DIGITAL GREEN FOUNDATION AND AFFILIATE

Consolidated Financial Statements
December 31, 2012

Together with
Independent Auditors' Report

DIGITAL GREEN FOUNDATION AND AFFILIATE

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December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Digital Green Foundation and Affiliate

We have audited the accompanying consolidated financial statements of Digital Green Foundation and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Digital Green Trust, an affiliated entity, whose statements reflect total assets constituting 5% of consolidated total assets at December 31, 2012 and total revenues constituting 1% of consolidated net revenues and support for the year then ended. Those statements, which were prepared in accordance with Indian Accounting Standards, were audited by the other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Digital Green Trust, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included in Digital Green Trust, prior to these conversion adjustments, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statement of financial position of Digital Green Foundation and Affiliate as of December 31, 2012, and the consolidated statement of activities and changes in net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

San Mateo, California
January 3, 2014

DIGITAL GREEN FOUNDATION AND AFFILIATE

Consolidated Statement of Financial Position

December 31, 2012

ASSETS

Current assets:		
Cash and cash equivalents	$	1,124,652
Grant receivables		4,539,453
Prepaid expenses and other		196,038
Total current assets		5,860,143
Grant receivables		8,212,537
Property and equipment		113,904
Total assets	$	14,186,584

LIABILITIES AND NET ASSETS

Current liabilities:		
Accrued expenses	$	46,310
Accounts payable		39,719
Other current liabilities		26,800
Deferred support		719,262
Total current liabilities		832,091
Net assets:		
Temporarily restricted net assets		12,681,986
Non-controlling interest in temporarily restricted net assets		672,507
		13,354,493
Total liabilities and net assets	$	14,186,584

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

DIGITAL GREEN FOUNDATION AND AFFILIATE

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions and grants	$ -	$ 14,660,654	$ 14,660,654
Interest	-	13,951	13,951
Total revenue and support	-	14,674,605	14,674,605
Net assets released from restrictions	1,964,456	(1,964,456)	-
Total net revenue and support	1,964,456	12,710,149	14,674,605
Operating expenses:			
Grant and contribution expense	279,925	-	279,925
Program services	1,341,051	-	1,341,051
Management and general	343,480	-	343,480
Total operating expenses	1,964,456	-	1,964,456
Increase in net assets	-	12,710,149	12,710,149
Net assets, beginning	-	644,344	644,344
Net assets, ending	$ -	$ 13,354,493	$ 13,354,493

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

DIGITAL GREEN FOUNDATION AND AFFILIATE

Consolidated Statement of Cash Flows

Year Ended December 31, 2012

Cash flows from operating activities:		
Increase in net assets	$	12,710,149
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		19,998
Changes in operating assets and liabilities:		
Grant receivables		(12,687,990)
Prepaid expenses and other		(176,325)
Accrued expenses		10,465
Accounts payable		23,408
Other current liabilities		26,800
Deferred support		719,262
Net cash provided by operating activities		645,767
Cash flows from investing activities:		
Acquisition of property and equipment		(125,168)
Increase in cash and cash equivalents		520,599
Cash and cash equivalents, beginning		604,053
Cash and cash equivalents, ending	$	1,124,652

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

DIGITAL GREEN FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2012

Note 1 - Organization and operations:

Digital Green Foundation ("Digital Green") was incorporated in March 2008 as a nonprofit public benefit corporation in California, its affiliate, Digital Green Trust (the "Trust") was incorporated in 2008 as a public charitable trust established under the laws of India. The Trust operates as an affiliate of Digital Green under an affiliation agreement defining various policies, terms and restrictions that the affiliate must operate under to align with Digital Green's mission.

The mission of Digital Green is to support building and employing information and communication technologies that amplify the effectiveness of rural development efforts and affect sustained social change globally. Digital Green works with partners and the Trust by integrating information and communication technologies ("ICT") with global development efforts to improve human well-being in developing nations. Digital Green uses video and projector equipment to develop and share locally relevant agricultural and health practices videos to members within targeted communities. The Trust receives grant donations, technological equipment donations and non-financial support defined by the affiliation agreement from Digital Green to benefit communities in rural areas of India and other developing nations through the producing and sharing of video content developed by local experts.

Note 2 - Summary of significant accounting policies:

Principles of consolidation - Accounting principles generally accepted in the United States of America ("GAAP") requires that entities without controlling equity interests must be included in a consolidation if one entity can exercise significant influence over another. The Trust has been identified as an affiliate that is required to be consolidated with Digital Green under accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of Digital Green and the Trust and are referred to herein together as the Foundation. All material inter-company transactions and balances have been eliminated.

