



2024 Annual Report





Table of Contents

LETTER FROM EXECUTIVE DIRECTOR	3
ABOUT US.....	4
Mission	4
Vision.....	4
Theory of Change	4
WHERE WE WORK & OUR APPROACH	5
2024 HIGHLIGHTS	6
PORTFOLIO OVERVIEW.....	7
Geographic Reach	7
Sectoral Breakdown	7
PORTFOLIO PERFORMANCE	8
CASE STUDIES.....	9
Afi Water Factory	10
AADCO.....	10
IMPACT MEASUREMENT & RESULTS	11
FINANCIAL OVERVIEW.....	12
GOVERNANCE.....	13
LOOKING AHEAD & BEYOND	15
Scaling Up Investments and Launching New Funds.....	15
Deepening Impact and Technical Assistance....	15
Strengthening Portfolio Quality and Risk Management	16
Strategic Partnerships and Fundraising	16
Our Vision Beyond 2025	17
ACKNOWLEDGMENTS	18

Dear Partners and Stakeholders,

2024 was a year of transformation and renewal for Shuraako Capital. We streamlined our organization to focus entirely on providing growth capital and technical assistance to small and medium-sized enterprises (SMEs) in fragile, conflict-affected regions, and this strategic clarity was met with unanimous support from our investors and donors.

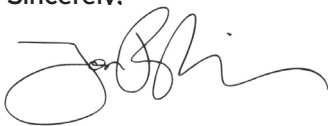
By the end of 2024, we had prepared a healthy pipeline of new investments (approximately \$6.5M) and approved six high-potential loan packages totaling \$4.3M. Our existing portfolio continued to make an impact: 91 entrepreneurial clients collectively created over 1,218 new jobs during the year (515 directly, 703 indirectly), and our team maintained robust loan collections, recovering \$4.67M in 2024.

We also took steps to elevate our partnerships and visibility. We fostered closer ties with local authorities throughout the Somali region, including engaging the newly elected Somaliland administration to ensure continued support for our work. Internationally, Shuraako Capital joined the World Economic Forum's Humanitarian and Resilience Investing initiative to share our experience and learn from our peers. We also partnered with TrustWorks Global to become the first ever conflict sensitive SME investment facility, reflecting our continued commitment to peace. Finally, we began collaborating on new funding opportunities, securing commitments from major development institutions like Impact Fund Denmark, Danida, and Swedfund that will inject nearly \$10M of fresh capital into our fund.

2024 set the stage for a new chapter in our identity. In consultation with our founder, Board, and partners, we decided to re-brand from One Earth Future to Shuraako Capital. This change leverages the strong reputation of the Shuraako name while clearly aligning our brand with our mission and focus.

We emerge from 2024 more focused, accountable, and ready to grow. Transitions are hard, and I am incredibly proud of what our team accomplished under challenging circumstances. As we look ahead to 2025 and beyond, we do so with confidence and optimism. The groundwork laid this past year – a solid portfolio, improved systems, committed partners, and a clear strategic vision – has prepared us to scale our impact in the years to come.

Sincerely,



Jon Bellish

Executive Director, Shuraako Capital



About us

Shuraako Capital is a mission-driven impact investment organization focused on mobilizing capital to entrepreneurs in the Somali region to foster economic development and peace. Founded as a program of the One Earth Future Foundation in 2012, Shuraako (which means “partnership” in Somali) has since evolved into a dedicated financial entity and, as of 2025, a standalone brand. We connect promising SMEs with the financing and support they need to grow, create jobs, and build a more stable and prosperous society.



Mission

To create a comprehensive ecosystem of support that enables small and medium-sized enterprises to thrive in fragile and conflict-affected settings.

Vision

A world where small and medium-sized enterprises are a driving force for peace and prosperity.

Our Theory of Change

At Shuraako Capital, our approach is grounded in a simple theory: supporting local entrepreneurs in fragile economies can unlock ripple effects of positive change. By helping SMEs access growth capital, we enable them to purchase equipment, expand production, enter new markets, and hire more employees. These new jobs mean livelihoods for families and communities which provide alternatives to instability and conflict. Over time, successful businesses contribute to a more formalized,

resilient private sector, which fosters broader economic growth and hope for the future. We reinforce this cycle by insisting on responsible and sustainable business practices (including environmental, social, and governance standards) and by offering guidance to our clients, thereby ensuring that growth comes with good corporate citizenship. Every dollar we invest is intended to produce both financial returns and social returns in the form of stability and peace.

Where We Work and Our Approach

Shuraako Capital operates throughout the Somali region, with on-the-ground offices in Hargeisa, Garowe, and Mogadishu. Our team of local and international staff works closely with entrepreneurs across Somaliland, Puntland, and South-Central Somalia. This local presence gives us a deep understanding of the context and enables hands-on support and monitoring.

All our financing is structured under Islamic finance principles to ensure alignment with local customs and to be inclusive of Muslim business owners. In addition to financing, we provide technical assistance to our clients, helping them strengthen their business plans, financial management, and environmental and social practices so that they can sustainably grow their enterprises.



***We are proud to
be the first and
only provider of
Sharia-compliant
growth capital to
SMEs in the Horn
of Africa.***

2024 Highlights

SMEs Supported: 91

Businesses in our portfolio received financing or support in 2024.

Jobs Created: 1,218

(515 direct, 703 indirect)
New jobs generated by portfolio companies during 2024.

New Investments Approved: \$4.9M

Value of loans approved (7 deals) to fund SME growth (disbursement in early 2025).

Active Portfolio: \$22.7M

Assets under management in the loan portfolio at year-end 2024.





Portfolio Overview

Shuraako Capital manages a dynamic portfolio of SME investments that span a variety of sectors crucial to Somalia’s economy and wellbeing. At the end of 2024, our active portfolio consisted of 91 loans outstanding, totaling nearly \$25.98M in invested capital. These investments are distributed across multiple regions of the Somali region and a diverse range of industries, reflecting both the opportunities and needs in the market.



Geographic Reach

All our investments are within the Somali region, with a focus on Somaliland, Puntland, and Southern Somalia. Roughly half of our portfolio (by value) is in Somaliland, which has historically seen the most deal flow due to a relatively more developed private sector in cities like Hargeisa. Puntland (Garowe, Bosaso) and the Mogadishu region each account for significant portions of the portfolio as well. We work in both urban and rural areas, financing businesses in cities, secondary towns, and rural communities. This broad geographic coverage ensures that our impact is felt across the Somali region, not just in one commercial center.

Sectoral Breakdown

Our investments cover nine major sectors, reflecting the breadth of Somalia’s economy.

