

NONPROFIT INVESTOR

INDEPENDENT RESEARCH FOR PHILANTHROPY

One Acre Fund

Nonprofit Investor Rating:

BUY

Mission Statement

One Acre Fund aims to make more farmers more prosperous by providing them the knowledge, materials, and support necessary to satisfy their basic needs. Their vision is to become one of the world's most impactful organizations and to serve millions of farmers.

Financial Overview

\$ in MM, Fiscal Year Ended December 31,

| | 2009 | 2010 | 2011 |
|---------------------|-------|-------|--------|
| Revenue and Support | \$3.7 | \$4.9 | \$18.7 |
| Operating Expenses | \$2.1 | \$4.7 | \$9.9 |
| | | | |
| % of Total: | | | |
| Program Expenses | 81.7% | 84.5% | 89.1% |
| G&A | 10.2% | 6.7% | 6.2% |
| Fundraising | 1.7% | 5.3% | 2.7% |

Year Founded: February 2006

Contact Details

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SUMMARY

One Acre Fund, ("OAF"), was founded to address the crisis of hunger in Africa. OAF concentrates on serving small-scale farmers in Africa by providing them with the comprehensive "market bundle" program so that farmers can lift themselves out of poverty and can send their children to school. Since inception in January 2006, OAF's impact has grown to helping over 130,000 farm families as of April 2012.

STRENGTHS

▲ **Semi-annual performance reporting.** OAF employs 100 full-time monitoring and evaluation staff to survey an average of 1,500 test-and-control clients per year to measure the change in farm income per acre, size of harvest per acre, and the number of active OAF members. As OAF continues to expand memberships, they foresee hiring more M&E to match the size of their growth.

▲ **High loan repayment.** OAF's comprehensive loan program, the "market bundle," has achieved repayment rates of around 98%. OAF's risk of loan defaults is very low because they engage farmers to only loan sizes that are manageable and repayable.

▲ **Robust partnerships and financial support.** OAF leadership's strong connections with trust funds, academia, foundations, and large corporations which have allowed OAF to increase support from \$2MM in 2008 to \$12.7MM in 2011.

CAUTIONS

● **In-office staff may be too lean.** OAF employs 1,000 local employees and 10 expatriates in rural Africa, and 6 US office staff. With its lean in-office staff, OAF is unable to always meet their commitment to respond to questions within 3-5 business days. This may leave prospective donors with open questions and cause misinterpretation of OAF's financial statements and performance reports until questions are answered. Over the past three months, the "Contact Us" page on OAF's website has been largely inaccessible.

RECOMMENDATION: BUY

One Acre Fund continues to meet or exceed defined program metrics in their mission to eliminate poverty in Africa through thoughtful business practices and operational efficiency. Because OAF's program metrics and financial statements are not entirely explained by public documentation, NPI recommends that OAF either publish more detailed explanations of survey methods and financial statements or provide access to OAF staff.

OVERVIEW OF ONE ACRE FUND'S ACTIVITIES

Program overview

One Acre Fund is concentrated on one-acre subsistence farmers in Sub-Saharan Africa. OAF believes that providing food aid or giving handouts are only a temporary solution to world hunger. Therefore, OAF's programs are designed to provide farmers with all necessary tools to lift themselves out of poverty. OAF's core program, the "Market Bundle", introduces five components to its members:

Group formation – provides a platform for existing self-help groups, mainly women farmers, to economically interact with markets.

Education – the field officers teach members the latest agrarian practices.

Seed and fertilizer – the planting materials and fertilizer that the members receive are improved from the older methods of food kernels used for seed. OAF provides professionally graded planting materials and fertilizer that replenish the malnutrition soil.

Market facilitation – field officers provide training to members about post-harvest handling and storage so that farmers have a stock of harvest to sell during less abundant seasons for higher prices.

Crop insurance – farmers are entitled to crop insurance that pays farmers in the event of a significant drought or disease.

