

**PRECISION DEVELOPMENT, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020)**



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**(WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Precision Development, Inc.  
Newton, Massachusetts

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Precision Development, Inc. (a Massachusetts nonprofit), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Precision Development, Inc. as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Precision Development, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Precision Development, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Precision Development, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Precision Development, Inc.'s ability to continue as a going concern for a reasonable period of time.

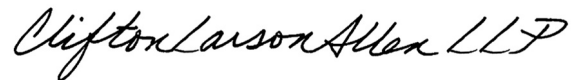
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors  
Precision Development, Inc.

***Other Matter***

*Summarized Comparative information*

The 2020 financial statements of Precision Development, Inc., as of and for the year ended December 31, 2020, were audited by other auditors whose report thereon, dated January 31, 2022, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
January 23, 2023

**PRECISION DEVELOPMENT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021	2020
<b>ASSETS</b>		
Cash, Without Donor Restrictions	\$ 219,181	\$ 501,806
Cash, With Donor Restrictions	4,552,724	2,494,698
Short-Term Investments	26,774	281,527
Grants Receivable	361,081	387,245
Accounts Receivable	94,699	-
Prepaid Expenses and Other Assets	282,799	151,941
Total Current Assets	5,537,258	3,817,217
Property and Equipment, Net	17,941	32,057
Board-Designated Reserve	999,357	2,223,197
Total Noncurrent Assets	999,357	2,223,197
Total Assets	\$ 6,554,556	\$ 6,072,471
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 287,514	\$ 207,083
Accrued Expenses and Other Liabilities	43,355	197,999
Total Liabilities	330,869	405,082
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	671,606	949,494
Designated by the Board for Operating Reserve	999,357	2,223,197
Total Without Donor Restrictions	1,670,963	3,172,691
With Donor Restrictions	4,552,724	2,494,698
Total Net Assets	6,223,687	5,667,389
Total Liabilities and Net Assets	\$ 6,554,556	\$ 6,072,471

See accompanying Notes to Financial Statements.

**PRECISION DEVELOPMENT, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
<b>REVENUE, SUPPORT, AND GAINS</b>				
Gifts, Grants and Contributions	\$ 1,525,871	\$ 5,921,597	\$ 7,447,468	\$ 5,422,168
Program Revenue	290,082	-	290,082	102,677
Investment Return	829	-	829	15,800
Other Income	-	-	-	2,200
Net Assets Released from Restrictions - Other	3,863,571	(3,863,571)	-	-
Total Revenue, Support, and Gains	5,680,353	2,058,026	7,738,379	5,542,845
<b>EXPENSES</b>				
Program Services	5,934,269	-	5,934,269	4,488,235
Management and General	912,928	-	912,928	609,207
Fundraising	334,884	-	334,884	230,571
Total Expenses	7,182,081	-	7,182,081	5,328,013
<b>CHANGE IN NET ASSETS</b>	(1,501,728)	2,058,026	556,298	214,832
Net Assets - Beginning of Year	3,172,691	2,494,698	5,667,389	5,452,557
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,670,963</u>	<u>\$ 4,552,724</u>	<u>\$ 6,223,687</u>	<u>\$ 5,667,389</u>

See accompanying Notes to Financial Statements.

**PRECISION DEVELOPMENT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services	Management and General	Fundraising	Totals	
				2021	2020
Salaries and Wages	\$ 1,421,981	\$ 259,005	\$ 209,510	\$ 1,890,496	\$ 2,719,826
Employee Benefits	134,017	41,742	8,185	183,944	264,325
Payroll Taxes	219,870	31,144	14,273	265,287	207,924
Contract Personnel Costs	2,815,154	262,033	99,714	3,176,901	1,079,097
Implementation and Field Costs	877,556	1,040	-	878,596	320,550
Travel and Meeting Costs	33,857	174	495	34,526	87,863
Professional Fees	218,851	103,774	-	322,625	295,326
Rent Expenses	51,345	3,427	-	54,772	58,391
Insurance	1,143	7,003	-	8,146	15,940
Information Technology and Equipment	90,916	178,038	2,707	271,661	187,213
Office Expenses	60,699	17,797	-	78,496	70,510
Depreciation Expense	6,365	7,751	-	14,116	14,116
Miscellaneous Expense	2,515	-	-	2,515	6,932
<b>Total Expenses by Function</b>	<b>\$ 5,934,269</b>	<b>\$ 912,928</b>	<b>\$ 334,884</b>	<b>\$ 7,182,081</b>	<b>\$ 5,328,013</b>

See accompanying Notes to Financial Statements.



