

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

RF Catalytic Capital, Inc.

December 31, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
RF Catalytic Capital, Inc.

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of RF Catalytic Capital, Inc. ("RFCC"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 RFCC as of December 31, 2023 and 2022, and the changes in its net assets and its 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 RFCC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 RFCC'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 RFCC'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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of revenues and expenditures of Project Act for the year ended December 31, 2023 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary 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 2023 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 consolidated financial statements or to the 2023 consolidated financial statements themselves, and other additional procedures in accordance with US GAAS.

In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 2023 consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
June 28, 2024

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2023	2022
ASSETS		
Cash	\$ 113,690,609	\$ 165,266,320
Investments	83,136,452	-
Contributions receivable, net	59,550,052	3,634,167
Program-related investments	15,484,773	-
Receivable from affiliate	-	91,075
Property, furniture, fixtures, and equipment, net	2,815,995	116,255
Operating right-of-use assets	7,013,150	4,334,853
Prepaid expenses and security deposits	2,599,494	760,513
Total assets	\$ 284,290,525	\$ 174,203,183
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 9,658,224	\$ 4,681,611
Grants payable, net	88,360,597	82,800,105
Deferred revenue	250,000	873,000
Due to affiliate	23,885	354,452
Operating lease liabilities	7,404,706	4,418,669
Total liabilities	105,697,412	93,127,837
Commitments (Notes 8 and 10)		
Net assets		
Without donor restrictions	8,884,943	1,080,205
With donor restrictions	169,708,170	79,995,141
Total net assets	178,593,113	81,075,346
Total liabilities and net assets	\$ 284,290,525	\$ 174,203,183

The accompanying notes are an integral part of these consolidated financial statements.

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Contributions	\$ 6,071,331	\$ 145,711,448	\$ 151,782,779	\$ -	\$ 52,369,389	\$ 52,369,389
Contributions from The Rockefeller Foundation	800,000	120,195,000	120,995,000	-	-	-
Contributed services	805,899	-	805,899	1,405,241	-	1,405,241
Government grants and contracts	9,027,675	-	9,027,675	24,739,865	-	24,739,865
Net investment income and other income	1,094,867	5,481,497	6,576,364	1,059,701	381,612	1,441,313
Net assets released from donor restrictions	181,674,916	(181,674,916)	-	198,879,683	(198,879,683)	-
Total revenue and support	199,474,688	89,713,029	289,187,717	226,084,490	(146,128,682)	79,955,808
Expenses						
Grants	126,616,950	-	126,616,950	182,856,350	-	182,856,350
Program costs	64,085,641	-	64,085,641	41,030,333	-	41,030,333
Management and general	3,590,738	-	3,590,738	2,898,046	-	2,898,046
Total expenses	194,293,329	-	194,293,329	226,784,729	-	226,784,729
Contributed services from The Rockefeller Foundation	2,623,379	-	2,623,379	1,759,940	-	1,759,940
Restructuring of Pandemic Prevention Institute, LLC	-	-	-	-	(13,400,000)	(13,400,000)
CHANGES IN NET ASSETS	7,804,738	89,713,029	97,517,767	1,059,701	(159,528,682)	(158,468,981)
Net assets						
Beginning of year	1,080,205	79,995,141	81,075,346	20,504	239,523,823	239,544,327
End of year	\$ 8,884,943	\$ 169,708,170	\$ 178,593,113	\$ 1,080,205	\$ 79,995,141	\$ 81,075,346

The accompanying notes are an integral part of these consolidated financial statements.