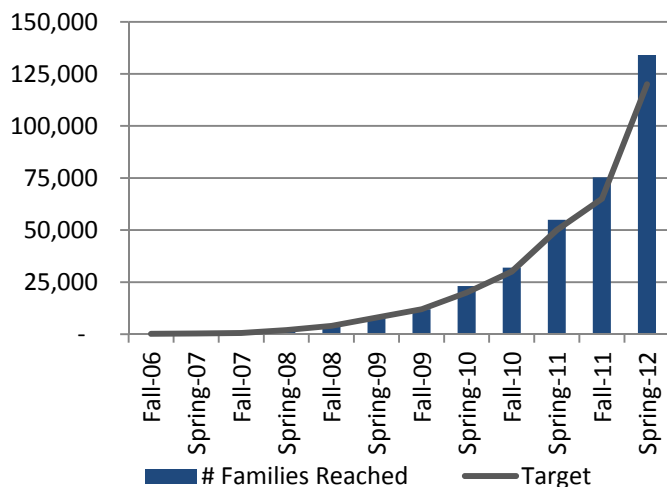
Market bundles are individual contracts between OAF and farm families. OAF first measures the size and potential productivity of farmers' land to determine the size of the market bundle loans. The average size of the market bundle is \$75, which includes seed and fertilizer, farm education, crop insurance and storage. Farmers are committed to repaying loans by harvest time, between four to six months. Farmers also have the flexibility to make repayments before harvest time. OAF has maintained an average of 98% repayment rate since 2009 as its market bundles truly increase farm productivity, household income, and are of manageable sizes for farmers to repay.

PROGRAM RESULTS AND EFFECTIVENESS

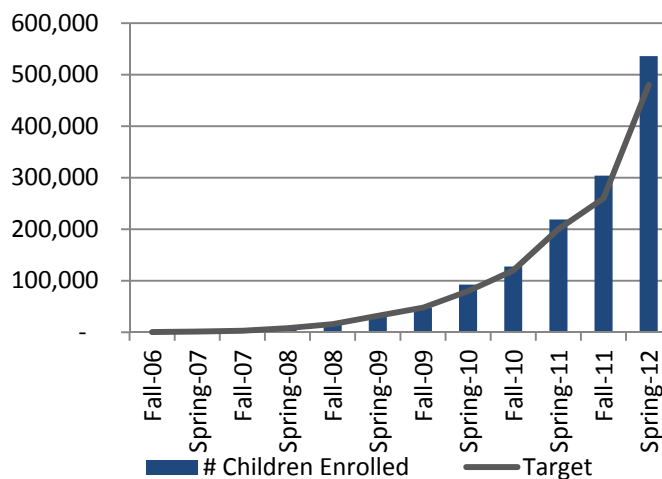
With a sophisticated impact model, the market bundle effectively increases small-scale farming families' household income and has more than doubled in membership every year. As local farming leaders teach members about farming, cultivation, trading, and harvesting, members are able to internalize their newly learnt skills to increase their family income from selling their harvests. OAF's performance reports indicate that they have doubled farm families' income per acre and tripled the size of harvest per acre. Seen in its performance reports, OAF continues to improve operations costs at the district level in order to reduce its market bundle cost per family. OAF aims to increase loan repayments for program cost ratio to 83% in 2012. As OAF sets sustainability goals in the coming years, they envision increasing this percentage to 100%, in which loan repayment revenues will cover all program costs.

Since 2010, OAF has purchased a weather-indexed insurance product called kilimo salama (which means safe farming in Swahili) from the Syngenta Foundation for Sustainable Agriculture. This insurance covers losses due to extreme drought and excess rain. Effectively, this insurance provides OAF farmers with a greater safety net and gives way to teaching farmers about the importance of insurance.

Families Reached by OAF (Fall 2006 - Spring 2012)

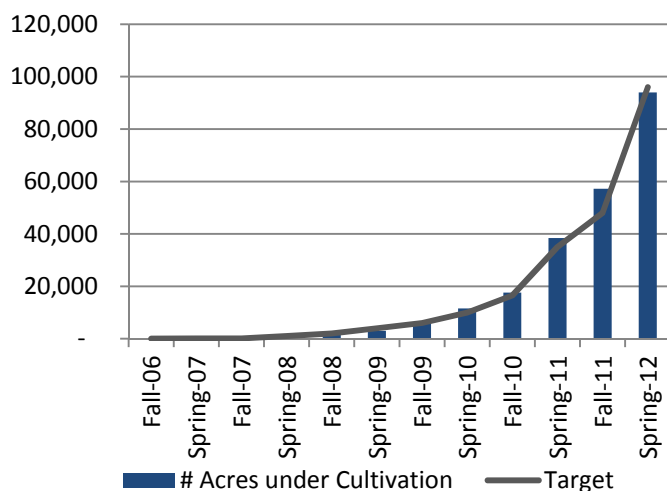


Children Enrolled in OAF (Fall 2006 - Spring 2012)