**PRECISION DEVELOPMENT, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 556,298	\$ 214,832
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	14,116	14,116
Realized and Unrealized (Gain) on Operating Investments	(829)	(15,800)
Changes in Operating Assets and Liabilities:		
Grants Receivable	26,164	942,359
Accounts Receivable, Net	(94,699)	34,789
Prepaid Expenses and Other Assets	(130,858)	(122,068)
Accounts Payable and Accrued Expenses	80,431	74,192
Accrued Payroll and Related Costs	(154,644)	89,107
Net Cash Provided by Operating Activities	295,979	1,231,527
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition/Sale of Investments	6,225	6,350
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	302,204	1,237,877
Cash and Cash Equivalents - Beginning of Year	4,469,701	3,231,824
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,771,905	\$ 4,469,701

See accompanying Notes to Financial Statements.

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Precision Development, Inc. (the Organization) was incorporated in December 2015 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC). Effective September 2020, the Organization's legal name was changed from Precision Agriculture for Development, Inc. to Precision Development, Inc.

The Organization has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this organization qualify for the maximum charitable deduction for federal income tax purposes. The Organization is primarily funded through individuals and foundation donations and grants.

**Foreign Registration**

As more fully described in Note 9, the Organization is conducting program activities in several countries. In June 2018, the Organization registered a foreign branch office in Kenya under The Companies Act, 2015, and the Kenyan branch office began operations during the year ended December 31, 2019. In October 2019, the Organization registered a foreign branch office in Ethiopia. Registration of branch offices in the other countries in which the Organization operates are not required and have not been sought.

**Summarized Comparative Financial Information**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less. Cash and cash equivalents does not include cash pooled with investments.

The following table provides a reconciliation of cash and restricted cash reported on the statement of cash flows to the statement of financial position that sum to the total of the amounts reported in the statement of cash flows.

	<u>2021</u>	<u>2020</u>
Cash, Without Donor Restrictions	\$ 219,181	\$ 501,806
Cash, With Donor Restrictions	4,552,724	2,494,698
Cash, Board-Designated Operating Reserve	-	1,473,197
Total Cash and Restricted Cash Shown in Statement of Cash Flows	<u>\$ 4,771,905</u>	<u>\$ 4,469,701</u>

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from two to six years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

**Grants and Accounts Receivable**

Grants receivable reflects the balances due on unconditional grant commitments. Accounts receivable reports amounts due under agreements for professional services. The portion of receivables which is scheduled for payment in the coming fiscal year is classified as current, while commitments that exceed one year are classified as noncurrent. As of December 31, 2021, the grants receivable were due one year.

Promises to give with expected payment dates that extend beyond one year are discounted to their present value when such amounts are considered material. Management considers all receivables to be fully collectible and therefore, has not established a reserve for uncollectible receivables. If amounts are determined to be uncollectible, an allowance will be provided for when that determination is made. For the years presented, the Organization did not report any bad debts or losses related to uncollectible receivables.

**Investments**

The Organization maintains professionally managed investment portfolios which primarily includes money market funds and certificates of deposit that are reported at fair value. The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Cash held in brokerage accounts is reported as investments for purposes of these financial statements. Investments are classified as either short-term or long-term depending on the underlying intentions.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue and Revenue Recognition**

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Organization satisfies a performance obligation. Revenue recognized in accordance with Topic 606 includes data collection and data quality programs and other similar programs. This revenue is recognized as revenue without restrictions over time when the services and occur. Contract assets related to Topic 606 revenue included in accounts receivable and totaled \$94,699 at December 31, 2021. There was no beginning contract assets at January 1, 2021, and there were no contract liabilities related to Topic 606 revenue in 2021 or 2020.

The Organization receives grants and contributions from various donors and grantors, including unconditional promises to give, that are recognized as revenue in the period received. Conditional grants, contributions, and promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. See Note 8 for detail of conditional grants

**Contributed Nonfinancial Assets**

The Organization maintains a policy whereby the value of donated goods and services which require a specialized skills and which would have otherwise been purchased by the Organization, are recognized on the statement of activities and are listed as expenses on the statement of functional expenses. The Organization receives a significant time commitment from its board of directors on a volunteer basis; however, although critical to the success of the Organization, these services do not meet the recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. There were no contributed nonfinancial assets during 2021 or 2020.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

Subsequent events have been evaluated through January 23, 2023, the date the financial statements were available to be issued.