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Years ended December 31,

2023

	Program Services			Management and General		Total
	Grants	Program Costs	Subtotal	Subtotal		
Grants	\$ 126,616,950	\$ -	\$ 126,616,950	\$ -	\$ -	\$ 126,616,950
Salaries and benefits	-	15,737,146	15,737,146	2,623,379	2,623,379	18,360,525
Legal fees	-	5,991,271	5,991,271	55,949	55,949	6,047,220
Accounting fees	-	730,630	730,630	69,904	69,904	800,534
Other professional fees	-	34,224,856	34,224,856	839,061	839,061	35,063,917
Depreciation and amortization	-	149,675	149,675	-	-	149,675
Occupancy	-	2,074,149	2,074,149	-	-	2,074,149
Travel, conferences, and meetings	-	4,491,622	4,491,622	2,445	2,445	4,494,067
Taxes	-	686,292	686,292	-	-	686,292
	<u>\$ 126,616,950</u>	<u>\$ 64,085,641</u>	<u>\$ 190,702,591</u>	<u>\$ 3,590,738</u>	<u>\$ 3,590,738</u>	<u>\$ 194,293,329</u>

2022

	Program Services			Management and General		Total
	Grants	Program Costs	Subtotal	Subtotal		
Grants	\$ 182,856,350	\$ -	\$ 182,856,350	\$ -	\$ -	\$ 182,856,350
Salaries and benefits	-	3,022,202	3,022,202	1,492,805	1,492,805	4,515,007
Legal fees	-	3,662,960	3,662,960	-	-	3,662,960
Accounting fees	-	104,738	104,738	-	-	104,738
Other professional fees	-	32,224,250	32,224,250	1,287,685	1,287,685	33,511,935
Occupancy	-	995,800	995,800	117,556	117,556	1,113,356
Travel, conferences, and meetings	-	1,020,383	1,020,383	-	-	1,020,383
	<u>\$ 182,856,350</u>	<u>\$ 41,030,333</u>	<u>\$ 223,886,683</u>	<u>\$ 2,898,046</u>	<u>\$ 2,898,046</u>	<u>\$ 226,784,729</u>

The accompanying notes are an integral part of this consolidated financial statement.

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2023	2022
Cash flows from operating activities		
Changes in net assets	\$ 97,517,767	\$ (158,468,981)
Adjustments to reconcile increase (decrease) in net assets to net cash:		
Depreciation and amortization	149,675	-
Net unrealized appreciation on investments	(49,273)	-
Net unrealized appreciation on program-related investments	(1,313,991)	-
Net realized gain on investments	(4,087,179)	-
Changes in operating assets and liabilities:		
Contributions receivable, net	(55,915,885)	(2,384,167)
Receivable from affiliates	91,075	(67,623)
Right-of-use assets	(2,678,297)	(4,334,853)
Prepaid expenses and security deposit	(1,838,981)	(760,513)
Accounts payable and accrued expenses	4,976,613	4,681,611
Grants payable	5,560,492	80,991,398
Due to affiliate	(330,567)	354,452
Deferred revenue	(623,000)	623,000
Lease liabilities	2,986,037	4,418,669
Net cash provided by (used in) operating activities	44,444,486	(74,947,007)
Cash flows from investing activities		
Proceeds from sale of investments	16,000,000	-
Purchase of investments	(95,000,000)	-
Amounts disbursed for program-related investments	(14,170,782)	-
Purchase of property, furniture, fixtures, and equipment	(2,849,415)	(116,255)
Net cash used in investing activities	(96,020,197)	(116,255)
NET DECREASE IN CASH	(51,575,711)	(75,063,262)
Cash		
Cash, beginning of year	165,266,320	240,329,582
Cash, end of year	\$ 113,690,609	\$ 165,266,320
Supplemental non-cash disclosure		
Right-of-use assets obtained in exchange for operating lease obligation	\$ 4,016,213	\$ 5,051,450

The accompanying notes are an integral part of these consolidated financial statements.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1 - ORGANIZATION

RF Catalytic Capital, Inc. (“RFCC”) is a public charity incorporated under the laws of the state of Delaware on July 10, 2020. RFCC was created by The Rockefeller Foundation (“RF”) and is affiliated with RF through common management and certain board members. RFCC’s central office is located in New York City.

RFCC aims to foster and promote the general wellbeing of humanity throughout the world. Specifically, RFCC works to develop, support and/or apply innovative solutions to address the world’s most intractable social and environmental problems impacting vulnerable people, communities and ecosystems, and aggregate, manage and deploy capital to fund activities consistent with the foregoing and which build on or otherwise strengthen or expand the charitable programs and initiatives of RF and other like-minded institutions, as those may be articulated from time to time, including without limitation in the areas of public health, food sustainability and security, ending energy poverty and promoting renewable clean energy and expanding equity and economic opportunity.