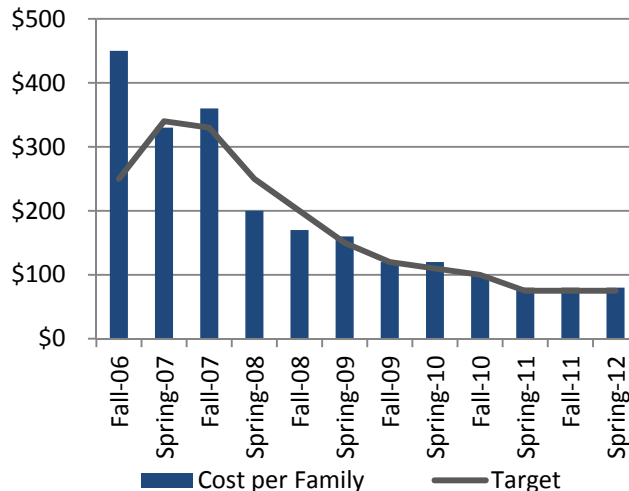


Source: OAF semiannual performance reports

Acres under Cultivation by OAF (Fall 2006 - Spring 2012)



Field Cost per Family (Fall 2006 - Spring 2012)



Source: OAF semiannual performance reports

TRANSPARENCY

One Acre Fund shows a strong commitment in maintaining transparency, providing audited financial statements, performance reports and IRS Form 990s on a timely basis.

OAF’s semi-annual performance reports are based on results collected by a full-time M&E (monitoring and evaluation) team. These downloadable reports on its website provide key metrics to measure the quality of their program in Africa, introduce stories of featured farm families who became OAF members, and track program results. The performance reports tracks key metrics such as: families reached, children enrolled, acres cultivated, increased size of harvest, increase in farm income, repayment rate, field cost per family, and infrastructure investment. These survey results are comparisons of a randomized sample of more than 1,000 farm families: test samples of farm families who are enrolled and planting and control samples of farm families who are enrolled and not yet planting. The test-control sample methodology is put in place to eliminate selection bias, which proves that OAF reporting is true to its impact results. OAF’s performance reports include metrics that have been consistently tracked and disclosed since 2006.

FINANCIAL OVERVIEW

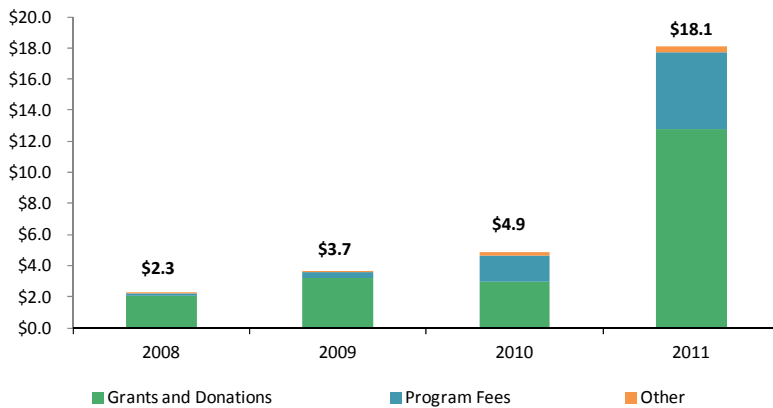
One Acre Fund’s support and revenues have increased significantly over the past five years. Publicity through the Stanford Social Innovation Review, Foreign Affairs, and PBS NewsHour has increased OAF’s exposure and ability to attract more donors. Since 2009, OAF’s support and revenues have increased by 6.9 times. In 2010, OAF was invited by the Rwanda’s Ministry of Agriculture to implement the agricultural program and was given \$100 million land for a new project called “LWH” that is supported by the World Bank, USAID, and CIDA. Nonetheless, OAF’s operations and donor network continues to grow rapidly, a reason why its support and revenues have been increased significantly.