**NOTE 2 PROGRAM SERVICES**

The Organization is a nonprofit organization with a mission to support people living in extreme poverty by providing customized digital information and services that increase productivity, profitability, and environmental sustainability. The Organization is pioneering a model for digital development: reaching smallholder farmers and other users with personalized advice through their mobile phones. The Organization collaborates with in-country partners, governments, and multilateral institutions to reach users at scale with mobile-based personalized advice and gather evidence of its impact.

Using two-way communication and information aggregation, the Organization offers its users valuable and practical information, customized to their geography, market, and characteristics. The Organization incorporates insight from behavioral economics, human-centered design, and social learning theory, and makes use of A/B testing and data science to identify what types of information and delivery mechanisms work best for its users.

To date, the Organization and its partners service 5.3 million users. The Organization works in eleven countries in Africa, Asia and Latin America, and is rapidly expanding as governments and organizations look for innovative ways to utilize new technologies to deliver actionable information to people who need it.

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, perpetual endowments and accumulated earnings net of appropriations with one year, because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board-designated endowments, or when restricted by donors for purposes more limited than general expenditures.

	2021	2020
Cash and Cash Equivalents	\$ 4,771,905	\$ 4,469,701
Investments	1,026,131	1,031,527
Grants Receivables	361,081	387,245
Total Financial Assets	<u>6,159,117</u>	<u>5,888,473</u>
Less Amounts Not Available to be Used Within One Year:		
Board-Designated Reserves	<u>(999,357)</u>	<u>(2,223,197)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 11,318,877</u>	<u>\$ 3,665,276</u>

As part of the Organization's liquidity management, the board of directors has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has board-designated funds that, while the Organization does not intend to spend these for purposes within the next year, these amounts could be made available for current operations, if necessary.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities.

**NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES**

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets valued using the net asset value practical expedient are not required to be reported within the hierarchy.

The Organization invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

*Money Market Funds* – Money market funds are valued at the quoted price of shares reported in the active market in which funds are traded.

*Certificates of Deposits* – Certificates of deposits are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions.

**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

The following tables summarize fair value measurements for financial assets measured at fair value on a recurring basis at December 31:

	Total	Level 1	Level 2	Level 3
<u>December 31, 2021</u>				
Money Market Funds	\$ 26,774	\$ 26,774	\$ -	\$ -
Certificates of Deposits	999,357	-	999,357	-
Total	<u>\$ 1,026,131</u>	<u>\$ 26,774</u>	<u>\$ 999,357</u>	<u>\$ -</u>
<u>December 31, 2020</u>				
Money Market Funds	\$ 280,750	\$ 280,750	\$ -	\$ -
Certificates of Deposits	750,777	-	750,777	-
Total	<u>\$ 1,031,527</u>	<u>\$ 280,750</u>	<u>\$ 750,777</u>	<u>\$ -</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	2021	2020
Leasehold Improvements	\$ 51,249	\$ 51,249
Furniture and Equipment	12,222	12,222
Subtotal	63,471	63,471
Less: Accumulated Depreciation	(45,530)	(31,414)
Total Property and Equipment	<u>\$ 17,941</u>	<u>\$ 32,057</u>

**NOTE 6 OPERATING LEASES**

United States

Through June 2020, the Organization occupied office space in Boston, Massachusetts pursuant to a tenancy-at-will arrangement that was cancelable by either party subject to a 30-day notice requirement. During the year-end December 31, 2020, the monthly rent ranged from \$2,250 to \$3,250.

Kenya

In 2018, the Organization entered into a six-year lease agreement to lease approximately 1,600 square feet of office space in Nairobi Kenya, which services as one of the Organization's foreign branch offices for its East African programs (see Note 12). For the first two years of the lease agreement, monthly rent payments were approximately \$1,300 per month and were subject to annual increases. In 2019, the Organization entered into a new three-year lease agreement for additional office space in Kakamega Kenya which requires monthly payments of approximately \$700. For both Kenyan offices, the Organization is also responsible for paying additional amount for office services charges and local taxes.