During October 2021, RFCC created the Global Energy Alliance for People and Planet, LLC (“GEAPP”), as a subsidiary of RFCC, to deliver transformational programs that will accelerate and scale an equitable energy transition in developing and emerging economies.

Also, during October 2021, RFCC created the Pandemic Prevention Institute, LLC (“PPI”), as a subsidiary of RFCC to build an equitable, representative network of public health data systems that respects sovereignty, upholds the highest ethical standards, and empowers decision-makers to respond efficiently and effectively to pathogen threats. Due to the changing pandemic landscape, PPI was restructured during 2022, as explained in Note 2.

The accompanying consolidated financial statements include the accounts of RFCC and its subsidiaries, including the GEAPP and the PPI, collectively referred to hereinafter as RFCC.

RFCC is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation.

NOTE-2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Consolidation

The accompanying consolidated financial statements include the financial statements of RFCC and its subsidiaries, as described in Note 1. All significant intercompany transactions and balances have been eliminated in preparing the accompanying consolidated financial statements.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 *Leases (Topic 842)*. This new standard provides users of financial statements with a more complete representation of the assets and long-term financial obligations of organizations that enter

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

into leases. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A (finance) leases, and most existing operating leases as Type B (operating) leases. Both will be reported on the statement of financial position of the organization for leases with terms exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard applies for fiscal years beginning after December 15, 2021. The standard allows for a *Modified Retrospective Approach* - where all operating leases existing at or entered into after the date of initial application are recorded on a prospective basis, however, those leases that expired in prior periods will not be reevaluated. The asset and obligation are recorded at the present value of remaining rentals due at the earliest date presented in the financial statements. RFCC, adopted Topic 842, effective January 1, 2023. See Lease Note 11 for additional details.

Net Asset Presentation

RFCC reports information regarding its financial position and activities according to two classes of net assets: without and with donor restrictions.

Without Donor Restrictions - Consist of resources available for the general support of RFCC operations. Net assets without donor restrictions may be used at the discretion of RFCC's management and Board of Directors.

With Donor Restrictions - Consist of resources restricted by donors to be used for specific activities or at some future date, or which require RFCC to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. As of December 31, 2023 and 2022, RFCC held no net assets that were required to be maintained in perpetuity.

Cash

Cash consists of cash on deposit with two financial institutions.

Accounting for Uncertainty in Income Taxes

RFCC follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

RFCC is exempt from federal income taxation under §501(c)(3) of the Internal Revenue Code (the "Code"); although, RFCC is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. RFCC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Management has determined that RFCC had no uncertain tax positions that would require financial statement recognition or disclosure. RFCC is subject to examinations by the applicable taxing jurisdictions for periods since its inception.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Investments

RFCC's investments consists of short-term treasury index funds which are considered alternative investments. Alternative investments are reported at fair value based on the net asset values provided by the management of the respective fund as of December 31, and are reviewed by management for reasonableness. Management utilizes audited financial statements when available for alternative investments as part of its on-going due diligence and annual financial statement valuation process.

Program-Related Investments

Program-Related Investments ("PRI") are philanthropically driven, nonmarketable investments and loans to businesses that further the mission of RFCC, its subsidiaries and its initiatives. RFCC's PRI portfolio is monitored periodically to determine the appropriateness of the net realizable value, which is reflected on the consolidated statement of financial position. PRI's are stated at estimated fair value. (See also Note 8 for additional details)

Fair Value Measurements

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Contributions

RFCC has adopted FASB Accounting Standard Update ("ASU") No. 2018-08, *Not for Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The implementation of the provisions of this ASU for contributions received and made did not have a significant impact on RFCC's consolidated financial statements.

ASU No. 2018-08 assists an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional, which may delay recognition of contribution revenue (recipient) or expense (resource provider).