The four sectors that led in terms of job creation in 2024 were:



Manufacturing & Light Industry
27%



Agribusiness
11%



Water & Sanitation
9%



Fishing
8%



Other (Energy, Services, etc.)
45%

Essential services like clean water provision, manufacturing, and fisheries are key focus areas. We have financed water bottling plants, food and beverage processors, fishing companies, farms, renewable energy providers, healthcare clinics, and more. Notably, a growing segment of our portfolio supports green energy and climate-friendly projects (solar power installations, solar water pumps, etc.), in line with Somalia’s needs and global sustainable development trends. Diversity in the portfolio helps spread risk – challenges in one sector may be offset by stability in another sector.



Portfolio Performance

While 2024 saw a temporary plateau in the number of active investments (no new disbursements were made), our assets under management remained significant and our historical investments continued to perform.

During the year, 11 clients fully repaid their loans, returning \$2.9M in principle to the fund. This naturally reduced our outstanding portfolio size but also demonstrated a cycle of success: businesses graduating from our financing having grown enough to repay in full.

We anticipate portfolio growth resuming in 2025 with the deployment of new funds, which will further normalize portfolio metrics.

Case Studies



Clean Water for Communities

Afi Water Factory

Afi Water Factory is a Somali-owned business that has transformed access to clean drinking water. Founded in 2000 as a small operation, Afi Water grew into an industry leader with Shuraako's support. A strategic investment from our fund enabled Afi Water to expand to three major cities, scale up production, and improve efficiency. Today, the company provides affordable, safe water to thousands of households. It has also become a significant employer – having created 72+ jobs to date – and pioneered sustainable practices by running 65% of its operations on solar power. This combination of social impact (clean water and jobs) and environmental stewardship (solar energy use) makes Afi Water Factory a flagship example of how impact capital can uplift communities.



Boosting Local Industry

AADCO

AADCO is a manufacturing company in Somaliland that produces construction and household materials. Unlike many competitors who rely on imports, AADCO prides itself on sourcing materials locally and selling affordable products within Somalia. In fact, 90% of AADCO's sales are domestic in Somaliland. With financing from the Nordic Horn of Africa Opportunities Fund managed by Shuraako Capital, AADCO has been able to upgrade its machinery and increase production capacity. This investment strengthened AADCO's local impact – the company has grown its workforce, created new skilled jobs, and is delivering high-quality locally-made products that substitute for imports. AADCO's success showcases how investing in local industry can spur economic resilience: profits stay in the community and customers gain reliable access to goods made at home.

Impact Measurement & Results



\$25.98M

Capital deployed



91

SME's Supported



6,060

Total Jobs Created



28

Clients Provided
with Technical
Assistance Support

Jobs by Region

2,261

Somaliland

2,230

South
Central

1,569

Puntland

Financial Overview

Statement of Financial Position

Assets

Cash and Investments	5,034,194
Grants and Pledges Receivable	1,976,507
Property and Equipment	13,983,263
Other Assets	356,075

Total Assets 21,350,039

Liabilities and Net Assets

Liabilities

Accounts Payable	71,941
Accrued Expenses	1,220,291
Other Liabilities	822,468

Net Assets

With Donor Restrictions	180,906
Without Donor Restrictions	19,054,433

Total Liabilities and Net Assets 21,350,039

Statement of Activities

Revenue

Grants and Contributions	5,299,761
Contract Income	4,605,131
Investment Income	78,595
Other Income	103,152

Total Revenue 10,086,639

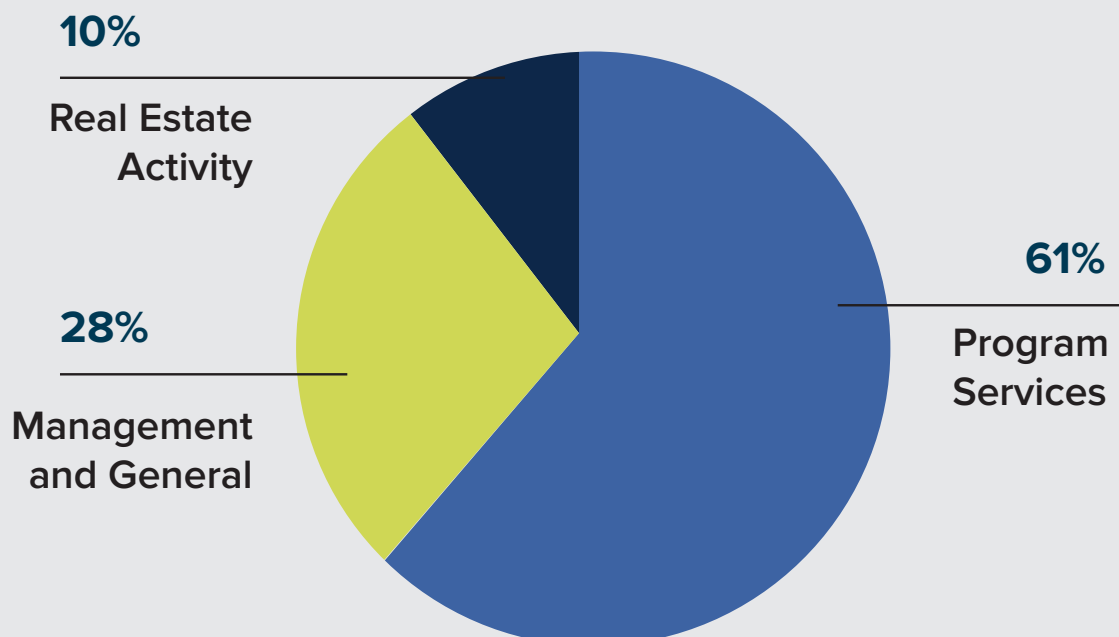
Expenses

Program Services	,671,446
Management and General	3,522,763
Real Estate Activities	1,306,349

Total Expenses 12,500,558

Change in Net Assets

Net Assets. Beginning of Year	21,649,258
Net Assets. End of Year	19,235,339



Governance



Marcel Arsenault

Co-founder with his wife Cynda Collins Arsenault of One Earth Future, the Arsenault Family Foundation, and the Secure World Foundation, is dedicated to promoting governance systems that prevent war. As founder of Real Capital Solutions, he oversees a real estate portfolio exceeding \$1.5 billion and is a contributing author of *How to Build a Real Estate Empire*. He holds a B.S. from McGill University and was pursuing a Ph.D. in molecular biology at the University of Colorado when he began his entrepreneurial career.



Cynda Collins Arsenault

Co-Founder and Board Member of One Earth Future and the Arsenault Family Foundation, as well as co-founder and President of Secure World Foundation, promoting cooperative solutions for secure and sustainable use of outer space. With 45+ years of non-profit experience, she focuses her philanthropy on advancing women's leadership in solving global challenges, particularly through Our Secure Future, and founded Women Powering Change, an annual gathering of women changemakers. She holds a BA in Sociology and Psychology from UC Berkeley and an MA in Education from Colorado State University.



