



**Regenerative Farms, Inc**

**Financial Statements**

**For the Year Ended December 31, 2023**



Babson & Associates, LLC

Mariya@BabsonCPA.com

P: 781-588-7732

www.babsoncpa.com

## Independent Auditors' Report

To the Board of Directors of  
Regenerative Farms, Inc  
Williamsburg, MA

We have audited the accompanying financial statements of Regenerative Farms, Inc (a nonprofit Corporation), which comprise the statement of financial position as of December 31, 2023 and the related statement 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 Regenerative Farms, Inc as of December 31, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Regenerative Farms, 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.

### **Responsibility of Management's for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Regenerative Farms, Inc ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

## Auditor's Responsibility (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Regenerative Farms, Inc 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 Regenerative Farms, Inc 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.

A handwritten signature in cursive script that reads "Mariya Babson". The signature is written in black ink and is positioned above a horizontal line.

Mariya Babson, Certified Public Accountant  
Babson & Associates, LLC  
Duxbury, Massachusetts  
October 3, 2024

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**December 31, 2023**

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Statement of Cash Flows for the Year Ended December 31, 2023

**Notes to Financial Statements**

**Regenerative Farms, Inc**  
**Statement of Financial Position**  
**As of December 31, 2023**

**Assets**

<b>Current Assets</b>	<b>2023</b>
Cash and cash equivalents	\$ 102,315
Pledges receivable	151,238
Prepaid expenses	62,536
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Total current assets	316,089
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<b>Total Assets</b>	<b>\$ 316,089</b>

**Liabilities and Net Assets**

<b>Current Liabilities</b>	
Accounts payable	\$ 7,400
Accrued expenses	4,370
	<hr/>
Total current liabilities	11,770
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<b>Total liabilities</b>	<b>\$ 11,770</b>
	<hr/>
<b>Net Assets</b>	
Without donor restrictions	304,319
With donor restrictions	-
	<hr/>
<b>Total net assets</b>	<b>304,319</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$ 316,089</b>

**Regenerative Farms, Inc**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

	<u>2023</u> <u>Total</u>
<b>Revenue and Support</b>	
Grants	\$ 94,951
Contributions	1,763
Interest income	36
Total revenue and support	<u>96,750</u>
<b>Expenses</b>	
Program services	208,291
Management, general and administrative	36,387
Fundraising	<u>49,681</u>
Total expenses	<u>294,359</u>
<b>Change in Net Assets</b>	<b>(197,609)</b>
<b>Net Assets at Beginning of Year</b>	<u>501,928</u>
<b>Net Assets at End of Year</b>	<u>\$ 304,319</u>

**Regenerative Farms, Inc**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program	Management General & Administrative	Fundraising	2023 Total
Salaries	\$ 63,994	3,764	7,529	\$ 75,287
Taxes	7,887	464	928	9,279
	<u>71,881</u>	<u>4,228</u>	<u>8,457</u>	<u>84,566</u>
Program expenses	136,410	-	-	136,410
Professional services	-	22,825	41,224	64,049
Telecommunication & website	-	5,901	-	5,901
General & administrative	-	3,177	-	3,177
Insurance	-	256	-	256
<b>Total Functional Expenses</b>	<u>\$ 208,291</u>	<u>36,387</u>	<u>49,681</u>	<u>\$ 294,359</u>

See accountants' audit report and accompanying notes to the financial statements.

**Regenerative Farms, Inc**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

<b>Cash Flows from Operating Activities</b>	<u>2023</u>
<b>Change in Net Assets</b>	<b>\$ (197,609)</b>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Decrease (increase) in assets	
Pledges receivable	<b>192,426</b>
Prepaid expenses	<b>(15,113)</b>
Increase (decrease) in liabilities	
Accounts payable	<b>5,778</b>
Accrued expenses	<b>4,370</b>
 <b>Net Cash (Used in) Provided by Operating Activities</b>	 <b><u>(10,148)</u></b>
 <b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	 <b>(10,148)</b>
 <b>Cash, Cash Equivalents, and Restricted Cash - Beginning</b>	 <b><u>112,463</u></b>
 <b>Cash, Cash Equivalents, and Restricted Cash - Ending</b>	 <b>\$ <u><u>102,315</u></u></b>



# Regenerative Farms, Inc

## Notes to Financial Statements

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### 1. Nature of the Business

Regenerative Farms, Inc (the "Organization") was incorporated in 2001 under the provision of the General Laws of Massachusetts. The organization is tax exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Organization is scale up forest protection and transition to regenerative agriculture by incubating adoption of the Regeneration Hub model which includes an innovatively designed, value-added food processing center that not only helps farm families earn better incomes through specialized processing of crops, but it also produces other things farmer need to escape poverty.