RFCC has adopted the resource provider provisions of ASU 2018-08, which requires RFCC to determine whether a transfer of assets is conditional based on whether an agreement includes a barrier(s) that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions Receivable

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged. Contributions to be received after one year are discounted using an appropriate rate which

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

articulates with the collection period of the respective pledge (4.23% in 2023). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Contributions of Nonfinancial Assets

Nonfinancial contributions consisting of both program and operational goods and professional services are recorded at their estimated fair value as both revenues and expenses in the period received. Contributed services received by RFCC are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if they were not donated. RFCC receives contributed professional services from RF employees that are reported using current cost for those services. RFCC has recognized in its consolidated statements of activities the estimated fair value of contributed services which meet these criteria. (See also Note 11 for additional details)

Government Grants and Contracts

Support funded by government grants is recognized as RFCC meets the conditions prescribed by the grant agreement, including performing the contracted services or incurring outlays eligible for reimbursement. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. However, in the opinion of RFCC, disallowances, if any, would not be material to the accompanying consolidated financial statements.

Foreign Currency

Transactions in other currencies are translated into U.S. dollars at the exchange rates in effect at the date of the transactions. Monetary assets and liabilities denominated in non-U.S. currencies are reported at the exchange rates in effect at the reporting date. Any gain or loss arising from a change in exchange rates as of the date of the transaction is included in the statement of activities. For the years ended December 31, 2023 and 2022, the realized and unrealized (loss) gain, resulting from foreign exchange translations totaled \$(41,974) and \$189,805, respectively, and is included in the Net Investment and Other Income on the consolidated statements of activities.

Property, Furniture, Fixtures, and Equipment, Net

Property, furniture, fixtures, and equipment are stated at cost at the date of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the assets range from three to 10 years.

Functional Allocation of Expenses

RFCC allocates expenses on a functional basis among its various program and supporting services. Expenditures that are attributed to a specific program or supporting service are reported accordingly.

Program services consist of RFCC's work in supporting commitments in Energy, Health, Food, and Finance Systems. This includes grants, direct charitable activities and program costs. Supporting services consist of the President's office, Management and General, and Fundraising divisions.

Grants

Committed grant expenditures are considered incurred at the time of approval by RFCC provided the grant has no specified conditions (barriers) to be met in a future period by the respective grantee. For conditional grants, the grant expenditure and liability are recognized and recorded in the accounting period when RFCC determines that the specified conditions (barriers) have been met by the grantee. Such grant commitments are often made to a recipient over multiple fiscal years and, therefore, are recognized and measured at the

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

present value of the expected amounts to be paid. The present value discount is determined when the grant is initially recognized using an appropriate discount rate which is not subsequently revised. RFCC amortizes grant discounts, which are recorded as additional grant expense, over the payment period of the respective grant using the straight-line method. Rescinded and refunded grants are recorded as a reduction to grant expense.

Restructuring of the Pandemic Prevention Institute, LLC (PPI)

During 2022, because of significant shifts in pandemic prevention and overall response landscape, the management of RF and RFCC decided to no longer pursue the PPI as an independent subsidiary of RFCC. The decision is based on RF's belief that the best way to ensure the world has the capacity to prevent future pandemics is to manage this initiative internally and engage more deeply with organizations that share a common ambition. RF will continue to leverage and take advantage of opportunities that exist in the pandemic prevention landscape, through existing capacity and connections that were cultivated as part of RF's broader climate and health strategy. As part of this change to wind down the PPI as an independent entity, RFCC returned \$13.4 million to RF in 2022, representing uncommitted funding from the grant that was received by RFCC on behalf of PPI, in a prior year.

NOTE 3 - CONCENTRATION OF CREDIT RISK

RFCC maintains cash accounts at a major financial institution within the United States of America and also with a financial institution abroad. Generally, deposits are in excess of federally insured limits. Management of RFCC monitors its cash levels and RFCC has not experienced, nor does it anticipate, any losses with respect to its deposits.