Alberto C. Vollmer

Alberto Vollmer is Chairman and CEO of Ron Santa Teresa, Venezuela's oldest rum brand founded in 1796, and in 2003 founded Project Alcatraz, a gang rehabilitation program that has dismantled 11 gangs and become a benchmark for similar initiatives globally. He led a 2016 deal with Bacardi creating global distribution in over 90 countries and has chaired CONAPRI since 2017, while also serving as Honorary Consul for South Korea in Venezuela. A Civil Engineer with executive training from Harvard Kennedy School and other institutions, he is an Ashoka Fellow, World Economic Forum Young Global Leader, and member of the Inter-American Dialogue.



Paul Collier

Leading development economist and author of foundational works including, *Left Behind*, *The Bottom Billion*, *Plundered Planet*, and *Greed Is Dead*, whose research focuses on civil wars, foreign aid, urbanization, and democracy in low-income countries. He is Professor of Economics and Public Policy at Oxford's Blavatnik School of Government, Director of the International Growth Centre, and writes regularly for major publications including the *New York Times* and *Financial Times*. A 2014 Commander of the Order of the British Empire and Fellow of the British Academy, he has received numerous awards including the Lionel Gelber Prize and Arthur Ross Prize from the Council on Foreign Relations.



Mark Paper

Business leader with over 32 years of experience in impact investment across Sub-Saharan Africa, specializing in direct investments and SME-focused asset management. As CEO of Business Partners International Africa, he led the expansion into Kenya, Madagascar, Malawi, Namibia, Rwanda, Uganda, and Zambia, raising and establishing funds that have facilitated access to capital for countless African businesses. His leadership has created employment opportunities and stimulated economic growth across the continent through a deep understanding of local markets and passion for fostering African entrepreneurship.

Looking Ahead: 2025 & Beyond

As we transition fully into our new identity as Shuraako Capital and build on the foundations laid in 2024, we are excited about the road ahead. The coming years hold significant promise – not only to significantly scale our impact by reaching more entrepreneurs, but also to deepen that impact through new initiatives and improved practices.



Scaling Up Investments and Launching New Funds

Our immediate goal is to fully deploy the new capital committed at the end of 2024 and early 2025. By Q2 2025 we intend to have 10 new loans totaling \$4.5M and disbursed \$3.9 M, kick-starting our portfolio expansion. We aim to maintain a high pace of investment throughout 2025 – targeting at least \$15 M in new disbursements by year-end.

Deepening Impact and Technical Assistance

Growth for growth's sake is not our approach; it must be accompanied by quality and deepening impact. Thus, a key focus area is to enhance technical assistance offerings. In 2025, we plan to roll out a comprehensive Technical Assistance (TA) program for our portfolio companies, in partnership with Impact Fund Denmark and Danida. This program will provide tailored business development services around business plans, financial record-keeping, training on corporate governance and ESG, and sector-specific workshops. By strengthening the capacity of our entrepreneurs, we aim to improve their success rates and increase the development outcomes of each investment.



Strengthening Portfolio Quality and Risk Management

With scale comes the imperative to maintain portfolio health. Our priority is to continue to reduce risk for our investors, strategies of which include more frequent portfolio monitoring, client support for troubled loans, and use of data-driven risk analytics. Our goal is to get PAR90 to below 30% by the end of 2025, which would be a strong signal of improved portfolio health.



Strategic Partnerships and Fundraising

Shuraako Capital's work does not happen in a vacuum, and strategic partnerships are key to our success. In 2025, we will continue our partnership with TrustWorks Global and hope to officially become the first SME investment manager to take a conflict-sensitive approach to investments in fragile and conflict-affected settings. We are also looking to partner with the United Nations Development Programme on SDG-driven sector mapping and impact matrices, to capture the full impact of our work and demonstrate the profound effects that SME investing has on global development priorities. In terms of business development, our focus in 2025 will remain on partnering with forward-looking development finance institutions and development partners to capitalize the Nordic Horn of Africa Opportunities Fund.

We are also looking into expanding our offering throughout the Somali Horn, including Ethiopia, Djibouti, and Northern Kenya, and beginning outreach to potential private impact and philanthropic capital partners.



Our Vision Beyond 2025

Shuraako Capital envisions becoming a center of excellence for SME investing in fragile states, proving that even in the most challenging contexts, capital can be deployed responsibly and to great effect. By 2030, success would mean thousands more jobs created, the emergence of many locally successful companies we helped nurture, and perhaps replication of our model in other conflict-affected regions.

In the nearer term, we expect tangible progress: a growing, balanced loan portfolio, a more diversified investor base, and stronger institutions around us because of our influence (for example, local banks starting to lend more to SMEs, inspired by our track record).

In conclusion, the future for Shuraako Capital is bright. With renewed capital, partnerships, and a sharpened strategy, we are poised to deliver greater impact than ever. We step into 2025 as a rejuvenated organization – agile, accountable, and ambitious. We remain deeply grateful to all who have supported us thus far and invite you to continue with us on this journey of building peace through prosperity, one small business at a time.

Acknowledgments

The accomplishments of 2024 and the groundwork for the future would not have been possible without the support, guidance, and hard work of many. Shuraako Capital extends its heartfelt gratitude to the individuals and organizations who have partnered with us on our mission.

Donors and Funding Partners

We thank our investors and donors for their unwavering trust. In particular, we acknowledge the Nordic Horn of Africa Opportunities Fund's investors – including the development agencies and development finance institutions of Denmark, Norway, the Netherlands, and Sweden – for their continued commitment. Our gratitude extends to the One Earth Future Foundation and Marcel Arsenault, whose foundational support and pioneering vision set the stage for Shuraako Capital's creation. Every dollar of support is treated with great care, and we thank you for enabling us to do this important work.

Board of Directors and Advisors

We are deeply grateful to our Board members for their leadership and stewardship during a pivotal year. Their wisdom and decisive guidance helped navigate challenges and chart the course ahead. To our informal advisors, mentors, and members of the Shuraako Capital network who lent their knowledge: thank you for being generous with your advice and connections. Your counsel has strengthened our impact.

Our Clients and Entrepreneurs

At our heart are the entrepreneurs and small business owners we serve. Thank you for your courage, ingenuity, and perseverance - you are the true engines of development in the Somali region. We appreciate the communication and collaboration, from providing data for impact reporting or expressing challenges so we can problem-solve together. Thank you for trusting Shuraako Capital as a partner in your company's growth.

Government and Community Partners


We convey our appreciation to the Somali regional authorities and national government officials who have supported Shuraako Capital's work. Their cooperative stance has created a more enabling environment for us and our stakeholders. At the community level, we thank the local elders and community leaders who have welcomed us and often facilitated introductions or helped resolve issues. Your trust within communities extends to us and helps ensure our initiatives are well-received on the ground.

Staff and Team Members

Thank you to the Shuraako Capital team: our staff in Hargeisa, Garowe, Mogadishu, Nairobi, Washington DC, Broomfield, and elsewhere. Your dedication has been extraordinary.