While Grants and Donations declined slightly in 2010, “Program Fees” grew by \$1.2MM (2.8x) from 2008-2010 as the market bundle program continues to grow and farm families continue to make consistent repayments. Now accounting for 34% of total support and revenues, OAF has demonstrated great progress towards self-sustainability.

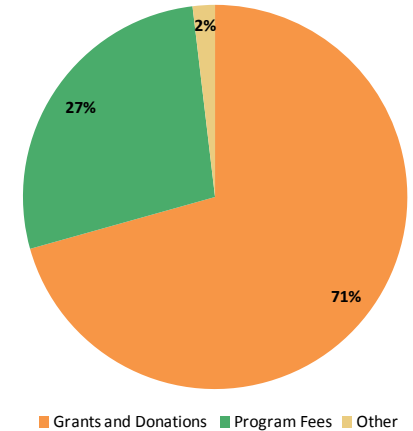
Moreover, the \$123,957 seed and fertilizer sales in 2011 suggests two key developments of the core market bundle program: (1) members have developed sophisticated understanding about loan repayments through credit or sales, (2) the sales of seed and fertilizer seen in 2011 has created another form of cash flow.

Support and Revenues Mix Over Time

\$ in MM



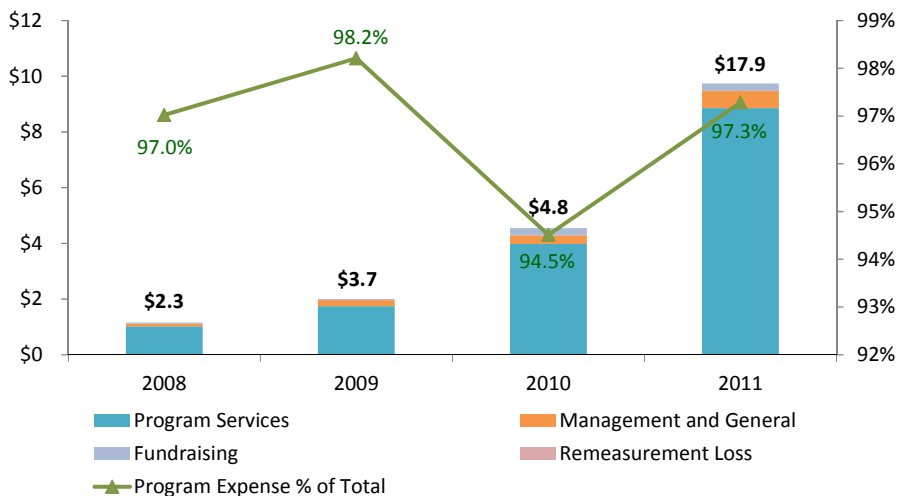
2010 Support and Revenues Mix



Program service expenses have represented an average of 97% of total expenses over the past four years, highlighting the high impact of donors’ funds and OAF’s commitment to invest in the program.

Annual Expense Breakdown

\$ in MM



Detailed Financial Information

Fiscal Year Ended December 31,

| | 2008 | 2009 | 2010 | 2011 |
|--|--------------------|--------------------|--------------------|---------------------|
| Public Support and Revenues (GAAP Accounting Basis) | | | | |
| Special Event Revenue | \$51,811 | \$470 | \$123,316 | \$201,720 |
| Less: Costs of Direct Benefit to Donors | (19,886) | - | - | (13,038) |
| Grants and Donations | 2,038,786 | 3,172,519 | 3,016,380 | 12,767,284 |
| Interest | 7,852 | 15,066 | 9,401 | 7,778 |
| Program Fees | 158,149 | 435,667 | 1,665,778 | 4,967,221 |
| Donated Property | - | - | 70,000 | - |
| Donated Services | 60,500 | 49,071 | - | 13,405 |
| Seed and Fertilizer Sales (net of COGS) | - | - | - | 123,957 |
| Miscellaneous | 3,599 | 6,806 | 14,871 | - |
| Donated Investments | - | 3,683 | 2,936 | 4,954 |
| Gain on Sale of Fixed Assets | - | - | - | 274 |
| Total Support and Revenues | \$2,300,811 | \$3,683,282 | \$4,902,682 | \$18,073,555 |
| <i>% Growth</i> | <i>158.4%</i> | <i>60.1%</i> | <i>33.1%</i> | <i>268.6%</i> |
| Expenses and Losses | | | | |
| Functional Expenses | | | | |
| Program Services | \$1,019,079 | \$1,745,847 | \$3,978,177 | \$8,855,376 |
| Management and General | 100,087 | 218,497 | 314,111 | 618,282 |
| Fundraising | 34,367 | 35,839 | 249,261 | 264,497 |
| Loss on Disposal of Fixed Assets | - | 1,532 | 14,340 | - |
| Loss on Sale of Investments | - | 40 | 21 | 93 |
| Remeasurement Loss | 18,462 | 135,114 | 152,978 | 197,913 |
| Total Functional Expenses: | \$1,171,995 | \$2,136,869 | \$4,708,888 | \$9,936,161 |
| <i>% of Revenue</i> | <i>50.9%</i> | <i>58.0%</i> | <i>96.0%</i> | <i>55.0%</i> |
| Change in Net Assets | \$1,128,816 | \$1,546,413 | \$193,794 | \$8,137,394 |