NOTE 4 - RELATED-ENTITY TRANSACTIONS

During 2023 and 2022, in support of GEAPP's program activities, RFCC expended a total of \$23,458,400 and \$76,336,880, respectively, of the funds it received in prior years from IKEA Foundation. Of the expended amounts received from IKEA Foundation, no grants were awarded to "for-profit" organizations. RF serves as the sole member of RFCC. During the years ended December 31, 2023 and 2022, RFCC received contributions of \$121 million and \$0, respectively, from RF for its programmatic operations. In addition, four employees of RF also serve as officers of RFCC.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure that is, without donor or other restrictions, limiting their use, within one year of the consolidated statements of financial position date consist of:

	2023	2022
Financial assets:		
Cash	\$ 113,690,609	\$ 165,266,320
Investments	83,136,452	-
Contributions receivable, net	59,550,052	3,634,167
Receivable from affiliate	-	91,075
	256,377,113	168,991,562
Less:		
Donor restrictions related to time or purpose	(169,708,170)	(79,995,141)
Financial assets available to meet cash needs for general expenditure within one year	\$ 86,668,943	\$ 88,996,421

As part of RFCC's liquidity management strategy, RFCC structures its financial assets to be available as its grant payments and other general liabilities come due. RFCC is an eligible borrower on a line of credit totaling \$100 million that RF maintains with a financial institution that can be drawn upon as needed during the year.

NOTE 6 - INVESTMENTS

RFCC's investment portfolio at December 31, at fair value consists of the following:

	2023	2022
Passive fixed income	\$ 83,136,452	\$ -

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall on December 31:

	2023		2022
Level 1	Other Investments Measured at NAV	Total	Total
Passive fixed income	\$ -	\$ 83,136,452	\$ 83,136,452

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Information in the following table summarizes the various redemption, lock-up provisions, and unfunded commitments for alternative investments measured at NAV using the practical expedient at December 31, 2023:

<u>Investment Category</u>	<u>2023 Fair Value</u>	<u>2022 Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Passive Fixed income ^(a)	\$ 83,136,452	\$ -	Daily	Daily

^(a) Passive Fixed income - This category includes one fund that invests in short term U.S. Treasuries.

NOTE 7 - CONTRIBUTIONS RECEIVABLE, NET

As of December 31, 2023 and 2022, contributions receivable, net, are expected to be collected as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 28,250,000	\$ 3,634,167
One to five years	33,250,000	-
Total	61,500,000	3,634,167
Less: present value discount	(1,949,948)	-
	<u>\$ 59,550,052</u>	<u>\$ 3,634,167</u>

RFCC used a 4.23% interest rate to discount contributions receivable to present value.

NOTE 8 - PROGRAM-RELATED INVESTMENTS

In addition to grants, RFCC also invests in program-related investments, on behalf of GEAPP, including direct equity (e.g., by purchasing shares in a company) and intermediated equity (e.g., into a fund as a Limited Partner). The type of financial instrument is dependent on the cap structure and company or project need. RFCC invests with an “impact-first” lens (versus being returns driven), taking outsized risk to pilot and scale and with the goal of mobilizing and crowding in capital towards nascent projects, ventures and solutions.

As of December 31, 2023, RFCC, on behalf of GEAPP, had a total of 4 PRI’s outstanding with maturity dates between January 2033 and December 2033.

The following table includes a roll-forward of RFCC’s PRI’s for the year ended December 31:

	<u>2023</u>
Balance, January 1,	\$ -
New investments	14,170,782
Appreciation of investments	1,313,991
Balance, December 31,	<u>\$ 15,484,773</u>

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

RFCC's direct equity PRI's are measured using the net asset value per share as a practical expedient for reporting fair value.

Investment	Geography	Date of Investment	Asset Class	2023 Fair Value	Unfunded Commitment
Equator Africa Fund LP	Africa	1/15/2023	Intermediated equity ^(a)	\$ 3,356,166	\$ 7,637,932
Congo Energy Solution Ltd.	Democratic Republic of Congo	6/30/2023	Direct equity ^(b)	2,005,256	6,191,304
ETAFA Africa Limited	Nigeria	8/16/2023	Intermediated equity ^(c)	10,123,351	-
Southeast Asia Clean Energy Fund II, LP	South East Asia	12/22/2023	Intermediated equity ^(d)	-	10,000,000
Total				<u>\$ 15,484,773</u>	<u>\$ 23,829,236</u>

^(a) Equator Africa Fund LP ("Equator") is a fund that invests equity and quasi-equity into early-stage cleantech ventures (e.g., Late Seed, Series A) focused on energy, mobility and agriculture across Sub Saharan Africa. This investment will enable more equitable distribution of business value for underprivileged BIPOC workers and communities and preserve stable low-skill jobs, build support for shared business ownership benefitting this population.

