IGARAPE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

Igarape, Inc.
Financial Statements
December 31, 2021 and 2020

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JILLEBA & LIBOCK
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Igarape, Inc.

Opinion

We have audited the accompanying financial statements of Igarape, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities 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 Igarape, 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. 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 Igarape, 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 Igarape, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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.

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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 Igarape, 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 Igarape, 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.

Report on Summarized Comparative Information

We have previously audited Igarape, Inc's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2021. In our 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.

Jilleba & Libock CPAs LLC

Westwood, New Jersey
August 30, 2022

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Igarape, Inc.
Statements of Financial Position

	December 31,			
	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total only
ASSETS				
Current assets:				
Cash and cash equivalents	$ 666,988	$ 333,381	$ 1,000,369	$ 343,244
Contributions receivable - current	-	1,099,604	1,099,604	1,271,254
Other current assets	2,370	-	2,370	3,734
Total current assets	669,358	1,432,985	2,102,343	1,618,232
Contributions receivable, net of current portion	-	1,033,234	1,033,234	-
Total Assets	$ 669,358	$ 2,466,219	$ 3,135,577	$ 1,618,232
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	$ 2,628	-	$ 2,628	$ 3,915
Total Liabilities	2,628	-	2,628	3,915
Net assets (liabilities):				
Without donor restrictions	666,730	-	666,730	259,503
With donor restrictions	-	$ 2,466,219	2,466,219	1,354,814
Total Net Assets	666,730	2,466,219	3,132,949	1,614,317
Total liabilities and net assets	**$** 669,358	**$** 2,466,219	**$** 3,135,577	**$** 1,618,232

See Indepenent Auditors' Report
and Accompanying Notes to Financial Statements

Igarape, Inc.
Statements of Activities and Changes in Net Assets

	For the Years Ended December 31,			
	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	$	$ 2,869,221	$ 2,869,221	$ 945,284
Miscellaneous Income		-	-	247.00
Program fees	-		-	-
Net assets released from restriction				
Satisfaction of program restrictions	1,657,816	(1,657,816)	-	-
Expiration of time restriction	100,000	(100,000)	-	-
Total Support and Revenue	1,757,816	1,111,405	2,869,221	945,531
EXPENSES				
Program Services	1,296,488	-	1,296,488	526,766
Supporting Services				
Fund-raising	-	-	-	-
Management and General	54,101	-	54,101	18,508
Total Expense	1,350,589		1,350,589	545,274
CHANGES IN NET ASSETS	407,227	1,111,405	1,518,632	400,257
Net assets, beginning of year	259,503	$ 1,354,814	$ 1,614,317	1,614,317
Net assets (liabilities), end of year	$ 666,730	$ 2,466,219	$ 3,132,949	1,614,317

Igarape, Inc.
Statements of Cash Flows

	For the Years Ended December 31,	
	2021	2020
Reconciliation of change in net aseets to net cash provided by (used in) operating activities:		
Change in net assets (liabilities)	$ 1,518,632	$ 400,257
Adjustments to reconcile changes in net assets to net cash:		
Change in contributions receivable	(861,583)	(111,262)
Changes in other current assets	1,364	(1,364)
Changes in accounts payable and accrued expenses	(1,288)	(49,785)
Net cash provided by (used in) operating activities	657,125	237,846
Net increase (decrease) in cash and cash equivalents	657,125	237,846
Cash and Cash Equivalents, beginning of year	343,244	105,398
Cash and Cash Equivalents, end of year	$ 1,000,369	$ 343,244

Supplementary Cash Flow Disclosures:		
Cash paid during the period for		
Interest	$ -	$ -
Income tax	$ -	$ -

Igarape, Inc.
Statements of Functional Expenses

	For the Year Ended December 31, 2021				For the Year Ended December 31, 2020			
		Supporting Services				Supporting Services		
	Program Services	Fund-raising	General and Administrative	Total	Program Services	Fund-raising	General and Administrative	Total
Grants	$ 647,199	$ -	$ -	$ 647,199	$ 230,236	$ -	$ -	$ 230,236
Research consultants	649,289	-	-	649,289	296,530	-	-	296,530
Legal and professional services	-	-	26,416	26,416	-	-	14,933	14,933
Travel	-	-	5,462.88	5,463			-	-
Dues and Subscriptions			4,462.53	4,463				
Insurance			2,369.93	2,370				
Miscellaneous	-	-	15,390	15,390	-	-	3,575	3,575
	$ 1,296,488	$ -	$ 54,101	$ 1,350,589	$ 526,766	$ 0	$ 18,508	$ 545,274