**PRECISION DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**  
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

**NOTE 6 OPERATING LEASES (CONTINUED)**

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 22,901
2023	20,339
2024	6,780
Total Minimum Lease Payments	<u>\$ 50,020</u>

In addition to office space leased under formal agreements as noted above, the Organization also pays for extra workspace for its international employees as needed and through month-to-month, informal co-working arrangements.

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of unexpended donor designated grants and contributions with the following restrictions as of December 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Improving Income and Food Security in Kenya, Pakistan and Nigeria	\$ 1,188,000	\$ 1,098,106
Effectiveness of Agriculture in India	654,152	770,654
Evidence Generating Initiative	870,000	322,920
Agricultural Advisory Services in Ethiopia	33,157	148,335
Natural Hazards and Climate Risk Management	120,135	94,132
Programming Initiatives in Pakistan	-	35,162
One Million Farmers Project	-	25,389
Digital Agricultural Advisory and Market Linkages for Smallholder Coffee and Spice Farmers	1,426,842	-
Digital Education in East Africa	260,438	-
Total Net Assets with Donor Restrictions	<u>\$ 4,552,724</u>	<u>\$ 2,494,698</u>

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**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by occurrence of events specified by the donors as follows for the year ended December 31, 2021:

Improving Income and Food Security in Kenya, Pakistan and Nigeria	\$ 1,899,017
Effectiveness of Agriculture in India	316,501
Evidence Generating Initiative	452,920
Agricultural Advisory Services in Ethiopia	584,407
Natural Hazards and Climate Risk Management	53,997
Programming Initiatives in Pakistan	35,162
One Million Farmers Project	25,389
India Rice Waster Management	-
Digital Agriculture Extension in East Africa	-
Uganda Coffee Agronomy Training	-
Paycheck Protection Program	-
India and Pakistan Program Development	100,000
COVID Adaptation Fund	-
Digital Agricultural Advisory and Market Linkages for Smallholder Coffee and Spice Farmers	51,868
Digital Education in East Africa	293,186
Other Program Initiatives	51,124
Total	<u>\$ 3,863,571</u>

The board of directors has designated liquid assets without donor instructions as a board-designated reserve with the following composition as of December 31:

	2021	2020
Cash	\$ -	\$ 1,473,197
Certificates of Deposits	999,357	750,000
Total	<u>\$ 999,357</u>	<u>\$ 2,223,197</u>

**NOTE 8 CONDITIONAL GRANTS**

**Operating Grant Commitment**

In 2019, the Organization received a \$1,500,000 commitment from an individual donor, payable in three annual installments of \$500,000, which are intended to support general operations through 2022. The first installment of \$500,000 was received and recognized in 2019 and the second installment was recognized in 2021 as Gifts, Grants and Contributions in the accompanying statement of activities. The remaining installment of \$500,000 is due in 2022 and is subject to specific conditions.

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**NOTE 8    CONDITIONAL GRANTS (CONTINUED)**

**Operating Grant Commitment (Continued)**

In 2021, the Organization received a \$500,000 commitment from an individual donor payable in 2 installments of \$250,000, which are intended to support general operations through 2022. The first installment of \$250,000 was received and recognized in 2021 as Gifts, Grants and Contributions in the accompanying statement of activities. The remaining installment of \$250,000 is due in 2022 and is subject to specific conditions.

**Restricted Grant Commitments**

During 2019, the Organization received funding commitment to support a project entitled "Improving Agricultural Advisory in Ethiopia through Digital (DFID DF). The total commitment is \$760,694 and was increased to \$830,868 in October 2021, administered on a cost-reimbursement basis, and contingent upon successful receipt of the funder's approval and the execution of the deliverable services. During the years ending December 31, 2021 and 2020, the Organization had met the conditions to receive \$220,647 and \$420,019, respectively, of this grant award. All conditions have been met as of December 31, 2021.

During 2019, the Organization received a funding commitment of \$480,475 to fund a project entitled "ICT-based Interventions in the Uganda Coffee Agronomy Training". Each installment of the grant was strictly conditional upon satisfactory program accomplishments and progress reports. During the years ended December 31, 2021 and 2020, the Organization had met the conditions to receive \$80,000 and \$120,192, respectively, of this grant award, and the remaining conditional portion totaled \$55,283 as of December 31, 2021.

During 2019, the Organization received funding from two donors that was deemed to be conditional upon certain programmatic barriers. During the year ended December 31, 2021 and 2020, the Organization had met the conditions to recognize revenue totaling \$1,000,000 and \$680,854, respectively, related to these grant commitments. During 2021, the Organization received additional funding also deemed to be conditional upon certain programmatic barriers and total \$315,000 as of December 31, 2021.

