

One Acre Fund



Spring 2011 Performance Report

One Acre Fund Semi-Annual Performance Report

November 2010 – April 2011

Friends – Greetings from the One Acre Fund family!

I wanted to introduce you to one of our Kenyan farmers, Christine Walela. Christine has been enrolled in One Acre Fund since 2009, and she is a group leader. Recently, she was able to buy the ½ acre of land in this picture with income from her maize harvest.



Christine did not buy additional land after one harvest with One Acre Fund. After her first harvest, she invested in a cow. When that cow started to produce milk, she sold the milk and saved the profits. Christine combined her savings with income from her 2010 maize harvest to buy

her first piece of land. Most of the land she farms belongs to her husband. Now, for the first time, she is also farming land of her own. Christine is just one of the many female farmers who have experienced the benefits of One Acre Fund's service model.

Our program continues to grow rapidly, with your generous support. This is our eighth 6-month report, which offers a frank look at the hard metrics we use to guide every step of our operations. From November 2010 – April 2011, we:

- Grew program size from 30,000 farm families to 54,000 farm families, serving more than 216,000 children.
- Had our ninth harvest, increasing take-home farm income by 100% per acre, with 99% of farmers repaying program fees.
- Covered 70% of our field costs through farmer repayments, which will continue to improve over time.

This report briefly concludes with our vision for the future, which we are truly excited about. Our momentum continues to build at a terrific pace, and we are on track to create life change for 150,000 families in the next 24 months. This growth is largely due to you, our loudest supporters. On behalf of the children and families that we serve: **Thank You.**

Andrew Youn
Founder, One Acre Fund

Matt Forti
Co-Board Chair, One Acre Fund

Governing Board Members: Joel Ackerman, co-board chair; retired partner- Warburg Pincus; Dipak Jain, former dean, Kellogg School of Management; Wally Scott, professor of management, Kellogg School of Management; John Wood, founder and executive chairman, Room to Read

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One Acre Fund: Core Values and Program Model

Our purpose: We serve small-scale farmers. In everything we do, we place the farmer first. We measure success in our ability to make more farmers more prosperous.

Core values:

- **Humble Service** – We meet farmers in their fields and we get our shoes muddy. Farmers are our customers and we serve them with humility.
- **Hard Work** – We work hard every day. We execute with world-class professionalism and business excellence. Farmers deserve nothing less.
- **Continual Growth** – We improve every season. We work with determination to meet our goals and then stretch ourselves by raising the bar even higher.
- **Family of Leaders** – We bring together the best leaders, and build long-term careers. We care for team members like family.
- **Dreaming Big** – We envision serving millions of farm families. We build for scale with every idea and solution.
- **Integrity** – We do what we say, and our words match our values.

One Acre Fund's "Market Bundle"

1) Group formation: One Acre Fund meets existing women's self-help groups, and organizes them into a producer group.

2) Farm inputs: One Acre Fund finances and delivers all of the planting materials that our farmers need to increase their yields.



3) Education: One Acre Fund field officers deliver trainings on planting, weeding, and fertilizer application to groups in their fields.

4) Market facilitation: One Acre Fund trains its farmers on post-harvest crop handling and storage, and helps link farmer groups to traders.



None of the individual pieces of our model is particularly new – but the *combination* of them is extremely unique. Our "market bundle" is an innovative new tool in the world's fight against hunger.

Review of Program Metrics: November 2010– April 2011



++ = Met/Exceeded Goal **+** = Additional Opportunity **-** = Did not meet goal

HOW MANY PEOPLE DID WE REACH? Program grows to over 54,000 farmers

Scalability	Previous May 10- Oct 10	New goal Nov 10- Apr 11	Actual Nov 10- Apr 11	Rating	Rationale
- # Families Reached	31956	50000	54912	++	- Exceeded goal due to strong Kenya enrollment
- # Children Enrolled	128k	200k	219k	++	- Our clients have an average of four children
- # Acres under Cultivation	17576	35000	38432	+	- Our average number of acres per farmer increased

FUTURE ACTIONS:

- We plan to further increase the average number of acres per farmer in 2011
- We are on track to meet or exceed our target of 100,000 families in the next 12 months

WHAT WAS OUR QUALITY OF IMPACT? Farm income doubles

Impact	Previous	New goal	Actual	Rating	Rationale
- Increased Size of Harvest (year-on-year)	3x	3x	3x	++	- Raw harvest increased by approximately 3x (verified by One Acre Fund monitoring and evaluation staff)
- Increase in Farm Income (year-on-year)	2x	2x	2x	++	- Farm income increased by approximately 2x, after program repayment

FUTURE ACTIONS:

- Farm income targets remain on track

HOW MUCH DID IT COST? Program improves to 70% sustainability

Financial Return	Previous	New goal	Actual	Rating	Rationale
- Repayment Rate	99%	95%	99%	++	- 99% of farmers repaid, well above target of 95%
- Field cost Per Family	\$100	\$75	\$80	+	- We are attacking operations cost at the district level and believe there is room for further cuts in 2011
- Infrastructure investment	\$1.5 mil	\$2 mil	\$2 mil	+	- We are making significant investments for our future growth
- % of Donations to Program Services	100%	100%	100%	++	- 100% of individual donations went directly to program; overhead covered by foundation grants
- Program Sustainability	63%	75%	70%	+	- Farmer repayments covered 70% of field costs