Mobilizing capital investments to SMEs in the Somali region to stimulate job creation and the expansion of a formalized and more responsible private sector.

 www.shuraako.org



One Earth Future Foundation, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

One Earth Future Foundation, Inc. and Subsidiaries

Table of Contents

December 31, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Financial Report for IFU	23

Independent Auditors' Report

To the Board of Directors of
One Earth Future Foundation, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of One Earth Future Foundation, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance 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 the Organization's ability to continue as a going concern for one year from the date of issuance; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 auditors' 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 and ISAs 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 and ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit of the Organization. We remain solely responsible for our audit opinion.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information on page 23 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS and ISAs. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

San Francisco, California
October 21, 2025

One Earth Future Foundation, Inc. and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,140,884	\$ 3,863,046
Restricted cash	773,741	762,581
Investments	71,523	3,587,141
Note receivable (Note 5)	411,225	411,251
Billed and unbilled accounts receivable	90,017	415,194
Due from related parties	1,426,215	-
Pledges receivable	49,050	49,050
Employee Retention Credit (ERC) receivable (Note 3)	-	331,112
Prepaid rent	121,282	66,436
Prepaid expenses and other	189,808	300,531
	<u>7,273,745</u>	<u>9,786,342</u>
Total current assets	7,273,745	9,786,342
Investments (Note 4)	48,046	110,261
Property and Equipment, Net (Note 6)	13,983,263	14,341,876
Operating Lease Right-of-Use Assets (Note 7)	<u>44,985</u>	<u>103,480</u>
Total assets	<u><u>\$ 21,350,039</u></u>	<u><u>\$ 24,341,959</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 71,941	\$ 314,056
Conditional contributions (Note 11)	773,741	762,581
Accrued payroll	442,006	1,161,808
Accrued liabilities	778,285	294,497
Security deposits	600	54,346
Operating lease liabilities current (Note 7)	48,127	59,389
	<u>2,114,700</u>	<u>2,646,677</u>
Total current liabilities	2,114,700	2,646,677
Operating Lease Liabilities Noncurrent (Note 7)	<u>-</u>	<u>46,024</u>
Total liabilities	<u>2,114,700</u>	<u>2,692,701</u>
Net Assets (Note 9)		
Without donor restrictions	19,054,433	21,484,740
With donor restrictions	180,906	164,518
	<u>19,235,339</u>	<u>21,649,258</u>
Total net assets	19,235,339	21,649,258
Total liabilities and net assets	<u><u>\$ 21,350,039</u></u>	<u><u>\$ 24,341,959</u></u>

See notes to consolidated financial statements

One Earth Future Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities

Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Support						
Management fees	\$ 906,065	\$ -	\$ 906,065	\$ 961,420	\$ -	\$ 961,420
Contract income	2,562,496	-	2,562,496	1,296,544	-	1,296,544
Rental revenue	1,136,570	-	1,136,570	1,093,430	-	1,093,430
Contributed nonfinancial assets	320,987	-	320,987	899,374	-	899,374
Grants and contributions	4,215,406	763,368	4,978,774	2,420,405	1,063,001	3,483,406
Net realized and unrealized (losses) gains on investments	(49,475)	-	(49,475)	753,370	-	753,370
Interest and dividend income, net	126,705	-	126,705	155,017	-	155,017
Gain on:						
Sale of real estate	-	-	-	18,748	-	18,748
Insurance proceeds	1,365	-	1,365	6,009	-	6,009
Other income	103,152	-	103,152	62,574	-	62,574
Net assets released from restrictions	746,980	(746,980)	-	1,085,228	(1,085,228)	-
Total revenue, gains and support	10,070,251	16,388	10,086,639	8,752,119	(22,227)	8,729,892
Expenses						
Program services	7,671,446	-	7,671,446	11,045,859	-	11,045,859
Support services:						
Management and general	3,522,763	-	3,522,763	3,841,208	-	3,841,208
Real estate activities	1,306,349	-	1,306,349	1,459,178	-	1,459,178
Total support services	4,829,112	-	4,829,112	5,300,386	-	5,300,386
Total expenses	12,500,558	-	12,500,558	16,346,245	-	16,346,245
Change in net assets	(2,430,307)	16,388	(2,413,919)	(7,594,126)	(22,227)	(7,616,353)
Net Assets, Beginning	21,484,740	164,518	21,649,258	29,078,866	186,745	29,265,611
Net Assets, Ending	\$ 19,054,433	\$ 180,906	\$ 19,235,339	\$ 21,484,740	\$ 164,518	\$ 21,649,258

See notes to consolidated financial statements

One Earth Future Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Support Services			Total
		Management and General	Real Estate Activities	Total Support Services	
Salaries, benefits and payroll taxes	\$ 4,608,933	\$ 2,201,887	\$ -	\$ 2,201,887	\$ 6,810,820
Consultants and professional fees	1,127,151	490,353	8,162	498,515	1,625,666
Grant disbursements	1,229,748	-	-	-	1,229,748
Occupancy	102,608	53,018	615,817	668,835	771,443
Depreciation and amortization	9,452	2,033	432,608	434,641	444,093
Supplies and software	217,486	200,535	-	200,535	418,021
Travel	244,156	102,419	-	102,419	346,575
Other expenses	107,504	115,507	87,430	202,937	310,441
In-kind expense	-	244,688	-	244,688	244,688
Taxes	-	-	147,209	147,209	147,209
Insurance	-	98,795	15,123	113,918	113,918
Meeting expenses	24,408	-	-	-	24,408
Bad debt expense	-	13,528	-	13,528	13,528
	<u>\$ 7,671,446</u>	<u>\$ 3,522,763</u>	<u>\$ 1,306,349</u>	<u>\$ 4,829,112</u>	<u>\$ 12,500,558</u>
Total functional expenses					

See notes to consolidated financial statements

One Earth Future Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Support Services			Total
		Management and General	Real Estate Activities	Total Support Services	
Salaries, benefits and payroll taxes	\$ 5,335,636	\$ 2,012,478	\$ -	\$ 2,012,478	\$ 7,348,114
Consultants and professional fees	2,225,867	1,405,575	11,006	1,416,581	3,642,448
Grant disbursements	1,653,824	-	-	-	1,653,824
Occupancy	138,595	181,037	757,116	938,153	1,076,748
Supplies and software	615,292	91,308	-	91,308	706,600
Travel	493,238	40,665	-	40,665	533,903
Other expenses	265,171	76,812	95,775	172,587	437,758
Depreciation and amortization	5,060	467	431,479	431,946	437,006
Meeting expense	249,296	300	-	300	249,596
Taxes	-	-	143,428	143,428	143,428
Insurance	63,880	19,038	20,374	39,412	103,292
Bad debt expense	-	13,528	-	13,528	13,528
Total functional expenses	<u>\$ 11,045,859</u>	<u>\$ 3,841,208</u>	<u>\$ 1,459,178</u>	<u>\$ 5,300,386</u>	<u>\$ 16,346,245</u>