The Trust's financial reporting year-end is March 31, 2013 and Digital Green has consolidated the Trust's financial statements for the year ended March 31, 2013. Digital Green contributed approximately $1,810,000 to the Trust during the year ended March 31, 2013, which is eliminated in the consolidated financial statements. Digital Green contributed and made purchases on behalf of the Trust of approximately $1,091,000 during the year ended December 31, 2012. The difference between contributed amounts recorded by Digital Green and the Trust as a result of their differing year-ends is recorded as deferred support.

Note 2 - Summary of significant accounting policies (continued):

Principles of consolidation (continued) - Digital Green accounts for the non-controlling interest in the Trust in accordance with Accounting Standards Codification ("ASC") Topic 810 - *Noncontrolling Interests*. The portion of the increase in net assets attributable to the Trust on the consolidated statement of activities and changes in net assets was approximately $490,000 for the year ended December 31, 2012. The portion of the net assets attributable to the Trust on the consolidated statement of financial position at December 31, 2012 was approximately $673,000.

Basis of presentation - The Foundation reports information regarding its financial position and activities using two classes of net assets:

Unrestricted net assets represent those assets over which the Boards of Directors (the "Board") have discretionary control in carrying out the operations of the Foundation.

Temporarily restricted net assets represent those assets that are subject to donor restriction and for which the applicable restriction was not met as of the end of the current reporting period.

Basis of accounting - The consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant assets and liabilities.

Use of estimates - GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents - The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash deposited with banks. The recorded carrying amount of cash equivalents is recorded at fair value.

Grant receivables - The Foundation anticipates collection of grants outstanding as follows:

Amounts receivable within one year	$	4,539,453
Amounts receivable in 1 to 5 years		8,212,537
Total grants receivable	$	12,751,990

The amounts presented above are stated at contract value or translated contract value using foreign currency exchange rates effective at December 31, 2012. The effect of discounting the above to present value using applicable discount rates between 1 and 2% per annum was immaterial.

Note 2 - Summary of significant accounting policies (continued):

Concentrations of credit risk - The Foundation maintains cash and cash equivalents with commercial banks. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

During the year ended December 31, 2012, 97% of revenue and support was received from two donors. Approximately 99% of grant receivables were due from 2 donors.

Other receivables - The Foundation has other receivables outstanding for refunds due from vendors.

Property and equipment - Property and equipment are stated at cost and depreciated over their estimated useful lives. Depreciation is provided over the estimated useful lives of assets, generally three to ten years, using the straight-line method for financial reporting purposes.

Revenue recognition - Contributions and grants, which include unconditional promises to give, are recognized as revenue in the period received or promised (pledged). Conditional contributions are recorded as revenues when the conditions have been substantially met.

The Foundation reports contributions in the temporarily restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities and changes in net assets. Restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated that such restrictions will be met in the current reporting period.

Functional allocation of expenses - The cost of providing program and other activities has been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Indirect expenses are allocated based upon estimated functional usage by time or other appropriate means. Accordingly, certain costs have been allocated among the program services benefited.

Note 2 - Summary of significant accounting policies (continued):

Foreign currency and other comprehensive gain (loss) - The Foundation's primary functional currency is the U.S. dollar. Assets and liabilities of the Foundation denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date, while revenue and expenses are translated using the average exchange rate during the year. Cumulative translation adjustments resulting from the translation of foreign functional currency financial statements into U.S. dollars were immaterial in 2012 but would generally be included in other comprehensive income (loss) as a separate component on the consolidated statement of activities and changes in net assets. Gains and losses on foreign currency transactions and on re-measurement of transactions denominated in a currency other than the reporting currency of the affiliate are recognized as incurred and recorded as income (expense) in management and general expenses on the consolidated statement of activities and changes in net assets. Such gains and losses were immaterial in 2012. The Foundation generally does not enter into foreign exchange contracts or hedge against any exposure to foreign currency rate fluctuations.

Deferred support - The Foundation recorded deferred support related to unearned contributions of the Trust granted by Digital Green. The balance outstanding at year-end will be contributed to the Trust in 2013 and recognized as a program expense of Digital Green and results from the differing year-ends of the two entities.

Income taxes - Digital Green has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d). The Trust has been classified as a non-governmental organization under Indian law, and is exempt from income taxes.

Subsequent events - Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued which is the date of the independent auditors' report.

Note 3 - Temporarily restricted net assets:

Net assets are released from restrictions by incurring expenses satisfactory to the restricted purpose or by expiration of time. The balance of temporarily restricted net assets result from various donations and are restricted to be used primarily towards the Foundation's agricultural information project in India and as further defined by each donation agreement's specific restrictions.

Note 4 - Property and equipment:

Property and equipment consisted of the following:

Computers	$	29,340
Furnitures and fixtures		9,151
Office equipment		103,712
		142,203
Less: accumulated depreciation		(28,299)
	$	113,904