^(b) Congo Energy Solutions Ltd. ("CESL"), otherwise known as Nuru, is a leading solar hybrid metro-grids developer and operator in the Democratic Republic of the Congo ("DRC") that currently manages a portfolio of projects, the largest in Goma I with 1.3MWp of capacity. The Series B fundraise will allow Nuru to execute 13.7MWp of projects in Goma II (an extension of the current site in Goma), Kindu and Bunia in Eastern DRC, connecting 20,000+ beneficiaries (equivalent to 120,000+ people) to clean, affordable and reliable electricity.

^(c) ETAFA Africa Limited ("ETAFA") is a local currency debt facility established by GEAPP in partnership with Chapel Hill Denham ("CHD") to support distributed renewable energy ("DRE") projects in Nigeria. ETAFA will expand access to clean, affordable and reliable services via DRE and support energy transition to benefit vulnerable populations and reduce carbon emissions in Nigeria.

^(d) Southeast Asia Clean Energy Fund II, LP ("SEACEF") is an early-stage capital fund that aims to mitigate the effects of climate change and enhance the ability of vulnerable and at-risk communities, particularly under-resourced communities in the Global South, to effectively manage climate risk, promote climate resiliency, and support inclusive growth, sustainable economic development, and energy security grounded in the transition to clean energy and clean energy infrastructure and demonstrating an investment model for early-stage capital designed to encourage the private sector to engage.

The unfunded PRI commitments detailed above, totaling \$23.8 million at December 31, 2023, are expected to be funded by December 2025. Such amounts have not been recorded in the accompanying consolidated financial statements.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

When determined to be necessary, allowances for credit losses are recorded for program-related investments based upon management's judgment and analysis using relevant available information, from internal and external sources, relating to past events, historical credit loss, current conditions, and reasonable and supportable forecasts. As of December 31, 2023, RFCC has not recorded any allowances against its outstanding PRIs.

NOTE 9 - PROPERTY, FURNITURE, FIXTURES, AND EQUIPMENT, NET

At December 31, property, furniture, fixtures, and equipment, net, consists of the following:

	2023	2022
Furniture, fixtures, and equipment	\$ 2,210,281	\$ 116,255
Computer hardware	582,889	-
Software in process	172,500	-
	2,965,670	116,255
Less: accumulated depreciation and amortization	(149,675)	-
	\$ 2,815,995	\$ 116,255

Software in process is attributed to the build out of GEAPP's systems, which was completed during calendar year 2024. Remaining costs are estimated to be \$50,000.

NOTE 10 - GRANTS PAYABLE, NET

RFCC has entered into grant commitments with certain organizations. The following summarizes the changes in grants payable for the years ended December 31:

	2023	2022
Balance, January 1,	\$ 82,800,105	\$ 1,808,707
Grants approved	127,958,044	184,529,864
Grant payments	(121,056,459)	(101,864,952)
Grants lapses and returns	(2,856,838)	-
Change in the present value discount	1,515,745	(1,673,514)
Balance, December 31,	\$ 88,360,597	\$ 82,800,105

At December 31, 2023, RFCC has approximately \$73.2 million and \$60.7 million of grants awarded that have been classified as conditional grants. In addition to a provision for the right of return of unspent funds and a right of release to make future payments, certain milestones and other performance obligations stated in these awards have not yet been satisfied by the respective grantees. Accordingly, these amounts are not recognized as grants payable in the 2023 consolidated statement of financial position.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

RFCC's grants payable balance of \$88,360,597 unconditional grants authorized but unpaid as of December 31, 2023 are expected to be paid as follows:

<u>Year Ending December 31,</u>	<u>RFCC</u>	<u>GEAPP</u>	<u>Total</u>
2024	\$ 1,250,000	\$ 84,732,423	\$ 85,982,423
2025	-	2,435,943	2,435,943
2026	-	100,000	100,000
Total	1,250,000	87,268,366	88,518,366
Less: present value discount (at rates ranging from 4.01% to 4.23%)	-	(157,769)	(157,769)
	<u>\$ 1,250,000</u>	<u>\$ 87,110,597</u>	<u>\$ 88,360,597</u>

NOTE 11 - LEASES

RFCC determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. RFCC determines these assets are leased because RFCC has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because RFCC determines it does not have the right to control and direct the use of the identified asset. RFCC lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases result in the recognition of right of use assets and lease liabilities on the statement of financial position. Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. RFCC determines lease classification as operating or finance at the lease commencement date. Right of use assets and lease liabilities for operating leases are included in the statement of financial position and presented separately based on the classification of the underlying lease arrangement. Right of use assets and lease liabilities for financing leases are included within the captions property, plant and equipment, and accounts payable and accrued liabilities, respectively, in the statement of financial position.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The right of use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate was provided by appraisal from a widely recognized bank. Operating lease expense is generally recognized on a straight-line basis over the lease term.

The RFCC has entered into the following lease arrangements:

Operating Leases

The RFCC has several non-cancellable operating leases, including a sub-sublease with RF for office space located Washington DC to support RF's operations, and leases in the United Kingdom, India and Kenya to support GEAPP's operations that expire in various years through 2032. Some of these leases require payment of real estate taxes and escalations. Total rent expense for the years ending December 31, 2023 and 2022 were \$2,074,149 and \$790,428, respectively.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

Future minimum payments required under operating leases, and other commitments are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 1,518,937
2025	1,464,546
2026	1,522,043
2027	1,517,229
2028	1,318,500
Thereafter	<u>1,782,489</u>
Total minimum lease payments	9,123,744
Less: present value discount	<u>(1,719,038)</u>
Lease liability	<u>\$ 7,404,706</u>

Supplemental balance sheet information related to financial leases at December 31, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
ROU assets	\$ 9,067,663	\$ 5,051,450
Less: Accumulated amortization	<u>(2,054,513)</u>	<u>(716,597)</u>
	<u>\$ 7,013,150</u>	<u>\$ 4,334,853</u>
Weighted-average remaining lease term:	5.90 years	5.75 years
Weighted-average discount rate:	5.97%	0.87%

The components of lease costs for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 1,532,028	\$ 790,428
Amortization of ROU Asset	1,337,916	716,597
Interest on lease liabilities	272,827	73,831

Supplemental cash flow information related to leases for the years ended December 31, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,303,004	\$ 706,612

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

RFCC's net assets with donor restrictions are available for the following purposes and programs as of December 31, 2023 and 2022:

	2023	2022
Invest in Our Future	\$ 130,656,426	\$ -
Global Energy Alliance for People and Planet, Inc.	35,444,290	75,323,875
Pandemic Prevention Institute (PPI)	3,599,300	2,639,950
Health Initiative	7,190	352
Food Initiative	964	2,030,964
	\$ 169,708,170	\$ 79,995,141

For the year ended December 31, 2023, RFCC's net assets were released from donor restrictions due to the performance of activities satisfying the restricted purposes specified by donors as follows:

	2023	2022
Global Energy Alliance for People and Planet, Inc.	\$ 145,361,082	\$ 174,722,406
Invest in Our Future	34,255,022	-
Food Initiative	3,025,000	5,197,227
Pandemic Prevention Institute (PPI)	1,890,650	18,960,050
Less: grant lapses and returns	(2,856,838)	-
	\$ 181,674,916	\$ 198,879,683

NOTE 13 - CONTRIBUTED SERVICES AND EQUITY TRANSFERS

Effective August 31, 2020, RFCC entered into an agreement with RF whereby RF agreed to provide certain services and resources to RFCC. Pursuant to the agreement, RF allocates a portion of its personnel costs of certain employees who provide services to RFCC. RF also provides space and other support services to RFCC under the agreement.