See notes to consolidated financial statements

One Earth Future Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (2,413,919)	\$ (7,616,353)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Contributed property	-	(502,000)
Gain on sale of real estate asset	-	(18,748)
Depreciation and amortization	444,093	437,006
Noncash lease expense	58,495	56,866
Net realized/unrealized losses (gains) on investments	49,475	(753,370)
Changes in assets and liabilities:		
Pledges and accounts receivable	325,177	460,607
Due from related parties	(1,426,215)	-
Employee Retention Credit (ERC) receivable	331,112	540,616
Deferred rent	(54,846)	(63,415)
Prepaid expenses and other assets	110,723	41,641
Right-of-use assets	(57,286)	(55,656)
Accounts payable and accrued liabilities	(478,129)	(85,897)
Conditional contributions	11,160	(166,589)
Security deposits	(53,746)	16,898
Net cash from operating activities	<u>(3,153,906)</u>	<u>(7,708,394)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment, net	(85,480)	(143,420)
Purchases of investments	-	(7,008,553)
Proceeds from sale of investments	3,528,358	17,091,307
Issuance of notes receivable	-	(412,500)
Payments on notes receivable	26	1,249
Proceeds from disposal of property and equipment	-	518,746
Net cash from investing activities	<u>3,442,904</u>	<u>10,046,829</u>
Net increase in cash, cash equivalents and restricted cash	288,998	2,338,435
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>4,625,627</u>	<u>2,287,192</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u><u>\$ 4,914,625</u></u>	<u><u>\$ 4,625,627</u></u>
Reconciliation of End of Year Totals in the Consolidated Statements of Cash Flow Related to Captions in the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 4,140,884	\$ 3,863,046
Restricted cash	<u>773,741</u>	<u>762,581</u>
	<u><u>\$ 4,914,625</u></u>	<u><u>\$ 4,625,627</u></u>

See notes to consolidated financial statements

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies

Organization

One Earth Future Foundation, Inc. and Subsidiaries (the Organization), a nonprofit corporation, was incorporated in the state of Colorado on December 30, 2007. The Organization catalyzes systems in Somalia and Colombia that eliminate root causes of war through various programs and research to promote economic and social development in areas affected by armed conflict.

Principles of Consolidation

The Organization has a wholly controlled financial interest in three real estate entities and a wholly owned limited liability company (LLC) that are required to be consolidated under generally accepted accounting principles (GAAP). All intercompany transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with GAAP.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash, short-term money market accounts, and other highly liquid investments with an original maturity of three months or less. It does not include cash and cash equivalents presented in investments, which are subject to investment management direction. The Organization continually monitors its position with the financial institutions with which it invests. Restricted cash primarily consists of funds received from grants that have yet to be spent or disbursed to subrecipients or subgrantees in accordance with grant awards.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Investments

The Organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in the consolidated statements of activities. Fair value in marketable securities is determined based on quoted market prices.

Investments in certain limited partnerships are reported at net asset value (NAV) as of December 31, 2024 and 2023.

In certain cases, investment managers report realized and unrealized gains and losses net of investment fees; accordingly.

Fair-Value Measurements

The Organization values its investments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable prices that are based on inputs not quoted in active markets but are corroborated by market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest level priority to Level 3 inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Levels 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity. The following is a description of valuation methodologies used for assets measured at fair value:

Equity securities and money market funds (e.g., cash and equities) are valued at the closing price as reported on the active market on which the individual securities or funds are traded.

Private equity is valued at the NAV of the limited partnership investments, as provided by the investment manager. The definition of NAV includes an ownership interest in the partners' capital, to which a proportionate share of the investment's net assets is attributed.

There were no changes to the valuation techniques used during the years presented.

Real Estate Activity

The Organization receives donations of investments in real estate to support the Organization's programs. The properties are donated, developed, and/or preserved for investment; currently, most of the properties are leased to various tenants.

Investments in real estate consisting of buildings, improvements, furniture and the underlying land are recorded at the purchase price or fair value at the time of donation, if donated, less accumulated depreciation. The purchase price includes the initial purchase price of the property, including closing costs and acquisition and legal fees, and original capital improvements.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Related accounts receivable consist of amounts due from tenants for improvements and monthly lease payments. The allowance method is used to deduct bad debt expenses related to receivables and the Organization believes that any allowance for doubtful accounts would be immaterial to the consolidated financial statements.

Tenant receivables consist of amounts paid to fund operating expenses of the building that are reimbursable by the tenants leasing space within the buildings.

The Organization records real estate tax expense on an accrual basis. The expense is prorated monthly based on the annual tax statement. The Organization requires security deposits from lessees for the duration of the lease. The security deposits are refunded when the tenant vacates, provided the tenant has not damaged the space and is current on rental payments.

Receivables

The Organization recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Organization determined that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Organization utilizes the aging method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables and effect of other external forces such as competition. For receivables that are not expected to be collected within the normal business cycle, the Organization considers current and forecasted direction of the economic and business environment.

Accounts receivables are recorded when billed or when related revenue is earned, if earlier, and represent claims against third parties that will be settled in cash.

Pledges receivable consist of promise to give from various sources. Pledges that are expected to be collected within one year are recorded at their net realizable values, and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Pledges receivable as of December 31, 2024 and 2023 are \$49,050 in both years. At December 31, 2024 and 2023, the Organization determined that the pledges were fully collectable. As such, no allowance of doubtful accounts is considered necessary.

Prepaid Expenses and Other

Prepaid expenses and other assets consist primarily of insurance, software subscriptions and deposits paid in advance.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Property and Equipment

Property and equipment, consisting of buildings, land, equipment and improvements, are recorded at cost. Donated fixed assets are also capitalized at fair value at the date of donation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to 39 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful lives of the assets. Repairs and maintenance of fixed assets are expensed as incurred except in the case that they result in a betterment to the unit of the property; a restoration of the unit of the property; or an adaptation of the unit of property to a new or different use.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The Organization reviews long-lived assets including property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges recorded during the years ended December 31, 2024 and 2023.

Revenue Recognition

Grant Revenue

Grants of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Conditional grant revenue received for grants is recognized as the conditions of the grants have been met. Grant funding received in advance of conditions being met is recorded as a conditional contribution and is included on the accompanying consolidated statements of financial position.

Contributed Nonfinancial Assets

Services

Contributed services, which require specialized skills and which the Organization would have paid for if not donated, are recorded at their fair value by using hourly billing rates at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations.

Property

Donated properties are initially reported at fair value at the date of donation on the consolidated statements of activities with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Rent

Donated rent is valued using estimated market rent for comparable office spaces.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Contracts with Customers

The Organization derives revenues from contracts with customers from management fees and other contract income. Revenue recognition is evaluated through the following five steps:

1. Identification of the contract or contracts with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price in the contract; and
5. Recognition of revenue when or as a performance obligation is satisfied.

Management fees include revenue from providing administrative and management services provided by the Organization to a social impact fund. Revenue is recognized over the period services are provided. These services are delivered as a single performance obligation and are billed for a fixed amount on a periodic basis. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing a service.