FUTURE ACTIONS:

- Our target is to cover 75% of our field expenses through farmer repayments by the end of 2011
- We aim to reach 85%+ sustainability in the next 24 months

Management Discussion

1. Adding to Our Impact in Kenya

As One Acre Fund grows, we are exploring ways that we can increase the income impact of our core program for farmers in Kenya. This year, in addition to maize seed and fertilizer, we are distributing grevillea tree seeds to all 28,000 of our farmers in Kenya. Grevillea trees are valuable to farmers for a number of reasons. First, there is always a market for trees: at full maturity, trees can be sold as construction materials or to the electric company for poles. Second, grevillea trees play an important environmental role for smallholder farmers. This tree variety fixes nitrogen, which means it adds nutrients to the soil. Our farmers have planted their land for years without adding nutrients, so their soils are now seriously depleted.

In addition to providing farmers with tree seeds, One Acre Fund's field officers are training their clients on how to make seed beds, cultivate tree seedlings, and transplant those seedlings. They are also training farmers on the economics of trees. Grevillea is a fast-growing variety, so farmers can sell the trees just twelve months after planting. However, the majority of the profit is realized in the third and fourth year of a tree's growth—we are advising our farmers to wait and maximize their profits.



2. Working with the Rwandan Government

Rwanda's Ministry of Agriculture is one of the most forward-thinking in sub-Saharan Africa. In 2010, the ministry invited One Acre Fund to implement its crop intensification program in three districts. One Acre Fund now works as a "service provider" in those three districts, in addition to operating our core program model. Like One Acre Fund, the government seeks to increase smallholder farmer productivity through increasing the adoption of improved seed and fertilizer. We are proud to be one of the government's partners in this important effort.

One Acre Fund is also working with the Ministry of Agriculture on a new project known as "LWH." This \$100 million land and water husbandry project, which is supported by the World Bank, USAID, and CIDA, seeks to reduce erosion through innovative terracing and hillside irrigation. At the initial project site in Rutsiro District, we are enrolling farmers for our core program, providing them with improved seed and fertilizer on credit, as well as training and market facilitation.

As One Acre Fund's Rwanda operation grows, we look forward to increased collaboration with the Government of Rwanda in our mutual effort to make more farmers more prosperous.

Growing Beans in Rwanda



< Planting

Before a farmer can plant her beans, she must loosen the soil. Because Rwanda is so hilly, farmers prepare their land using hand tools. Once the soil is turned over, they plant using a planting string to space seeds along a row. Traditionally, a farmer would put some bean seeds in her mouth and spit them out over the field.



< Poles for Climbing >

After the beans germinate, farmers need to place poles in the field for the bean plants to climb. One Acre Fund teaches a growing technique that reduces the number of poles a farmer needs by 40 percent. Poles are expensive and in short supply, so this technique is very popular.



Weeding >

Farmers need to weed their bean fields throughout the season. One Acre Fund's field officers visit their clients regularly to check germination rates, to make sure farmers are weeding, and to check the bean plants for any pests or diseases.



Growing Beans in Rwanda



< Harvest

Beans are harvested after the pods have dried and turned yellow on the plant. The pods are pulled from the plant, and then big bunches of pods are left out to dry further. One Acre Fund's field officers do extensive training on harvest and post-harvest storage to help their farmers minimize their post-harvest crop losses.

< Post-Harvest >



After the pods are dry, farmers fill a storage bag with pods and beat the bag with a stick to release the bean seeds from the pods. The bean pods are used as organic matter to improve the soil's structure, and the bean seeds are spread out to dry.



Storage >

After the beans are very dry, farmers store them in bags in their homes. Because One Acre Fund's farmers do not have access to commercial storage facilities, field officers train their farmers on how to prevent rotting and infestation of their bean seed. They also offer storage bags for sale after harvest.



Vision for the Future

Can our model be scaled into a major force against world hunger?

We have proven our program model, and we need to reach as many needy people as possible!

We have set an ambitious goal ...

We have set an extremely ambitious goal for the next 24 months: to begin expanding a program model that we have proven. Our milestones in the next three years are to:

- 1 Reach 150,000+ farm families
- 2 Create a 100% gain in farm income per acre
- 3 Achieve 85%+ financial sustainability (farmer repayments covering 85% of field expenses)

We believe that if we can create a program model that achieves all of these goals, we will be in a position to grow to serve millions of lives in the coming decades. Our vision is millions of farm families feeding themselves – the hungry feeding the hungry.

We have a realistic plan ...

These are not idealistic words – they are carefully constructed milestones, supported by our current field experience, and the advice of dozens of prominent advisors.

