

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

RF Catalytic Capital, Inc.

December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2022 and 2021, and the related consolidated statements of activities 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, 2022 and 2021, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Note 9 to the consolidated financial statements, in 2022, RFCC adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

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 financial statements are 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 consolidated 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 of and for the years ended December 31, 2022 and 2021 as a whole. The accompanying schedule of revenues and expenditures of Project Act for the period March 1, 2022 through December 31, 2022 is presented for purposes of additional analysis and is not a required part of the 2022 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 2022 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 consolidated financial statements or to the 2022 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 2022 consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
July 5, 2023

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 165,266,320	\$ 240,329,582
Contributions receivable	3,634,167	1,250,000
Receivable from affiliate	91,075	23,452
Vehicle and equipment	116,255	-
Operating right-of-use asset	4,334,853	-
Prepaid expenses and security deposit	<u>760,513</u>	<u>-</u>
Total assets	<u><u>\$ 174,203,183</u></u>	<u><u>\$ 241,603,034</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 4,681,611	\$ -
Grants payable, net	82,800,105	1,808,707
Deferred revenue	873,000	250,000
Due to affiliate	354,452	-
Operating lease liability	<u>4,418,669</u>	<u>-</u>
Total liabilities	<u>93,127,837</u>	<u>2,058,707</u>
Net assets		
Without donor restrictions	1,080,205	20,504
With donor restrictions	<u>79,995,141</u>	<u>239,523,823</u>
Total net assets	<u>81,075,346</u>	<u>239,544,327</u>
Total liabilities and net assets	<u><u>\$ 174,203,183</u></u>	<u><u>\$ 241,603,034</u></u>

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

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Contributions	\$ -	\$ 52,369,389	\$ 52,369,389	\$ -	\$ 246,254,000	\$ 246,254,000
Contributed services	1,405,241	-	1,405,241	426,207	-	426,207
Government grants and contracts	24,739,865	-	24,739,865	-	-	-
Net investment income and other income	1,059,701	381,612	1,441,313	19,218	-	19,218
Net assets released from donor restrictions	198,879,683	(198,879,683)	-	13,480,177	(13,480,177)	-
Total revenue and support	226,084,490	(146,128,682)	79,955,808	13,925,602	232,773,823	246,699,425
Expenses						
Grants	182,856,350	-	182,856,350	12,575,418	-	12,575,418
Program costs	41,030,333	-	41,030,333	1,175,968	-	1,175,968
Operations and governance	2,898,046	-	2,898,046	1,385,818	-	1,385,818
Total expenses	226,784,729	-	226,784,729	15,137,204	-	15,137,204
Contributed services from The Rockefeller Foundation	1,759,940	-	1,759,940	1,230,820	-	1,230,820
Restructuring of Pandemic Prevention Institute	-	(13,400,000)	(13,400,000)	-	-	-
CHANGES IN NET ASSETS	1,059,701	(159,528,682)	(158,468,981)	19,218	232,773,823	232,793,041
Net assets						
Beginning of year	20,504	239,523,823	239,544,327	1,286	6,750,000	6,751,286
End of year	\$ 1,080,205	\$ 79,995,141	\$ 81,075,346	\$ 20,504	\$ 239,523,823	\$ 239,544,327

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

RF Catalytic Capital, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Changes in net assets	\$ (158,468,981)	\$ 232,793,041
Adjustments to reconcile (decrease) increase in net assets to net cash		
Changes in operating assets and liabilities:		
Contributions receivable	(2,384,167)	(1,250,000)
Receivable from affiliate	(67,623)	(23,452)
Right-of-use asset	(4,334,853)	-
Prepaid expenses and security deposit	(760,513)	-
Accounts payable and accrued expenses	4,681,611	-
Grants payable	80,991,398	1,808,707
Due to affiliate	354,452	-
Deferred revenue	623,000	250,000
Lease liability	4,418,669	-
Rescinded grant payable	<u>-</u>	<u>(500,000)</u>
Net cash (used in) provided by operating activities	<u>(74,947,007)</u>	<u>233,078,296</u>
Cash flows from investing activities		
Purchase of vehicle and equipment	<u>(116,255)</u>	<u>-</u>
Net cash used in investing activities	<u>(116,255)</u>	<u>-</u>
Net (decrease) increase in cash	<u>(75,063,262)</u>	<u>233,078,296</u>
Cash		
Cash, beginning of year	<u>240,329,582</u>	<u>7,251,286</u>
Cash, end of year	<u><u>\$ 165,266,320</u></u>	<u><u>\$ 240,329,582</u></u>
Supplemental non-cash disclosure		
Right-of-use asset obtained in exchange for operating lease obligation	<u><u>\$ 5,051,450</u></u>	<u><u>\$ -</u></u>

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

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

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.