Revenue is recognized for contracts over the period services are provided as the customer simultaneously receives and benefits from the services. The Organization's performance obligation generally consists of the promise to provide services over the term of the contract. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing a service. The opening and closing balances of trade receivables are as follows:

	<u>January 1, 2023</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Billed and unbilled accounts receivables	\$ 905,122	\$ 415,194	\$ 1,516,232

Rental Revenue

The recognition of rental income is based on the specific terms of the Organization's lease agreements with tenants. Rental income is recognized ratably over the lease term.

Leases

At lease inception, leases are classified as either finance leases or operating leases with associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The Organization has made the following accounting policy elections with regard to its lease accounting:

- The Organization has elected the policy not to separate lease and nonlease components for all asset classes.
- When the rate implicit in the lease is not determinable, rather than using the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for its operating leases.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

- The Organization elected to account for its leases using the portfolio approach; as such, leases that have similar commencement dates, length of terms, renewal options or other contract terms have been combined into a lease portfolio whereby the resulting accounting at the portfolio level does not differ materially from that at the individual lease level.

Functional Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statements of activities. Costs have been allocated between the various program and support services on an actual basis, where available, or based upon reasonable methods. Certain wages and benefits have been allocated based on time and effort. Occupancy costs, information technology, insurance and other costs have been allocated based on headcount.

Income Taxes

The Organization is a not-for-profit Colorado entity and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3) and by the Colorado Revised Statute Section 39-26-718. Accordingly, no provision for income taxes is made in these consolidated financial statements. However, the Organization is subject to a federal excise tax on net investment income.

Each year, management considers whether the Organization has any uncertain tax positions that require recognition in the consolidated financial statements, including whether the Organization has engaged in any activities that could affect the Organization's income tax status or result in taxable income. Management believes that any positions the Organization has taken are supported by substantial authority and would more likely than not be sustained upon examination by the applicable taxing authority. Management has determined that the Organization does not have any material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Reclassification

Certain amounts in the prior year financial statements were reclassified to conform with current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through October 21, 2025, the date the consolidated financial statements were available to be issued.

2. Liquidity and Availability of Resources

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit, money market funds and short-term fixed-income instruments.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

At December 31, 2024 and 2023, the Organization's financial assets available for general expenditure consist of the following:

	2024	2023
Current financial assets at year-end:		
Cash and cash equivalents	\$ 4,140,884	\$ 3,863,046
Restricted cash	773,741	762,581
Investments	119,569	3,697,402
Note receivable	411,225	411,251
Billed and unbilled accounts receivable	90,017	415,194
Due from related parties	1,426,215	-
Pledges receivable	49,050	49,050
ERC receivable	-	331,112
Total current financial assets	7,010,701	9,529,636
Less amounts not available to be used within one year:		
Restricted cash	773,741	762,581
Investments – long term	48,046	110,261
Net assets with donor restrictions	180,906	164,518
Financial assets available for general expenditures	\$ 6,008,008	\$ 8,161,164

With the exception of certain net assets with donor restrictions, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statements of financial position date. The pledges, accounts and notes receivable are subject to implied time restrictions but are expected to be collected within one year.

3. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), incentivizes Employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC under the gross receipts test as it experienced a significant decline in gross receipts (for 2020, defined as 50% in gross receipts when compared to the same calendar quarter in 2019, and for 2021, defined as 20% decline in gross receipts when compared to the same quarter in 2019). The Organization qualified under the gross receipts test during the second and third quarters for 2021. The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit for each employee of \$5,000. For calendar quarters in 2021, the ERC equaled 70% of an employees qualified wages up to \$10,000 per employee per quarter with a maximum annual credit of \$21,000 per employee.

The Organization accounts for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

As of December 31, 2021, the Organization estimated that they were eligible to claim \$480,496 in credits, which were included in PPP forgiveness and ERC revenue in the consolidated statement of activities for the year ended December 31, 2021. During 2022, the Organization became aware that it qualified for an additional \$391,232 in credits related to 2021, which were included in PPP forgiveness and ERC revenue in the consolidated statement of activities for the year ended December 31, 2022.

The Organization claimed credits of \$871,728 on amended forms 941x.

As of December 31, 2023, the Organization had a consolidated ERC receivable of \$331,112. During 2024, the outstanding balance was fully collected.

4. Investments and Fair Value Measurements

The following assets are measured at fair value on a recurring basis as of December 31, 2024 and 2023:

	2024				
	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 71,520	\$ -	\$ -	\$ -	\$ 71,520
Equities	3	-	-	-	3
Private equity	-	-	-	48,046	48,046
Total assets	<u>\$ 71,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,046</u>	<u>\$ 119,569</u>

	2023				
	Level 1	Level 2	Level 3	NAV	Total
Money market funds	\$ 3,587,092	\$ -	\$ -	\$ -	\$ 3,587,092
Equities	49	-	-	-	49
Private equity	-	-	-	110,161	110,161
Total assets	<u>\$ 3,587,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,161</u>	<u>\$ 3,697,302</u>

	2024	2023
Interest income, net	\$ 126,705	\$ 664,391
Net realized and unrealized (losses) gains on investments	(49,475)	684,000
Total return of investments	<u>\$ 77,230</u>	<u>\$ 1,348,391</u>

Investments in Certain Entities that Calculate NAV Per Share

	2024	2023	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
	Net Asset Value	Net Asset Value			
Private equity (a)	\$ 48,046	\$ 110,161	\$ 341,745	N/A	Upon Fund's Discretion

- a) This category includes private equity limited partnerships invested in companies that provide mission-critical products, service or solutions; that have established distribution networks; and that serve blue-chip customers. These investments cannot be redeemed by the Organization prior to the termination of the partnership. The fair values of the investments in this category have been calculated using NAV of the Organization's ownership in the partners' capital.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

5. Note Receivable

During the year ended December 31, 2023, the Organization entered a promissory note (the Note) for \$412,500 with unrelated individuals. The Note bears interest at 6% per annum with principal and interest due on the first of each month starting October 1, 2023. Payments shall be made until the Note is paid in full. If not paid sooner, the entire principal amount outstanding and accrued interest thereon shall be due and payable in March 2025. The Note is secured by a Deed of Trust on the property donated to and sold by the Organization during 2023. As of December 31, 2024 and 2023, the outstanding balance of the Note was \$411,225 and \$411,251, respectively. The full balance was collected subsequent to year-end.

6. Property and Equipment, Net

The Organization's property and equipment, net are composed of the following at December 31:

	2024	2023
Land and land improvements	\$ 2,868,578	\$ 2,868,578
Buildings and building improvements	14,118,672	13,970,814
Furniture, fixtures and equipment	287,460	228,085
Leasehold improvement	561,648	553,003
	17,836,358	17,620,480
Less accumulated depreciation	(3,853,095)	(3,413,861)
Construction in progress	-	135,257
Property and equipment, net	\$ 13,983,263	\$ 14,341,876

Property and equipment include \$13,197,800 and \$13,145,535 of assets held for rental purposes as of December 31, 2024 and 2023, respectively.