Annual milestones

	2010	2011	2012	2013
Scale	30,000+ families	65,000+ families	100,000+ families	150,000+ families
Impact	100% average gain in farm income	100% average gain in farm income	100% average gain in farm income	100% average gain in farm income
Financial sustainability	65% cost recovery on field programs	75% cost recovery on field programs	80% cost recovery on field programs	85% cost recovery on field programs

... And your support makes it happen

Your support makes this possible! We need to raise a total of \$12.0 million dollars over the next two years to execute this plan, and every dollar matters. Maybe you are donating \$240 a year to support two families in our program. Those families matter. Maybe you are donating \$10,000 a year to help support an entire village of farm families. That village matters. Maybe you are donating \$50,000 a year to help us make key infrastructure investments. These investments matter.

Your donation matters for real people. Every dollar empowers a hungry person to feed her own family, and every dollar helps us invest for the future. We will continue to strive to report exactly how much social impact your investments are making for our families, and please, never hesitate to write to us with questions and comments.

On behalf of our children and families: THANK YOU.

One Acre Fund by the Numbers

One Acre Fund continues its strong growth, evidenced by the numbers below. In particular, the increase in staff members reflects our desire to build infrastructure to support our anticipated growth to 65,000 families by 2011. The number of unique donors increased, as did our total donations during this period.

Metrics	As of 10-31-10	As of 4-30-11	Percent growth, last six months
# Unique Donors	2,423	2,555	5.4%
# Investment Council Members	627	632	0.8%
# Staff Members	473	538	14%

Donors (for the twelve months ending 4-30-2011)

One Acre Fund measures its success not only by the impact we have on the ground in Africa, but also by our ability to attract and retain donors. The extraordinary individuals who donate to One Acre Fund represent a group committed to ending hunger through empowerment. We can't thank you enough for your support.

Fellow Farmers (\$500,000 and up)

- Stephen and Susan Wilson
- The Pershing Square Foundation

Partners (\$100,000 - \$499,999)

- Anonymous (2)
- Ackerman Charitable Fund and Coventry Health Care
- Casten Family Foundation
- Combe Family
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- Megan Chernin
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- Sarah Jeon and Charles McGarraugh
- Sierra Foundation
- Stanley and Dorothy Winter Fund of the Jewish Community Foundation
- Thomas and Analisa Barrett
- Twig Foundation
- Yum! Brands Foundation

Major Supporters (\$5,000 - \$9,999)

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- F.Y.Eye Inc.
- Harlan Simon
- Harvard Business School 2011 Section E
- Jon and Mindy Gray Family Foundation
- LGT Venture Philanthropy
- Linville Family Foundation
- Megan Lyons
- Melih Z. Keyman
- Muffy, Andy and Megan DiSabatino
- Robert and Mary Mersky

Investment Council Members

Investment Council members donate \$20 or more per month or \$240 or more one-time in the past year

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Zachary Lulloff

Special Acknowledgement

A special thanks to the following people who have graciously given their time to One Acre Fund

- The Anderson Family
- Dave Betts
- Greg Casagrande
- Casten Family
- The Combe family
- Julie Daniels
- Dev Ghosh
- Deb Grant
- Echoing Green
- Martin Fisher
- Willy Foote
- Sarah and Emily Forti
- Margaux Hall
- Laura Hattendorf
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- Lyndsay Anne Holley
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- Pauline Lee
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- Brenda McDaniel
- Shashi Menon and his consulting team
- Sam Pilling
- Jeff and Linda Pohlman
- Wally Scott
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- Ryah Whalen
- Scott Whitaker
- Jeanne Wussler
- Joseph, Paul ,and Teresa Youn

Your Feedback

Your candid feedback matters immensely to us. Please contact us at katie.hubner@oneacrefund.org with your comments, questions, or suggestions.

One Acre Fund's Field Leadership

Rwanda

Fidele Habimana, Innovation Assistant Director
Emmanuel Habineza, Innovation Assistant Director
Fiston Habinshuti, Assistant Field Director
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Aaron Mundanikure, M&E Director
Verene Musengimana, Assistant Field Director
Vicky Ndatamahoro, Field Director
Jonas Ndarihорanye, Field Director
Charite Nirere, Field Director
Gaudence Niyompatsi, Field Director
Claver Rugirangoga, Field Director
M. Therese Uwingabiye, Assistant Field Director

Christophe Bimenyimana, Field Manager
Innocent Birindiro, Logistics Manager
Venuste Bizimana, Motorcycle Manager
Joseph Bunozande, Field Manager
Thomas Hafashimana, Sales Manager
Jean Damascene Hagenimana, Field Manager
Theodosie Imanirahari, Field Manager
Samson Iyamuremye, Field Manager
Aloys Majyambere, Innovation Manager
Desire Manirumva, Sales Manager
Dancille Mukabungo, Field Manager
Rosalie Muhawenimana, Field Manager
Albertine Mukandamage, Field Manager
Colette Mukantwari, Field Manager
Esperance Munganyinka, Field Manager
Eugene Namuhoranye, Logistics Manager
Oscar Ndindayino, Field Manager
Geraldine Niyitegeka, Field Manager
Alphonse Nkinamubanzi, Sales Manager
Martha Niyonshuti, Seed Manager
Jean de Dieu Ntahomvukiye, Field Manager