See Indepenent Auditors' Report
and Accompanying Notes to Financial Statements

IGARAPE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization

Founded as a 501 (c) (3) in 2016, Igarapé Inc (the "Organization") is an independent non-profit organization focused on advancing public security, digital transformation, climate action, sustainable development, and international cooperation. The organization supports applied research, technology development, strategic advocacy, and policy innovation around the world.

Igarapé Inc has established a strong record in advancing data-driven and evidence-based solutions to intractable challenges. It supports a range of organizations to promote safety, justice, and development in lower- and middle-income countries and cities across the Americas, Africa, and Asia.

Igarapé Inc is committed to expanding the profile, reach and impact of public, private, and nonprofit organizations committed to improving security, advancing digital rights, accelerating climate action, strengthening sustainable development, and promoting multilateral cooperation. It is committed to developing partnerships to make the world a safer place.

NOTE 2 - Summary of Significant Accounting Policies

Accounting Method

The financial statements of the Organization have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is 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.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Organization's gains and losses on investments bought and sold as well as held during the year.

NOTE 2 - Summary of Significant Accounting Policies (continued)

Fixed Assets

Fixed assets are stated at cost and are depreciated using the straight-line method over their estimated useful lives over 5 years. Expenditures for repairs and maintenance are charged to expenses as incurred. As of December 31, 2021, and 2020, the organization did not have any fixed assets.

Net Asset Accounting

The Organization's net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation 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 restrictions.

Net Assets With Donor Restrictions – Net assets are subject to donor-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. There were no donor-imposed restrictions of a perpetual nature at December 31, 2021. 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*, the Organization applies the "more likely than not" threshold to the recognition and derecognition of tax positions for its financial statements. Using that guidance, the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of December 31, 2021, except for diversification of the Organization's donor base to remain a public charity. The Organization is committed to mitigating its lack of donor diversification within the coming years (see Note 5).

The Internal Revenue Service ("IRS) has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code (the "Code") and from state and local income taxes under comparable laws. As a not-for-profit entity, the Organization is subject to unrelated business income tax ("UBIT"), if applicable. For the tax year ended December 31, 2021 and 2020, the Organization did not owe any UBIT.

NOTE 2 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Management has evaluated the Organization's tax positions for all open tax years and has concluded that the Organization had taken no uncertain tax position that requires adjustment to the financial statements to comply with the provisions of GAAP.

Use of Estimates

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

Contributions

Unconditional grants, contributions, and gifts including promises to give cash and other assets are reported at fair value at the date the contribution is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Donations and Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance a nonfinancial asset or would have been purchased if not provided by contributions or require specialized skills that are provided by individuals possessing such specialized skills.

Revenue Recognition for exchange (non-contribution or donation) transactions

The Organization has adopted the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU No. 2014-09") for any exchange transactions that are not unilateral contributions and donations. This guidance requires that an organization depict the consideration by applying a five-step analysis in determining when and how revenue is recognized. The Organization has evaluated the effects of ASC 606 as it relates to the various revenue streams generated by the Organization and has determined that all exchange transactions to be contract revenue. The Organization's position is that due to the nature of the revenue streams, the performance obligation to record revenue when an exchange has been completed is satisfied at the time of exchange, and hence satisfies the standard's guidelines to recognize the revenue as billed.

NOTE 2 - Summary of Significant Accounting Policies (continued)

Subsequent Events

The Foundation has evaluated subsequent events through August 30, 2022, the date on which these financial statements were available to be issued.

Comparative totals

The financial statements and notes to the financial statements for the year ended December 31, 2020, are presented only to provide a basis for comparison with the year 2021. The 2020-year financial statements and notes to the financial statements are not intended to present all information necessary for the fair presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year December 31, 2021, from which the summarized information was derived.