Since the terms of the conditional components of the above grants commitments had not been met as of December 31, 2021 and 2020, the aggregate conditional commitment of \$805,283 and \$2,304,483, respectively, has not been recognized in the accompanying financial statements.

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**NOTE 9 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**NOTE 10 CONCENTRATIONS OF RISK**

**Cash**

The Organization maintains cash balances in several federally insured financial institutions (FDIC), and beginning in 2019, the Organization maintained additional accounts for its excess deposit that are fully insured by the Depositors Insurance Fund. The cash exceeding federally insured limits totaled approximately \$ at December 31, 2021. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. In addition, the Organization maintains bank accounts in Kenya with balances of approx. \$57,000 and \$29,000 as of December 31, 2021 which are not part of the FDIC or DIF programs.

**Gifts, Grants and Contributions**

For the year ended December 31, 2021, 58% of the total Gifts, Grants and Contributions are from three donors on the statement of activities.

**Grants Receivable**

As of December 31, 2021, amounts due from two grant awards accounted for 100% of the total Grants Receivable on the statement of financial position.

**Foreign Operations**

Foreign operations are subject to risk inherent in operating under different legal systems and various political and economic environments. Changes or restriction in these systems and environments can have a significant impact on the areas where the Organization is able to operate some of its existing programs with its current mission.

As discussed in Note 1, the Organization registered a foreign branch office in Kenya under The Companies Act, 2015 in June 2018 and began operations during 2019. During the years presented, the Organization maintained bank accounts in Kenya, conducted financial transactions using Kenyan shillings and is subject to the volatility of the Kenyan Shilling to the U.S. Dollar. Any gain or loss resulting from fluctuations in the currency exchange rate is reported as an increase or decrease in net assets without donor restrictions in the accompanying statement of activities.

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**NOTE 11 EMPLOYEE BENEFITS**

The Organization maintains a 401(k) retirement savings plan covering all eligible employees based in the United States. The Plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation and allows for after tax contributions. The Plan makes a matching contribution of up to 4% of employee compensation. For the years ended December 31, 2021 and 2020, the Organization made matching 401k contributions of \$63,361 and \$58,084, respectively, which are included in Employee Benefits in the accompanying Statement of Functional Expenses. Additionally, the Organization makes pension contributions in accordance with local payroll compliance requirements on behalf of its employees based in the United Kingdom, Kenya and Ethiopia.

**NOTE 12 RELATED PARTY TRANSACTIONS**

**Salaries**

During the years presented, the Organization's managing director, who is compensated as an employee and also serves as an officer of the board directors and is allocated to various programs expense categories based on the nature of the services.

**Contracted Services**

An Officer of the Board of Directors is compensated by the Jameel Poverty Action Lab (J-PAL), a research organization based at the Massachusetts Institute of Technology. He is a board member, the co-chair for research, and a member of the executive committee of J-Pal. This global organization supports J-Pal South Asia, an organization based in India which provide contracted services totaling \$181,598 and \$75,375 to the Organization in connection with implementation and field costs for the years ended December 31, 2021 and 2020, respectively.

**NOTE 13 PAYCHECK PROTECTION PROGRAM**

The Organization received a loan in the amount of \$106,300 from Citibank through the Paycheck Protection Program established by the U.S. Cares Act (the PPP Loan) on May 3, 2020. The PPP Loan was forgivable by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreements and the CARES Act. Therefore, the Organization has classified the loan as a conditional contribution for accounting purposes. The Organization recognized \$106,300 of contributions revenue related to this agreement during the year ended December 31, 2020, as the performance barriers have been met. For the year ended December 31, 2021, the SBA has fully forgiven the loan.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

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**NOTE 14 CONTINGENCIES**

**Foreign Registration and Compliance**

During 2021, the Organization was notified of payroll tax and pensions obligation due to the Ethiopian government dating back to November 2019. Upon notification, management engaged legal and account support in Ethiopia to quickly remit all payments and ensure proper compliance with local laws going forward. In total, the Organization paid approximately \$248,000 to the Ethiopian government in October 2021, which represented all past due amounts and associated penalties. Management calculated the payroll liability as \$164,711 related to this obligation, as of December 31, 2020, which was included in accrued payroll and related costs in the accompanying statement of financial position. The amount was paid in full in October 2021.