Boaz Nsengumuremyi, Field Manager
Nathanael Nshimyukiza, Field Manager
Agnes Nyirahabyarimana, Field Manager
Marcelline Nyirakamanzi, Field Manager
Monique Nyiramporansenga, Field Manager
Eline Nyiramwiza, Field Manager
Theodores Rwagasore, Field Manager
Faustin Shyirakera, Field Manager
Thomas Sindikubwabo, Field Manager
Elyse Tuyishime, Innovation Manager
Maurice Ugirashebuja, M&E Manager
Jeanette Ugiribambe, Field Manager
Marie Claire Umutesi, Human Resources Manager
Protais Urayeneza, M&E Manager
Wellars Usanzineza, Field Manager
Nehemie Uwimana, Seed Manager
Speciose Uwimana, Field Manager
Marie-Gorette Uwizeyimana, Field Manager
Placide Uzayisenga, Field Manager
Patrice Uzayisenga, Sales Manager
Francoise Yankurije, Field Manager

Kenya

Patrick Keya, Field Director
Isaac Khaemba, Field Director
Joan Lirhu, Field Director
Martin Lusuli, Assistant Field Director
Patyster Lusweti, Assistant Field Director
Daniel Okongo, Field Director

Alex Mungaru, Field Director
Phoebe Siketi, Field Director
Protus Wanguche, Assistant Field Director

Shadrack Atulo, Field Manager
Carolyne Barasa, Field Manager
Jacinta Barasa, Child Health Manager
Michael Chenge, M&E Manager
Timothy Chole, Horticulture Manager
Elphas Kaserwa, Field Manager
Henry Kawa, Field Manager
Evans Libeya, Nursery Manager
Absalom Lipeya, Field Manager
Grace Lumala, Field Manager
Patyster Lusweti, Assistant Field Director
Betty Luvuga, Child Health Manager
Dorica Manuni, Field Manager
Everlyne Mamai, Field Manager
Margaret Makari, Child Health Manager
Samuel Masinde, Field Manager
Vincent Mateyi, Field Manager
Anne Midigo, Field Manager
Marykevin Milimo, Field Manager
Meshack Mocho, Field Manager
Maxwell Simiyu, Field Manager
Scholastica Wekesa, Field Manager
Sylvanos Yabwetsa, Field Manager

James Munoko, Field Manager
Millicent Mwigusi, Field Manager
Violet Nalinya, Field Manager
Sarah Nasong'o, Field Manager
Everline Omukoku, Field Manager
James Onyango, Field Manager
Geoffrey Saya, Field Manager
Alfred Shitendesha, Field Manager
Kassim Simiyu, Field Manager
Robert Sitati, Field Manager
Patrick Siundu, Field Manager
Felister Theuri, Field Manager
Julius Vigadzi, Field Manager
Festus Wabwile, Field Manager
Protus Wanguche, Assistant Field Director
Pauline Wanjala, Field Manager
Andrew Wanyonyi, Logistics Manager
Oliver Wabomba, Field Manager
Evans Wafula, Field Manager
Francis Wefwafwa, Field Manager

2010 Financial Results and Management Discussion

To our Donors, Stakeholders, and Colleagues:

2010 was a year of growth for One Acre Fund, thanks in large part to your support. We continued to scale our program, nearly tripling our program size from 12,000 to 32,000 farm families, while maintaining program quality and effectiveness. Your generous support not only enabled us to grow – you enabled us to invest in our future. We have increased our 2011 projections from 40,000 farm families to 60,000 farm families, based on our strong operating results and a transformative grant from The Pershing Square Foundation.

Revenue: Despite uncertain economic times, our supporters increased their generosity by \$500,000 in 2010, growing from \$3.1 million in 2009 to \$3.6 million in 2010. In addition to this, our farmer revenues more than tripled in size, from \$440,000 in 2009 to \$1,470,000 in 2010 – a number we expect will continue to grow quickly.

Expenses: Although we more than tripled the seed and fertilizer we delivered to farmers, our expenses grew just more than double, as we kept a constant eye on cost-effectiveness. Expenses grew from \$1.95 million in 2009, to \$4.1 million in 2010. As with last year, the bulk of our expenditures were for purchase and delivery of life-changing farm inputs and for staff.

The Future: As we grow, we will continue to balance cost-effectiveness together with making aggressive investments in our future. Those investments are paying off in the form of efficient and accelerating growth. As we continue to build our organization's capacity, we will continue to look for opportunities to serve more farmers, and to serve them more effectively. In a time of financial uncertainty, our supporters rallied together to build a solid financial foundation for enormous growth in the coming years. Thank You. We increasingly feel that we have only begun to grow – there are about 100 million subsistence farm families in the world, and our ambition is to serve as many as we can.

Together, we serve!



Andrew Youn

**ONE ACRE FUND, INC.
REPORT ON THE EXAMINATION
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**

ONE ACRE FUND, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
One Acre Fund, Inc.