Certain 2020 accounts have been recombined and restated in order to be comparative with the 2021 financial statement format.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of 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. Under the new standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability

NOTE 2 - Summary of Significant Accounting Policies (continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Functional Allocation of Expenses

The cost of providing the various program and supporting services has 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. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Other shared costs have been allocated among the programs and support services in reasonable ratios determined by management.

Adopted Recent Accounting Pronouncements

In June 2018, FASB issued ASU 2019-08, *Not-for-Profit Entities(Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contribution Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. The Organization adopted AUS 2019-08 as of January 1, 2019, and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the Foundation's grants and contributions.

In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

Pending Recent Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through right-of-use assets and a lease liability and the disclosure of key information pertaining to leasing agreements. The new

NOTE 2 - Summary of Significant Accounting Policies (continued)

standard will require disclosures that meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard will also require recognition and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This new guidance is effective for years beginning January 1, 2022, with early adoption permitted.

Pending Recent Accounting Pronouncements (continued)

In June 2016, the FASB issued a new standard to replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For trade and other receivables, loans, and other financial instruments, the Foundation will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The new standard will be effective beginning January 1, 2021, with early adoption permitted beginning January 1, 2019. Application of the amendments is through a cumulative-effect adjustment to net assets as of the effective date. The Organization is currently evaluating the impact of this standard on the financial statements.

NOTE 3 - Related Party Transactions

Most of the Organization's grants are awarded to and certain other expenses are paid to Institute which is the Organization's main program. The organization and Institute are related by common management control. During the years ended December 31, 2021, and 2020, grants awarded, and expenses paid to Institute were $274,477 and $200,000(see Note 1). The books and records of the Institute are not included in the financial statements.

NOTE 4 - Contributions receivable

At December 31, 2021 and 2020, the Organization recorded contributions receivable, which are scheduled to be received as follows:

	2021	2020
Gross contributions receivable due		
Less than one year	$ 1,099,604	$ 1,271,254
In one to five years	1,033,234	
	2,132,838	1,271,254
Unamortized discount		
Net contributions receivable	$ 2,132,838	$ 1,271,254

NOTE 5 - Concentrations

Credit Risk
Financial instruments which potentially subject the Organization to concentrations of credit risk consist of a checking account with one financial institution in excess of insured limits. The balances fluctuate during the year and at times exceed the $250,000 limit. Deposits at FDIC-insured institutions are insured up to at least $250,000 per depositor. The Organization does not anticipate non-performance by the financial institution. At December 31, 2021, and 2020, $250,000 at the financial institution was insured by the FDIC.

Major Donors

The Organization received contributions from major donors whose contributions represent 98% and 92% of the total support and revenue respectively during the years ended December 31, 2021 and 2020. This can potentially increase the risk associated with reliance on major donors and also affect the Organization's exempt status as a public charity. In addition, the lack of donor diversity may induce the Internal Revenue Service to reclassify the public charity to a private foundation if not corrected in five years from the initial year of commencement (see Note 2 – Income Taxes). The Organization has taken steps to mitigate this risk by retaining legal counsel to analyze and monitor current public charity status and seek contributions from various other donors as the Organization is going into the sixth year of its organization as a public charity.

NOTE 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Subject to purpose restrictions	$ 2,869,221	$ 1,354,814
Subject to time restrictions		
	$ 2,869,221	$ 1,354,814

NOTE 7 – Liquidity and Availability of Financial Assets

The Organization is primarily funded by contributions from donors that contain restrictions. Those restrictions require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization also

NOTE 7 – Liquidity and Availability of Financial Assets (continued)

keeps its cash in excess of its daily needs in money market accounts within the investment portfolio.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or internal designations.

Cash	$ 1,000,369
Contributions receivable	2,132,838
Total financial assets at year-end	3,133,207
Less amounts not available to be used within one year:	
Donor restrictions for specified purpose and time	(2,869,221)
Financial assets available to meet cash needs for general expenditures within one year	$ 263,986

NOTE 8 - Subsequent Event

The Organization has evaluated subsequent events through August 30, 2022, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure on these financial statements.