RFCC relies on in-kind and other support from RF and others to manage its operations. During 2023 and 2022, RF contributed in-kind support of \$3,429,278 and \$3,165,181, respectively, to RFCC for its operations. In addition, certain RF Directors and Officers have made significant contribution of their time to develop RFCC and its programs.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

RFCC recognized contributed nonfinancial assets from non-affiliated entities within revenues and support, including professional services and software. Contributed services provided by RF personnel are separately presented as an equity transfer on the consolidated statements of activities. All services recognized as contributed nonfinancial support and equity transfers were utilized for programmatic, management and general activities. For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the accompanying consolidated statements of activities include:

	Years Ended December 31,		Revenue Recognized		Valuation Techniques and Inputs
	2023	2022	Utilization in Programs/Activities	Donor Restrictions	
Services by RF Personnel	\$ 2,623,379	\$ 1,759,940	Programmatic, management and general	No associated donor restriction	RFCC estimated the fair value on the basis of estimated time spent by RF personnel to conduct RFCC operations.
Professional Services	715,697	1,287,686	Management and general	No associated donor restriction	Contributed services for professional services conducted are valued at the estimated fair value based on current rates for similar professional services conducted in the United States.
Software	90,202	117,555	Management and general	No associated donor restriction	Contributed services for software are valued at the estimated fair value based on similar software products sold in the United States.
	<u>\$ 3,429,278</u>	<u>\$ 3,165,181</u>			

NOTE 14 - DEFINED CONTRIBUTION RETIREMENT PLAN

RFCC has a defined contribution retirement plan formed under Section 401(k) of the Code that covers all eligible employees. For the 2023 plan year, RFCC made a contribution equal to 13% of compensation plus a dollar-for-dollar match of up to an additional 2% of base compensation contributed on a pretax basis by employees up to the compensation cap, as defined. RFCC's net contributions to the plan totaled \$43,760 and \$0 in 2023 and 2022, respectively.

GEAPP has a separate defined contribution plan formed under Section 401(k) of the Code that covers all eligible employees. For the 2023 plan year, GEAPP made a contribution equal to 10% of compensation. GEAPP's net contributions to the plan totaled \$297,985 and \$48,221 in 2023 and 2022, respectively.

Locally hired staff in GEAPP's foreign offices participate in retirement plans and/or provident funds or other plans that conform to local customs, conditions or laws.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the accompanying consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is June 28, 2024. No additional events have occurred that would require recognition or disclosure in the accompanying consolidated financial.

SUPPLEMENTARY INFORMATION

RF Catalytic Capital, Inc.

SCHEDULE OF REVENUES AND EXPENDITURES OF PROJECT ACT

Year ended December 31, 2023

Revenues	
Grant revenue	<u>\$ 9,027,675</u>
Expenditures	
Grants	6,081,927
Professional fees	<u>2,945,748</u>
Total expenditures	<u>9,027,675</u>
Excess (deficiency) of revenues over expenditures	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this schedule.

RF Catalytic Capital, Inc.

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF PROJECT ACT

For the year end December 31, 2023

Overview

Project Access Covid Tests (Project ACT) - provides individuals in highly vulnerable communities the ability to order free Covid-19 tests that are then delivered directly to their home. This federally funded project, which commenced March 1, 2022, represents a turnkey public-private partnership, which allows states to pay below-market costs for covid tests through signed grant agreements with RF Catalytic Capital, Inc. ("RFCC"). The participating states are Illinois, Kansas, Maine, Michigan, New Mexico and North Carolina.

Basis of Presentation

The accompanying Schedule of Revenues and Expenditures presents the activity of the Project ACT federal award program of RFCC. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the accompanying schedule.

Summary of Significant Accounting Policy

The accompanying Schedule of Revenues and Expenditures of Project ACT is presented using the accrual basis of accounting. Federal program monies received under Project ACT are recognized as revenues when reimbursable expenditures are incurred pursuant to the terms of the respective grant agreement.