### 2. Summary of Significant Accounting Policies

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

##### ***Net Assets Without Donor Restrictions***

Net assets that are not subject to donor-imposed stipulations are considered unrestricted. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

##### ***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 those resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents.

#### Concentrations of credit risk

Financial instruments that potentially subject Regenerative Farms, Inc to concentrations of credit risk consist of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federal insured limits. The Organization accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

## **Regenerative Farms Inc**

### **Notes to the Financial Statements**

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#### **Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed by using risk adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenues.

#### **Property and Equipment**

Property and equipment are stated at cost at the time of acquisition or fair market value at the time of donation. Expenditures for maintenance and repairs are charged to expense as incurred; major betterments that are over \$4,000 in value individually are capitalized. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to operations. Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset.

#### **Contributions and Grant Revenue**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional 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. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions.

#### **Contributed Goods and Services**

Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received in accordance with GAAP. Contributed services are recorded at fair value at the date of donation. A substantial number of volunteers have contributed numerous hours or service throughout the year presented; however, these services did not meet the recognition criteria in accordance with GAAP, accordingly, these financial statements do not reflect the value of those donated services.

#### **Income Taxes**

The Organization is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code") and is not considered a private foundation. Accordingly, no provision for income taxes is included in these financial statements. The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

# Regenerative Farms Inc

## Notes to the Financial Statements

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### Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis amongst its various activities. All of the Organization's allocated expenditures have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Management, general and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and include those costs related to the internal management and accounting for program services. Payroll and associated costs are allocated to functions based upon actual time charges and / or time studies.

### 3. Liquidity and Availability

The Organization has a goal to maintain cash and liquid short-term investments on hand at an amount equal to cover at least 60 days' worth of annual normal expenditures. As of December 31, 2023, the Organization's financial assets available within one year of the financial statement date for general expenditures is comprised of the following:

	<u>2023</u>
Cash and cash equivalents	\$ 102,315
Pledges receivable	151,238
	<u>Financial assets available for one year of</u>
general expenditures	<u>\$ 253,553</u>

### 4. Revenues Concentration

During the year ended on December 31, 2023, 88% of revenues was derived from one resource provider. Based on information known to management the donor concentration makes the organization vulnerable to the risk of not able to meet its obligations in the future in case no other funding is received and the existing donor withdraw their support. However, the Organization's management is planning to apply for other different grants related to the program during next year and expects to continues the program's growth.

### 5. Contribution Receivable & Concentration

A contribution due from one foundation as of December 31, 2023, represented 99% of total contribution receivables. As of December 31, 2023, contribution receivables consisted of unconditional promise to give in amount of \$150,000.

### 6. Related Party Disclosure

The Board President of the Organization is also an Executive Director with voting rights. The Executive Director performed program related activities and received compensation in the form of salary which totaled \$74,998 during 2023.

### 7. Fiscal Sponsorship

During the year the Organization entered into pre-approved grant fiscal sponsorship agreements with the following local collaborators:

- Tribes and Natures Defenders, located in the Philippines, in the amount of \$20,000.
- Drylands Natural Resources Centre, located in Kenya, in the amount of \$10,000
- The Maasai Centre for Regenerative Pastoralism in Kenya in the amount of \$15,000

## Regenerative Farms Inc

### Notes to the Financial Statements

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#### 7. Fiscal Sponsorship (continued)

- The Bay Island Tree Planting Project (Dean Milverton), in Honduras in the amount of \$10,000
- Association Paysanne Pour L' Autosuffisance Alimentaire (APAA) in the Democratic Republic of the Congo, in the amount of \$20,000
- Umoja Camp, in Kenya, in the amount of \$10,000 which later was re-allocated between Drylands Natural Resources Centre and Maasai Center for Regenerative Pastoralism who took over the responsibilities of the Umoja tree planting project.

These fiscal sponsorships were for work funded through the Jonas Philanthropies 2023-2024 "Trees for Climate Health" Initiative. Funding was provided to RF's partners from the Jewish Communal Fund and the total transferred to RF for this work by RF's program partners was in the amount of \$85,000 and subsequently expended for designated purposes. These sponsorship agreements were a one-time pre-approved grant fiscal sponsorship solely for the Jonas Philanthropies Trees for Climate Health funding. The Organization has a signed agreement stating the limited nature of the grant fiscal sponsorships with each local recipient organization and the donor. The Organization has since helped the local organizations, Tribes and Nature's Defenders and the Maasai Center for Regenerative Pastoralism sign up with Far Away Projects as a longer-range fiscal sponsor for future grants. The Organization continues to provide capacity building technical support to the organization in the form of leadership training, technical support, and capacity building programs.

#### 8. Subsequent Events

Management has evaluated events and transactions which occurred through October 3, 2024 the date on which the financial statements were available to be issued. There were no significant subsequent events requiring recognition or disclosure in the financial statements.