Source: Audited Financial Statements (GAAP)

Key Balance Sheet Information

| Fiscal Year Ended December 31 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|--------------------|--------------------|--------------------|---------------------|
| Cash and Cash Equivalents | \$756,720 | \$1,010,918 | \$616,776 | \$2,539,994 |
| Cash Reserved for Crop insurance Fund | 500,000 | 540,292 | - | - |
| Grants Receivable, net | 500,000 | 1,075,000 | 553,230 | 3,491,016 |
| Accounts Receivable, net | - | - | 176,863 | 803,071 |
| Employee Advances, net | - | 37,913 | 33,051 | 85,152 |
| Inventory | 302,590 | 759,892 | 738,144 | 3,473,531 |
| Prepaid Expenses | 24,840 | 21,875 | 592,819 | 568,188 |
| Total Current Assets | \$2,084,150 | \$3,445,890 | \$2,710,883 | \$10,960,952 |
| Fixed Assets | | | | |
| Vehicles | \$146,773 | \$291,815 | \$380,814 | \$460,777 |
| Land | 4,952 | 59,875 | 114,053 | 115,093 |
| Buildings | - | 26,815 | 293,688 | 551,363 |
| Construction in Process | - | - | 123,689 | - |
| Equipment | 13,323 | 21,985 | 30,001 | 31,022 |
| Less: Accumulated Depreciation | (19,902) | (61,905) | (122,974) | (223,591) |
| Total Fixed Assets | \$145,146 | \$338,585 | \$819,271 | \$934,664 |
| Other Assets | 0 | 0 | 0 | 2,420,975 |
| Total Assets | \$2,229,296 | \$3,784,475 | \$3,530,154 | \$14,316,591 |

Source: Audited Financial Statements (GAAP)

OTHER THIRD PARTY RATINGS

One Acre Fund has been received acclaim from PBS NewsHour, the Stanford Social Innovation Review, Harvard Business School Review, Foreign Affairs, and many foundations.

GreatNonprofits rates OAF 5 out of 5 stars based on 1 user review. The rating is based on the quality of the OAF's mission statement and the reviewer's experience in hearing local OAF volunteers speak at Chicago's "Lunch N Learn" forum.

GiveWell states that, "We contacted One Acre Fund in August 2011 because it was recommended by other funders. We did not complete a full review because One Acre Fund declined to participate in our review process at this time."

GET INVOLVED

One Acre Fund welcomes various ways to get involved:

| Ways to Support | Website |
|---|---|
| Become a staff member (in rural Africa, New York, or Washington D.C.) | http://www.oneacrefund.org/get_involved/careers |
| Make donations (monthly support, sponsorships, large gifts, gifts of stock) | https://www.oneacrefund.org/donate |
| Attend events (galas, auctions, presentations) | https://www.oneacrefund.org/get_involved/events |
| Join a chapter (in New York, Boston, San Francisco, Chicago) | https://www.oneacrefund.org/get_involved/chapters |
| Become a fundraiser | https://www.oneacrefund.org/get_involved/become_a_fundraiser |

DISCLOSURES

Rainbow Wong certifies that she does not have any affiliation with One Acre Fund and has never made a donation to the organization. Additionally, Rainbow Wong has not supported directly competing organizations in a greater capacity than a nominal donation. NPI analysts and NPI as an organization do not receive any form of compensation from reviewed charities.

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