The accompanying consolidated financial statements include the accounts of RFCC and its subsidiaries, including the Global Energy Alliance for People and Planet, LLC and the Pandemic Prevention Institute LLC, 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 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 into leases. The standard is for

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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, 2022. See Lease Note 9 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, 2022 and 2021, 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; 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 recognition or disclosure. RFCC is subject to examinations by the applicable taxing jurisdictions for periods since its inception.

Contributions

RFCC has adopted Financial Accounting Standards Board Accounting Standard Update (ASU) No. 2018-08, *Not for Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions*

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Received and Contributions Made. The implementation of the provisions of this ASU for contributions received did not have a significant impact on RFCC's consolidated financial statements. The guidance for contributions made is required to be adopted for the periods being reported.

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 articulates with the collection period of the respective pledge. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. At December 31, 2022 and 2021, RFCC's contribution receivables were due within one year, accordingly, no present value discount allowance has been recorded.

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. 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 6.

Government Grants and Contracts

Support funded by government grants is recognized as RFCC meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement, under the grant agreements. 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.

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 year ended December 31, 2022, the realized and unrealized (loss) gain, resulting from foreign exchange translations totaled \$189,805, and is included in the Net Investment and Other Income on the 2022 consolidated statement of activities.

Vehicle and Equipment

Vehicle 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 are five years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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 Power and Climate, Health, Food, Equity and Economic Opportunity, Innovation, Innovative Finance, Communications, Policy and Advocacy and Co-Impact. This includes grants, direct charitable activities and program costs. Supporting services consist of the President's office, Operations and Governance 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 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 (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 Pandemic Prevention Institute (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, representing uncommitted funding from the grant that was received by RFCC on behalf of PPI, in a prior year.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2021 consolidated financial statements.

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

In 2022 and 2021, RFCC recognized on behalf of GEAPP, \$0 and \$100 million, respectively, in contributions with donor restrictions from IKEA Foundation. During 2022 and 2021, in support of GEAPP's program

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

activities, RFCC expended a total of \$76,336,880 and \$204,720, respectively, of the funds it received 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, 2022 and 2021, RFCC received contributions of \$0 and \$140,000,000, respectively, from RF for its programmatic operations. In addition, three employees of RF also serve as officers of RFCC.

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:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 165,266,320	\$ 240,329,582
Contributions receivable	3,634,167	1,250,000
Receivable from affiliate	<u>91,075</u>	<u>23,452</u>
Total financial assets	168,991,562	241,603,034
Less:		
Donor restrictions related to time or purpose	<u>(79,995,141)</u>	<u>(239,523,823)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 88,996,421</u>	<u>\$ 2,079,211</u>

As part of RFCC's liquidity management strategy, RFCC structures its financial assets to be available as its grants payments and other general liabilities come due.

NOTE 6 - 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 to manage its operations. During 2022 and 2021, RF contributed in-kind support of approximately \$3,165,200 and \$1,657,000, 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.

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, operations and governance activities.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the accompanying consolidated statements of activities include:

	Revenue Recognized		Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
	Years Ended December 31, 2022	2021			
Services by RF Personnel	\$ 1,759,940	\$ 1,230,820	Programmatic, operations and governance	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	1,287,686	409,524	Operations and governance	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	117,555	16,683	Operations and governance	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>\$ 3,165,181</u>	<u>\$ 1,657,027</u>			

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

RFCC's net assets with donor restrictions are available for the following purposes and programs as of December 31, 2022 and 2021:

	2022	2021
Global Energy Alliance for People and Planet, Inc.	\$ 75,323,875	\$ 199,795,280
Pandemic Prevention Institute (PPI)	2,639,950	35,000,000
Food initiative	2,030,964	4,728,191
Health initiative	352	352
	<u>\$ 79,995,141</u>	<u>\$ 239,523,823</u>

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

For the year ended December 31, 2022, RFCC's net assets were released from donor restrictions due to the performance of activities satisfying the restricted purposes specified by donors as follows:

	<u>2022</u>
Global Energy Alliance for People and Planet, Inc.	\$ 174,722,406
Pandemic Prevention Institute (PPI)	18,960,050
Food initiative	<u>5,197,227</u>
	<u><u>\$ 198,879,683</u></u>

NOTE 8 - EXPENSES

For the year ended December 31, 2022, RFCC incurred expenses consisting of the following:

	<u>Program Services</u>			<u>Operations and Governance</u>	<u>Total</u>
	<u>Grants</u>	<u>Program Costs</u>	<u>Subtotal</u>		
Grants	\$ 182,856,350	\$ -	\$ 182,856,350	\$ -	\$ 182,856,350
Personnel	-	3,022,202	3,022,202	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
Professional fees	-	32,224,250	32,224,250	1,287,685	33,511,935
Occupancy	-	995,800	995,800	-	995,800
Travel and meetings	-	1,020,383	1,020,383	-	1,020,383
Other	-	-	-	117,556	117,556
	<u>\$ 182,856,350</u>	<u>\$ 41,030,333</u>	<u>\$ 223,886,683</u>	<u>\$ 2,898,046</u>	<u>\$ 226,784,729</u>