We have audited the accompanying statements of financial position of One Acre Fund, Inc. (an Illinois not-for-profit corporation) as of December 31, 2010 and 2009 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of One Acre Fund, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We did not observe the physical inventory taken as of December 31, 2010 and December 31, 2009 to verify the quantity of inventory items.

In our opinion, except for the effects on the financial statements of any adjustments that might have resulted had we been able to observe the physical inventory at December 31, 2010 and 2009, or to otherwise satisfy ourselves as to quantities at those dates, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of One Acre Fund as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Knutte & Associates, P.C.

**ONE ACRE FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS

	2010	2009
CURRENT ASSETS		
Cash	\$ 616,776	\$ 1,010,918
Cash Reserved for Crop Insurance Fund	0	540,292
Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	553,230	1,075,000
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$19,651 and \$0, Respectively)	176,863	0
Employee Advances (Net of Allowance for Doubtful Accounts of \$5,833 and \$6,214, Respectively)	33,051	37,913
Inventory	738,144	759,892
Prepaid Expenses	592,819	21,875
TOTAL CURRENT ASSETS	2,710,883	3,445,890
FIXED ASSETS		
Land	114,053	59,875
Buildings	293,688	26,815
Construction in Process	123,689	0
Vehicles	380,814	291,815
Equipment	30,001	21,985
	942,245	400,490
Less -- Accumulated Depreciation	122,974	61,905
TOTAL FIXED ASSETS	819,271	338,585
TOTAL ASSETS	\$ 3,530,154	\$ 3,784,475

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 58,911	\$ 16,031
Deferred Revenue	109,005	0
Note Payable	0	100,000
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	167,916	116,031
LONG TERM LIABILITIES		
Refundable Crop Insurance Funds	0	500,000
	<hr/>	<hr/>
TOTAL LONG TERM LIABILITIES	0	500,000
	<hr/>	<hr/>
TOTAL LIABILITIES	167,916	616,031
NET ASSETS		
Unrestricted		
Undesignated	2,544,008	2,918,444
Designated	100,000	0
Total Unrestricted	<hr/>	<hr/>
Temporarily Restricted	718,230	250,000
	<hr/>	<hr/>
TOTAL NET ASSETS	3,362,238	3,168,444
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 3,530,154	\$ 3,784,475
	<hr/>	<hr/>

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
Grants and Donations	\$ 1,522,080	\$ 1,494,300	\$ 0	\$ 3,016,380
Program Fees	1,665,778	0	0	1,665,778
Special Events (Net of Direct Benefits to Donors of \$12,524)	123,316	0	0	123,316
Donated Property	70,000	0	0	70,000
Miscellaneous	14,871	0	0	14,871
Interest	9,401	0	0	9,401
Donated Investments	2,936	0	0	2,936
Net Assets Released from Restrictions	1,026,070	(1,026,070)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	4,434,452	468,230	0	4,902,682
EXPENSES AND LOSSES				
Functional Expenses				
Program Services	3,978,177	0	0	3,978,177
Management and General	314,111	0	0	314,111
Fundraising	249,261	0	0	249,261
Total Functional Expenses	4,541,549	0	0	4,541,549
Remeasurement Loss	152,978	0	0	152,978
Loss on Disposal of Fixed Assets	14,340	0	0	14,340
Loss on Sale of Investments	21	0	0	21
TOTAL EXPENSES AND LOSSES	4,708,888	0	0	4,708,888
CHANGE IN NET ASSETS	(274,436)	468,230	0	193,794
NET ASSETS,				
BEGINNING OF YEAR	2,918,444	250,000	0	3,168,444
END OF YEAR	\$ 2,644,008	\$ 718,230	\$ 0	\$ 3,362,238

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
Grants and Donations	\$ 2,582,519	\$ 590,000	\$ 0	\$ 3,172,519
Program Fees	435,667	0	0	435,667
Donated Services	49,071	0	0	49,071
Interest	15,066	0	0	15,066
Miscellaneous	6,806	0	0	6,806
Donated Investments	3,683	0	0	3,683
Special Events (Net of Direct Benefits to Donors of \$713)	470	0	0	470
Net Assets Released from Restrictions	869,000	(869,000)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	3,962,282	(279,000)	0	3,683,282
EXPENSES AND LOSSES				
Functional Expenses				
Program Services	1,745,847	0	0	1,745,847
Management and General	218,497	0	0	218,497
Fundraising	35,839	0	0	35,839
Total Functional Expenses	2,000,183	0	0	2,000,183
Remeasurement Loss	135,114	0	0	135,114
Loss on Disposal of Fixed Assets	1,532	0	0	1,532
Loss on Sale of Investments	40	0	0	40
TOTAL EXPENSES AND LOSSES	2,136,869	0	0	2,136,869
CHANGE IN NET ASSETS	1,825,413	(279,000)	0	1,546,413
NET ASSETS,				
BEGINNING OF YEAR	1,093,031	529,000	0	1,622,031
END OF YEAR	\$ 2,918,444	\$ 250,000	\$ 0	\$ 3,168,444

See Accompanying Notes To The Financial Statements.