7. Leases

Lessee

During the year ended December 31, 2024, the Organization leased office space under an operating lease agreement which expired September 2025.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew and/or to terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term. Additionally, upon adoption of the new standard, the Organization made judgments regarding lease terms for certain of its leases that were in month-to-month status or that contained auto-renewal clauses. The Organization estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842. The Organization made significant assumptions and judgments in evaluating its leases. In particular, the Organization:

- Evaluates whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determines whether contracts contain embedded leases.
- Evaluates leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.
- Evaluates leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

Below is a summary of expenses incurred pertaining to leases during the years ended December 31, 2024 and 2023:

	2024	2023
Operating lease expense	\$ 60,599	\$ 60,559
Short-term lease expense	48,127	57,286
Total lease expense	<u>\$ 108,726</u>	<u>\$ 117,885</u>

For the years ended December 31, 2024 and 2023, the weighted-average discount rate used to calculate the unamortized operating lease liabilities was 2.89%. As of December 31, 2024 and 2023, the weighted-average remaining lease term was 0.8 years and 1.8 years, respectively.

The following table includes supplemental cash flow and noncash information related to the leases for the years ended December 31:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 59,389</u>	<u>\$ 57,286</u>
Operating lease right-of-use assets obtained in exchange for lease liabilities	<u>\$ 103,481</u>	<u>\$ 160,346</u>

The Organization's future minimum lease payments for the year ending December 31, 2025 is \$48,591.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Lessor

The Organization's operations consist primarily of leases with commercial tenants which are classified as operating leases. These leases typically are for terms ranging from four to 20 years and may contain lease extension options, exercisable at the tenant's discretion so long as the tenant is not in default of the lease terms. The extension options are generally for terms of five years and contain rental terms at fixed rates or the then prevailing market rate.

The recognition of rental income is based on the specific terms of the Organization's lease agreements with tenants. Rental income is recognized ratably over the lease term.

The Organization's accounting for real estate leases does not require significant assumptions and judgments.

Fixed lease income for the years ended December 31, 2024 and 2023 amounted to \$1,136,570 and \$1,093,430, respectively.

The table below summarizes the Organization's future undiscounted cash flows to be received for years ending after December 31, 2024:

Years ending December 31:	
2025	\$ 692,145
2026	696,803
2027	690,812
2028	701,175
2029	711,692
Thereafter	<u>4,751,328</u>
Total lease payments to be received	<u>\$ 8,243,955</u>

8. Retirement Plan

The Organization has a defined contribution plan (the Plan) available to all eligible employees age 18 or older after three months of consecutive service. New participants in the Plan are automatically enrolled at a deferral rate of 4% of eligible compensation following the date the participant becomes eligible to participate unless the participant affirmatively elects otherwise. The Plan allows the Organization to make a discretionary matching contribution equal to 100% of the participant's elective deferrals up to 4% of compensation. The Organization contributed \$101,471 and \$109,487 to the Plan for the years ended December 31, 2024 and 2023, respectively.

9. Net Assets

The Organization's net assets with donor restrictions as of December 31, 2024 and 2023 were restricted for the following programs and/or purpose:

	2024	2023
Subject to purpose restriction:		
Sand Creek Memorial Fund	\$ 131,856	\$ 115,195
Subject to purpose and time restriction:		
Sand Creek Memorial Fund	49,050	49,050
African Billfish Foundation	-	273
Total	<u>\$ 180,906</u>	<u>\$ 164,518</u>

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Net assets with donor restrictions released for donor-designated program expenses for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Satisfaction of program and time restrictions:		
PASO Colombia	\$ 362,151	\$ 446,619
Secure Fisheries	199,893	105,683
Shuraako	182,303	245,570
Sand Creek Memorial	2,360	-
African Billfish Foundation	273	-
Our Secure Future	-	287,356
Total	<u>\$ 746,980</u>	<u>\$ 1,085,228</u>

10. Related-Party Transactions

The Organization has an informal property and asset management agreement with an entity controlled by the chief executive officer of the Organization. The agreement calls for monthly payments of 5.0% and 2.5% of monthly gross revenue collected for property management and asset management, respectively. The asset management fee began in 2015. The Organization recognizes the value of these services received as in-kind contributions, as they represent donated asset management services provided by an entity controlled by the chief executive officer of the Organization. The in-kind contributions totaled \$57,149 and \$34,808 for the years ended December 31, 2024 and 2023, respectively, and are reflected as in-kind donations on the consolidated statements of activities.

The building used by the Organization for its administrative offices was leased to the Organization by a related entity. The lease commenced on January 1, 2011; was renewed effective August 21, 2023; and terminated on August 31, 2024. The Organization recorded expense for the years ended December 31, 2024 and 2023 of approximately \$39,008 and \$50,809, respectively, related to this lease. Payments consist of base rent of \$0, and additional rent amounts can vary from year to year. Base rent and additional rent include the Organization's share in all building operating expenses, utilities not paid for directly by the Organization, and any other charges allocable to the Organization, excluding capital expenses of the property. The in-kind nature of the favorable lease terms was determined to be \$187,539 (see Note 12).

The Organization has a management agreement with a related party and earns a management fee for fund management services. The Organization received a total payment of \$906,065 and \$916,086 for the years ended December 31, 2024 and 2023, respectively.

The Organization received \$4,242,889 and \$784,856 contributions from related parties for the years ended December 31, 2024 and 2023, respectively.

During 2023, the Organization received in-kind contributions in the form of donated properties amounting to \$502,000. The Organization did not receive any donated properties during 2024.

During 2024 and 2023, the Organization earned \$2,486,440 and \$1,122,493, respectively, from various contracts with related parties.

As of December 31, 2024, the balance due from related parties amounted to \$1,426,215 related to contract services provided.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

11. Conditional Contributions

The Organization receives grant funding from private grantors and government agencies. These grant funds are conditional based on future qualifying expenditures and specific activities occurring.

As of December 31, 2024 and 2023, conditional contributions are composed of the following:

	2024	2023
Shuraako	\$ 585,017	\$ 757,614
PASO Colombia	170,656	4,167
Secure Fisheries	18,068	800
Total	<u>\$ 773,741</u>	<u>\$ 762,581</u>

12. Contributed Nonfinancial Assets

The Organization records various in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived 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. Contributions of property are recognized at fair value using appraised property values on the date of donation. Contributions of services are valued using billing rates at the time services were rendered. Contributions of rent are valued using estimated market rent for comparable office spaces. The amounts reflected in the accompanying consolidated financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

For the years ended December 31, 2024 and 2023, the Organization received contributed nonfinancial assets consisting of the following:

	2024	2023
Rent	\$ 187,539	\$ 187,539
Services	133,448	209,835
Properties	-	502,000
Total	<u>\$ 320,987</u>	<u>\$ 899,374</u>

13. Concentrations

Financial instruments that potentially subject the Organization for concentration risk consist principally of cash and cash equivalents. Such balances with one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

With respect to investments, the Organization holds significant investments with third-party financial institutions. Invested funds are subject to certain risks, such as market fluctuation and changes in interest rates, which could result in losses in the event of adverse economic circumstances. The Organization attempts to limit its credit risk associated with investments through diversification and by utilizing the expertise and processes of outside investment managers.