For the year ended December 31, 2021, RFCC incurred expenses consisting of the following:

	<u>Grants</u>	<u>Program Costs</u>	<u>Operations and Governance</u>	<u>Total</u>
Grants	\$ 12,575,418	\$ -	\$ -	\$ 12,575,418
Personnel	-	271,209	959,611	1,230,820
Professional fees	-	904,759	409,524	1,314,283
Other	-	-	16,683	16,683
	<u>\$ 12,575,418</u>	<u>\$ 1,175,968</u>	<u>\$ 1,385,818</u>	<u>\$ 15,137,204</u>

NOTE 9 - LEASES

Effective January 1, 2022, RFCC adopted ASC 842, Leases, which requires lessees to recognize (for leases with terms longer than 12 months) at the lease commencement date: (a) a lease liability which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset for the lease term. Leases are classified as either operating or financing and the lease classification determines the pattern of expense recognition in RFCC's consolidated financial statements.

RFCC has an operating lease, related to office rental space. The lease is a six-year and nine-month sub-lease with RF for office space located in Washington DC, to be used primarily by the PPI. As of December 31, 2022, there are 69 months remaining on the lease.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

RFCC includes fixed rent, predetermined rent escalations, rent-free periods and certain incentives for leasehold improvements as lease components. Lease expense is recognized on a straight-line basis over the life of the lease. This lease requires variable payments for taxes and operating expenses which are expensed as incurred.

Lease liabilities are initially and subsequently measured at the present value of the remaining lease payments. The right-of-use assets are initially recognized at the amount of the lease liabilities initially recognized less lease incentives received, plus initial direct costs and prepaid lease payments, if any. Since RFCC's lease agreement does not have a readily determinable discount rate implicit in the lease, RFCC used its incremental borrowing rate of 1.55% to determine the present value of the lease payments. Should there be a modification, the rate may be revised to reflect a more current incremental borrowing rate.

The right-of-use asset and lease liability at December 31, 2022 totaled \$4,334,853 and \$4,418,669, respectively. During 2022, lease payments that impact operating cash flows totaled \$706,612.

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five years and thereafter to the lease liability recorded on the accompanying consolidated statement of financial position for operating leases existing as of December 31, 2022:

<u>Year Ending December 31,</u>	
2023	\$ 733,916
2024	762,313
2025	791,845
2026	822,559
2027	854,502
Thereafter	<u>663,639</u>
Total minimum lease payments	4,628,774
Less: present value discount	<u>(210,105)</u>
Lease liability	<u><u>\$ 4,418,669</u></u>

Rental expense for the year ended December 31, 2022, totaled \$790,428.

RF Catalytic Capital, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Balance, January 1	\$ 1,808,707	\$ -
Grants approved	184,529,864	13,545,979
Grant payments	(101,864,952)	(10,766,711)
Grants lapsed	-	(970,561)
Present value discount (at rates ranging from 0.73% to 4.73%)	(1,673,514)	-
	<u>\$ 82,800,105</u>	<u>\$ 1,808,707</u>

At December 31, 2022, RFCC has approximately \$60.7 million of grants awarded that have been classified as conditional grants. 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 2022 consolidated statement of financial position.

RFCC's grants payable balance of \$82,800,105 unconditional grants authorized but unpaid as of December 31, 2022 are expected to be paid as follows:

<u>Year Ending December 31,</u>	<u>RFCC</u>	<u>GEAPP</u>	<u>Total</u>
2023	\$ 4,177,171	\$ 46,783,882	\$ 50,961,053
2024	800,000	32,512,566	33,312,566
2025	200,000	-	200,000
	<u>5,177,171</u>	<u>79,296,448</u>	<u>84,473,619</u>
Total	5,177,171	79,296,448	84,473,619
Less: present value discount	(59,040)	(1,614,474)	(1,673,514)
	<u>\$ 5,118,131</u>	<u>\$ 77,681,974</u>	<u>\$ 82,800,105</u>

NOTE 11 - 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 July 5, 2023. No additional events have occurred that would require recognition or disclosure in the accompanying consolidated financial statements other than what is disclosed in the following paragraph.

In 2022, RFCC entered into an investment management agreement with a fund manager. In February 2023, \$95,000,000 of funding related to the amounts held for GEAPP, was transferred to a money market type account to earn a market rate of return.

SUPPLEMENTARY INFORMATION

RF Catalytic Capital, Inc.

SCHEDULE OF REVENUES AND EXPENDITURES OF PROJECT ACT

For the period from March 1, 2022 through December 31, 2022

Revenues

Grant revenue	\$ 24,739,865
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Expenditures

Grants	16,504,700
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Professional fees	8,235,165
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Total expenditures	24,739,865
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Excess (deficiency) of revenues over expenditures	\$ -
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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 period from March 1, 2022 through December 31, 2022

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 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.