ONE ACRE FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Accounting	\$ 0	\$ 20,200	\$ 0	\$ 20,200
Bad Debts	0	85,055	0	85,055
Bank and Credit Card Fees	0	15,753	0	15,753
Business Development	245,505	35,928	0	281,433
Casual Labor	106,119	0	0	106,119
Depreciation	73,359	3,861	0	77,220
Employee Benefits	46,705	3,737	9,703	60,145
Farming Supplies	1,375,195	0	0	1,375,195
Farming Transportation	12,042	0	0	12,042
Farming Warehouse Costs	99,154	0	0	99,154
Fundraising Costs	0	0	5,072	5,072
Insurance	71,791	12,669	0	84,460
Interest	0	434	0	434
Marketing and Promotions	0	27,787	6,947	34,734
Miscellaneous	26,192	11,225	0	37,417
Monitoring and Evaluation	118,394	0	0	118,394
Occupancy	110,858	6,159	6,159	123,176
Payroll Taxes	75,035	6,003	15,589	96,627
Postage and Shipping	1,529	3,567	0	5,096
Printing and Publications	65,809	3,656	3,656	73,121
Recruiting and Training	124,794	0	0	124,794
Salaries and Wages	830,321	66,430	172,500	1,069,251
Supplies	38,139	4,238	0	42,377
Travel and Field Staff				
Transport	557,236	7,409	29,635	594,280
	<u>\$ 3,978,177</u>	<u>\$ 314,111</u>	<u>\$ 249,261</u>	<u>\$ 4,541,549</u>

See Accompanying Notes To The Financial Statements.

ONE ACRE FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Accounting	\$ 0	\$ 4,723	\$ 0	\$ 4,723
Bad Debts	0	6,214	0	6,214
Bank and Credit Card Fees	0	12,834	0	12,834
Business Development	77,973	19,494	0	97,467
Consulting	22,737	7,579	0	30,316
Crop Insurance Fees	0	5,453	0	5,453
Depreciation	39,033	3,636	0	42,669
Employee Benefits	7,898	878	0	8,776
Farming Supplies	503,149	0	0	503,149
Farming Transportation	173,562	0	0	173,562
Farming Warehouse Costs	13,384	0	0	13,384
Insurance	3,351	3,351	0	6,702
Interest	0	4,992	0	4,992
Legal Fees	0	27,277	0	27,277
Marketing and Promotions	0	16,625	4,156	20,781
Miscellaneous	16,054	11,891	0	27,945
Occupancy	16,259	761	761	17,781
Payroll Taxes	26,117	2,902	0	29,019
Postage and Shipping	798	1,863	0	2,661
Printing and Publications	27,541	1,530	1,530	30,601
Recruiting and Training	27,522	9,791	0	37,313
Salaries and Wages	626,148	63,688	2,974	692,810
Supplies	25,627	2,848	0	28,475
Technology and Internet	15,922	1,447	724	18,093
Telephone	26,420	2,297	0	28,717
Travel	96,352	6,423	25,694	128,469
	<u>\$ 1,745,847</u>	<u>\$ 218,497</u>	<u>\$ 35,839</u>	<u>\$ 2,000,183</u>

See Accompanying Notes To The Financial Statements.

ONE ACRE FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Supporters and Other Sources	\$ 5,267,130	\$ 3,041,175
Interest Received	9,401	15,066
Paid to Suppliers and Employees	(5,458,222)	(2,387,648)
Interest Paid	(434)	(4,992)
Income Taxes Paid	0	0
	(182,125)	663,601
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Purchase of Property	(503,439)	(237,640)
Proceeds from Sale of Fixed Assets	1,193	0
Proceeds from the Sale of Investments	2,915	3,643
	(499,331)	(233,997)
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(100,000)	0
	(100,000)	0
NET CASH USED IN FINANCING ACTIVITIES		
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(152,978)	(135,114)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(934,434)	294,490
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	1,551,210	1,256,720
END OF YEAR	\$ 616,776	\$ 1,551,210
NON-CASH INVESTING ACTIVITIES		
Donated Property	\$ 70,000	\$ 0
Donated Investments	2,936	3,683
TOTAL NON-CASH INVESTING ACTIVITIES	\$ 72,936	\$ 3,683

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 193,794	\$ 1,546,413
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Remeasurement Loss	152,978	135,114
Depreciation	77,220	42,669
Allowance for Doubtful Accounts	19,270	6,214
Loss on Disposal of Fixed Assets	14,340	1,532
Donated Property	(70,000)	0
Donated Investments	(2,936)	(3,683)
Loss on Sale of Investments	21	40
Changes in Certain Assets and Liabilities:		
Grants Receivable	521,770	(575,000)
Accounts Receivable	(196,514)	0
Employee Advances	5,243	(44,127)
Inventory	21,748	(457,302)
Prepaid Expenses	(570,944)	2,965
Accounts Payable and Accrued Expenses	42,880	8,766
Deferred Revenue	109,005	0
Refundable Crop Insurance Funds	(500,000)	0
Total Adjustments	<u>(375,919)</u>	<u>(882,812)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (182,125)</u>	<u>\$ 663,601</u>

See Accompanying Notes To The Financial Statements.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Organization and Nature of Activities

One Acre Fund, Inc. (the Organization) is an Illinois not-for-profit organization that was incorporated in December 2005 and operates primarily in Kenya and Rwanda. The mission of One Acre Fund is to empower chronically hungry farm families in East Africa to lift themselves out of hunger and poverty. The Organization's method is to work through self-help groups in rural villages to deliberately reach the most severely hunger affected.