One Earth Future Foundation, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

The Organization has operations in Colombia and Somalia which do not have a history of stable economic or regulatory environments. To the extent negative events occur in these countries, the Organization may not be able to recover its assets or remove its cash. As of December 31, 2024 and 2023, the Organization had \$702,023 and \$234,450, in foreign bank accounts, respectively.

During 2024 and 2023, the Organization received 94% and 83% of contributions from related parties, respectively (see Note 10).

One Earth Future Foundation, Inc. and Subsidiaries

Schedule of Technical Assistance Grants for the Investment Fund for Developing Countries
Year Ended December 31, 2024

1.(a)		1. (b), (C) and (d)							Types of TA Approved for the Client by the TAGAC
#	Client's Name	Region (from Client)	Grant Amount Approved by TAGAC	Grant Amount Distributed 2021	Grant Amount Distributed 2022	Grant Amount Distributed 2023	Grant Amount Distributed 2024	Total Grant Disbursed	
1	AADCO Paper Factory	Somaliiland	\$ 74,830	\$ 11,041	\$ 41,379	\$ -		\$ 52,420	One-on-One consulting, software system implementation, staff training, safety training tools
2	Al Nur Mixed Farm	Puntland,Somalia	14,190	6,693	7,497			14,190	Health and safety training, training on the impact of pesticides to the environment and renovation and repairing of irrigation pipes
3	Corno Africa Fishing Company (CAFCO)	Puntland,Somalia	40,000	22,765	17,235			40,000	One- one training, develop guidelines and policies on processes and purchase of safety equipment(PPEs, and fire extinguishers)
4	Ijaabo Water	South Central,Somalia	39,553	19,306	20,247			39,553	Solar systems and pipeline maintenance, safety equipment and software-ERP system and training
5	Kafi Enterprise for Environment Protection and Sanitation (KEEPS)	Somaliiland	40,000			22,335		22,335	Financial management, HR, Health and Safety Support and training manuals
6	Maandeeq Poultry Company	Somaliiland	64,097					-	Trainings, Technical Expertise, Solar for site lighting & security cameras
7	NECSOM	Puntland,Somalia	150,000		60,000	90,000		150,000	Various trainings, developing of strategic plan and purchase/customize software-ERP
8	Qaran Hospital	Puntland,Somalia	60,000	9,600	50,400			60,000	Trainings on health and safety, environmental protection organizational capacity building.
9	Solar Energy Consulting and Construction Company (SECCCO)	Puntland,Somalia	47,000	10,800	36,200			47,000	Health and safety training, environmental protection policies and building capacity of the organization
10	Somali Marine Products Company (SMPC)	South Central,Somalia	30,000	16,200	13,800			30,000	Health and safety training, safety equipment and fishing cleaning tools
11	Suudi Fishing	Puntland,Somalia	14,000	2,960	11,040			14,000	Developing health and safety and environmental protection policies and financial management system
12	Wadajir General Trading and Contractors	South Central,Somalia	20,000	5,944	14,056			20,000	ESG training, waste management training, and health and safety training
13	TA Grant disbursement-Trainings	Somaliiland	N/A				39,783	39,783	**
14	TA Grant disbursement-Trainings	Puntland	N/A				33,825	33,825	**
15	TA Grant disbursement-Trainings	South Central, Somalia	N/A				30,225	30,225	**
16	TA Grant disbursement-Consultants	All regions	N/A				26,230	26,230	
17	Other TA expenses (including Launch event, meeting with clients and other TA Logistics Costs)	All regions	N/A				9,214	9,214	**
18	OEF Staff Salaries	All regions	N/A				8,579	8,579	**
Total			\$ 593,670	\$ 105,309	\$ 271,854	\$ 112,335	\$ 147,856	\$ 637,354	
Total for 2020 (grants disbursed)				\$ -					
Total for 2021 (grants disbursed)				\$ 105,309					
Total for 2022 (grants disbursed)				\$ 271,854					
Total for 2023 (grants disbursed)				\$ 112,335					
Total for 2024 (grants disbursed)				\$ 147,856					
Cumulative amount of TA grants disbursed				\$ 637,354					
Cumulative amount of the TA grant awarded				\$ 593,670					
7% upfront fee (1st IFU Disbursement)				\$ 45,597					
12% upfront fee (1st IFU Disbursement)				\$ 17,743					
Audit Fees 2021				\$ 6,500					
Audit Fees 2022				\$ 7,350					
Audit Fees 2023				\$ 7,350					
Audit Fees 2024				\$ 8,000					
Total Audit Fees				\$ 29,200					
Cumulative funds received				\$ 1,302,709					
Available funds				\$ 746,414					

1: NHAOF stands for Nordic Horn of Africa Opportunities Fund

2: TAGAC stands for Technical Assistance Grant Approval Committee

**	Client's Name	Region (from Client)	Training
	Art Cafe	Somaliiland	Hospitality training conducted by KCG
	United Basic Industries (Durdur)	Somaliiland	Hospitality training conducted by KCG
	Gilire Spare Parts	Somaliiland	Health, safety and environmental training conducted by KCG
	ILO Tango	Somaliiland	Business development training conducted by KCG
	Dalsan Farm	Somaliiland	Operations training conducted by KCG
	Shaba Water Company	Somaliiland	Finance training conducted by KCG
	Tayo Plastic Factory	Somaliiland	Health, safety and environmental training conducted by KCG
	Raaho Farm	Puntland	Agri-Business, finance training conducted by KCG
	Blixin Transport	Puntland	Business development training conducted by KCG
	Soma Chicken Farm	Puntland	Water, BDS, solar, health and safety training
	Rayaan Water	Puntland	Solar, BDS and finance training conducted by HPRD firm
	Hafun Fishing and Processing Plant	Puntland	Fisheries practice techniques training conducted by HPRD firm
	National Energy Corporation of Somalia (Necsom)	Puntland	Water, Solar, BDS and finance training conducted HPRD firm
	Green Paradise	South Central	Hospitality training conducted by HPRD firm
	Somali Water Development Company (SWDUC)	South Central	Solar, water, health and safety training conducted by HPRD firm
	Alfaraj Water Supply	South Central	Solar, water, health and safety training conducted by HPRD firm
	Royalsom General Trading LTD	South Central	Financial, software and BDS training conducted by HPRD
	Somali National Fishing	South Central	BDS and fisheries training conducted by HPRD