegal	282,547
<b>Total Receivables from inputs and layaway</b>	<b>\$ 3,391,271</b>

Receivables and inputs and layaway revenue are reported in the amount that reflects consideration to which the Organization be entitled in exchange for providing services. These amounts do not include variable consideration (reductions to revenue) for valuation discounts. Since the Organization's performance obligations are satisfied at a point in time, there was no adjustment to prior year amounts. All respective geographical locations' farmers revenues and accounts receivable are presented above.

As substantially all of its performance obligations relate to a bundle of service-type agreements with a duration of less than one year, the Organization has elected, as part of their adoption of the new revenue standard, to apply the optional exemption provided in ASU 2014-19 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligation that are unsatisfied or partially unsatisfied at the end of the reporting period.



# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

### 7. Fixed Assets, Net

Fixed assets, net, consists of the following:

*June 30, 2021*

	Mali	Senegal	Tanzania	Total
Furniture and equipment	\$ 59,874	\$ 31,185	\$ 26,550	\$ 117,609
Computer hardware	32,499	113,605	14,365	160,469
Vehicles	80,364	32,128	-	112,492
Less: accumulated depreciation	(100,507)	(110,822)	(17,416)	(228,745)
	<b>\$ 72,230</b>	<b>\$ 66,096</b>	<b>\$ 23,499</b>	<b>\$ 161,825</b>

Depreciation and amortization expense for the year ended June 30, 2021 was \$172,205.

### 8. Notes Payable

Notes payable consists of the following:

*June 30, 2021*

\$500,000 note payable to Jasmine Charitable Trust and \$700,000 note payable to Isenberg Family Charitable Foundation dated February 1, 2020, due in one payment on September 30, 2021, inclusive of interest at 5.0%.	\$ 1,200,000
\$500,000 note payable to Netri Fundación Privada dated February 19, 2021, due in one payment on February 22, 2022, inclusive of interest at 4.5%.	500,000
\$1,500,000 note payable to Rippleworks, Inc dated February 1, 2020, due in one payment on September 30, 2021, inclusive of interest at 5.0%.	1,500,000
\$300,000 note payable to Whole Planet Foundation dated January 9, 2020, due in one payment on January 31, 2023 with no interest charge.	300,000
\$500,000 note payable to A to Z Impact Foundation dated February 19, 2021, due in one payment on September 30, 2021, inclusive of interest at 5.0%.	500,000
<b>Total Notes and Loan Payable</b>	<b>4,000,000</b>
Less: current maturities	3,700,000
<b>Total Notes and Loan Payable - Long Term</b>	<b>\$ 300,000</b>

Subsequent to year end, approximately \$2,800,000 of the aforementioned notes payable were paid off.

### 9. Small Business Administration (SBA) - Paycheck Protection Program (PPP) Loan

On April 17, 2020, the Organization applied for and received a loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) amounting to \$209,000. The application for these funds requires the Center to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Center. This certification further requires the Center to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Center having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The loan, payable to Citibank, due on April 17, 2022, inclusive of interest at 1.0%, may be partially or fully forgiven if the Organization meets the PPP criteria for forgiveness of the loan. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. As of June 30, 2021, the total principal outstanding on these PPP loans was \$209,000. The PPP loan was fully forgiven on July 19, 2021.

### 10. Lease Commitments

The Organization leases offices, apartments and warehouse space, and housing for its workforce in Africa under multiple operating leases expiring on various dates through June 2024.

Minimum future rental payments are as follows:

*Year ending June 30,*

2022	\$	98,801
2023		58,034
2024		21,169
	\$	178,004

Total rent expense under all leases for the year ended June 30, 2021 was \$190,674.

### 11. Concentration of Foreign Operations Risk

Contributions are raised globally, with a majority within the U.S. The nature of the Organization's program activities is to supply agricultural inputs, training and credit in foreign countries. While foreign operations risk is somewhat diversified across countries, and is actively managed by the Organization, it remains reasonably possible that operations outside the U.S. could be disrupted due to political, economic or natural events, impacting the normal functioning of these programs.

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

### 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

*June 30, 2021*

Time-restricted for general use	\$	58,277
Mali		(689,781)
Senegal		1,305,943
Tanzania		132,364
	\$	806,803

Net assets were released from donor restrictions by incurring expenses satisfying the following purpose restrictions specified by donors during the year:

*June 30, 2021*

Time-restricted for general use	\$	294,521
Mali		4,848,803
Senegal		2,340,818
Tanzania		90,177
	\$	7,574,319

### 13. Risks and Uncertainties - COVID-19

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

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

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, it may have an adverse effect on the Organization's results of future operations, financial position and liquidity in fiscal year 2022.

#### **CARES Act**

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

# myAgro Farms and Subsidiaries

## Notes to Consolidated Financial Statements

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contributions and technical corrections to tax depreciation methods for qualified improvement property.

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

In April 2020, the Organization received funds under the PPP loan program in the amount of \$209,000. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account the current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The Organization received the forgiveness of the full loan under the PPP on July 19, 2021. It also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans (EIDL) to provide liquidity to small businesses harmed by COVID-19. See Note 9 for additional information about the Organization's PPP loans.

### 14. Subsequent Events

The Organization's management has performed subsequent events procedures through January 7, 2022, which is the date the consolidated financial statements were available to be issued, and there were no other subsequent events other than described in Note 9 requiring adjustment to the consolidated financial statements or disclosures as stated herein.