B) Method of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

The Organization has adopted FASB *Accounting Standards Codification* (ASC) 958, *Not For Profit Entities*. Under ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

C) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Accounting Policies (Continued)

Grants Receivable, Accounts Receivable, and Employee Advances - Grants receivable, accounts receivable, and employee advances are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from farmers, employees, grants, contracts, etc. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable account. The allowance for doubtful accounts receivable at December 31, 2010 and 2009 is \$19,651 and \$0, respectively. The allowance for doubtful grants receivable at December 31, 2010 and 2009 is \$0, respectively. The allowance for doubtful employee advances receivable at December 31, 2010 and 2009 is \$5,833 and \$6,214, respectively.

Inventory - Inventory is valued at the lower of cost or market with cost determined on a weighted average basis. Inventories consist of seed and fertilizer for use in the Organization's programs, and maize kept for sale.

Fixed Assets - Property and equipment are recorded at cost when purchased, while donated fixed assets are recorded at their estimated fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of fixed assets are capitalized. Depreciation is computed on the straight-line method over various useful lives. Depreciation expense for the years ended December 31, 2010 and 2009 amounts to \$77,220 and \$42,669, respectively.

Deferred Revenue - The Organization and its program participants enter into a contract for the Organization to provide its program for a fee. The Organization earns these fees as it provides seeds, fertilizer, training and other services to the program participants over the span of the contract season. That portion of the Organization's program services, which it has not yet provided to the participants is recorded in the financial statements as deferred revenue.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been made on the financial statements. It is also classified as other than a private foundation.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Accounting Policies (Continued)

Income Taxes (Continued) - The Organization has no unrelated business income during the years ended December 31, 2010 and 2009, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

In June 2006, the FASB issued Financial Interpretation 48, "Accounting for Uncertainty in Income Taxes" (FASB *Accounting Standard Codification (ASC) 740, Income Taxes*) which clarifies the accounting uncertainty in income taxes recognized in an organization's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. Income tax positions must be a more likely-than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization adopted ASC 740 for the year ended December 31, 2009. The adoption of ASC 740 had no impact on the Organization's financial position or results of operations. The only tax years subject to examination by major tax jurisdictions are those within the statutory limits.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization has deposits in foreign financial institutions not covered by U.S. federal insurance of approximately \$225,000 and \$311,000 at December 31, 2010 and 2009, respectively. The Organization also has deposits in U.S. financial institutions in excess of FDIC insurance limits of approximately \$0 and \$623,000 at December 31, 2010 and 2009, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 3 - IN-KIND DONATIONS

Donated Property - During 2010 and 2009 the Organization received donations of property valued at \$70,000 and \$0, respectively.

Donated Services - Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. For the years ended December 31, 2010 and 2009, donated professional services consist of accounting, legal, and program-related services with an estimated fair value of \$0 and \$49,071, respectively. These amounts are reflected as donated services revenue on the statements of activities and are also allocated among the categories of functional expenses. Donated services are also included in salaries and wages and in legal expense on the 2009 statement of functional expenses.

For the years ended December 31, 2010 and 2009 the Organization received a significant amount of other donated services from volunteers who assist with the operations. No amounts have been recognized in the accompanying statements of activities for these volunteer services because the criteria for recognition of such volunteer effort under ASC 958 have not been satisfied.

Donated Investments - During 2010 and 2009 the Organization received donations of stocks and mutual funds valued at \$2,936 and \$3,683, respectively. It is the Organization's policy to liquidate donated securities immediately upon their receipt. The Organization realized a net loss on the sales of \$21 and \$40 for the years ending December 31, 2010 and 2009, respectively.

NOTE 4 - CASH RECEIVED FOR CROP INSURANCE FUND

In December, 2008 the Organization received \$500,000 of refundable advances for the establishment of an endowment fund for the Organization's harvest self-insurance program. The entity providing these funds had placed certain restrictions and had reserved the right to withdraw these funds from One Acre Fund and redirect them to another charitable organization. The term endowment agreement mandated that the principal, along with all premiums received under the Organization's harvest insurance programs be invested in a designated fund account, from which disbursements could be made upon the occurrence of specified insurance events. No such events occurred during the years ended December 31, 2010 and 2009.

During the year ended December 31, 2010, the Organization repaid these advances in full and terminated its self-insurance program, replacing it with a third-party harvest insurance policy.

**ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 - NOTE PAYABLE

Notes payable consist of the following at December 31:

	2010	2009
Note payable of \$100,000 to FJC, secured by the balance in the crop insurance fund account, with floating interest of prime plus three percent, payable semi-annually, starting July 31, 2009. The principal was due February 28, 2010 and was repaid in full when due.	0	100,000
Total Debt	0	100,000
Less - Current Portion	0	100,000
Total Long-Term Portion	\$ 0	\$ 0

NOTE 6 - CONCENTRATION OF FUNDING SOURCES

The Organization receives a major portion of its revenues from foundation grants. The level of services available in the future could be severely impacted if the Organization were to lose a major grant.

NOTE 7 - FUNCTIONAL CURRENCY, FOREIGN CURRENCY TRANSLATION AND CURRENCY EXCHANGE RATE EXPOSURE

Based on several factors, including the dominant role of the U.S currency in the funding of the Organization's programs, management considers the U.S. dollar to be the Organization's functional currency. As such, the Organization's monetary assets and liabilities held in foreign currencies are remeasured using the current rate at the balance sheet date, while nonmonetary assets and liabilities are remeasured using historical exchange rates. Most revenues and expenses that occur during a period are remeasured for practical purposes using a weighted average exchange rate for the period. However, revenues and expenses that represent the allocations of historical balances, such as depreciation expense, are remeasured using the same historical exchange rates, as the ones used for remeasuring the underlying items on the balance sheet.

**ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 7 - FUNCTIONAL CURRENCY, FOREIGN CURRENCY TRANSLATION AND CURRENCY EXCHANGE RATE EXPOSURE (CONTINUED)

The Organization regularly transfers cash from its domestic accounts to its foreign accounts to cover expenses, translating its foreign transactions into U.S. dollars using a weighted average exchange rate. During the year ended December 31, 2009 all operations and all cash accounts in Uganda were closed. However, the Organization has remaining significant deposits in foreign financial institutions and petty cash held in the local currencies of Kenya and Rwanda. The Organization has other assets and liabilities originally denominated in foreign currencies. This results in an exposure to currency exchange gains and losses at the time assets are disposed of and liabilities are settled, as well as during year-end foreign currency translation into U.S. dollars. In any particular year, currency exchange rate fluctuations may have a significant impact on the Organization's financial results.

The foreign currency translation gains and losses are recorded on the Organization's Statements of Activities as a net remeasurement gain or loss. For the years ended December 31, 2010 and 2009, the Organization recognized remeasurement losses of \$152,978 and \$135,114, respectively.

NOTE 8 - NET ASSET RESTRICTIONS AND DESIGNATIONS

Net assets are temporarily restricted for the following purposes at December 31:

Purpose or Time Restriction	2010	2009
Program Expansion in Rwanda 2011-2013	\$ 593,230	\$ 0
Program Services	125,000	40,000
Taking Prototype District to Scale	0	150,000
Webuye District	0	50,000
Crop Insurance Fund	0	10,000
Total Temporarily Restricted Net Assets	<u>\$ 718,230</u>	<u>\$ 250,000</u>

**ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 8 - NET ASSET RESTRICTIONS AND DESIGNATIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31:

	2010	2009
Purpose Restriction Accomplished		
Program Expansion in Rwanda	\$ 266,070	\$ 300,000
Program Services	265,000	10,000
General Research	200,000	0
Taking Prototype District to Scale	150,000	0
Webuye District	50,000	23,000
Women's Farm Groups	30,000	30,000
Seed and Fertilizer Purchases	30,000	0
Bean Growing	25,000	0
Crop Insurance Fund	10,000	0
Children Health Program	0	6,000
Total Restrictions Released	<u>\$ 1,026,070</u>	<u>\$ 369,000</u>

In addition, \$500,000 of net assets, temporarily restricted for farm input loans as of December 31, 2008 were released for unrestricted use during 2009 with the donor's consent.

The Organization has a talent retention program that offers eligible staff a bonus for meeting certain time-based criteria. At December 31, 2010 and 2009, \$100,000 and \$0, respectively of unrestricted net assets are designated by the Organization's Board of Directors as a talent retention reserve fund for probable future payments to vesting employees. During the years ending December 31, 2010 and 2009 no employees have completed their required service time for the Organization and therefore no payments have been made out of the talent retention reserve fund.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 9 - LEASE COMMITMENTS

The Organization leases office, warehouse space, and housing for its workforce in Africa under multiple operating leases expiring on various dates through October, 2014. The Organization also leases trial plots of land used for testing of new crops, fertilizer, seeds and betterment of farming practices under multiple operating leases expiring on various dates through October, 2011. Total rent expense under all leases is \$41,086 and \$17,781, for the years ended December 31, 2010 and 2009, respectively. Minimum future rental payments are as follows:

For the year ended December 31, 2011	\$	5,698
2012		5,051
2013		5,051
2014		1,428
		<hr/>
	\$	17,228
		<hr/> <hr/>

NOTE 10 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2010, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 3, 2011, which is the date on which the financial statements were issued.