

Activate Global, Inc.

Consolidated Financial Statements and
Supplementary Information
and Single Audit Reports and Schedules

June 30, 2024
(With Comparative Totals for 2023)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 19
Supplementary Information	
Consolidating Statement of Financial Position	21
Consolidating Statement of Activities	22
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24 - 25
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	26 - 28
Schedule of Expenditures of Federal Awards	29
Notes to Schedule of Expenditures of Federal Awards	30
Schedule of Findings and Questioned Costs	31 - 32
Summary Schedule of Prior Audit Findings	33



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Activate Global, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Activate Global, Inc. (a California nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Activate Global, Inc. as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Activate Global, Inc. 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Activate Global, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Activate Global, Inc.'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 Activate Global, Inc.'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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 21 - 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The consolidated financial statements of Activate Global, Inc. as of June 30, 2023, were audited by other auditors whose report dated March 3, 2024, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California

March 25, 2025

Activate Global, Inc.
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,138,268	\$ 13,493,522
Investments in marketable securities	10,173,443	-
Accounts receivable	2,321,570	1,521,430
Contributions and grants receivable, current	4,158,012	7,762,361
Loan receivable	-	15,181
Prepaid expenses	964,049	962,157
Security deposits, current	<u>39,479</u>	<u>29,162</u>
Total current assets	<u>21,794,821</u>	<u>23,783,813</u>
Noncurrent assets		
Contributions receivable, net of current portion and discount	606,223	1,098,401
Investments in nonmarketable securities	2,756,208	525,000
Security deposits, net of current	42,531	42,531
Property and equipment, net	77,362	101,704
Operating lease right-of-use assets	<u>803,530</u>	<u>830,172</u>
Total noncurrent assets	<u>4,285,854</u>	<u>2,597,808</u>
Total assets	<u>\$ 26,080,675</u>	<u>\$ 26,381,621</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 370,989	\$ 396,517
Deferred revenue	41,667	58,333
Accrued expenses	273,298	886,268
Current portion of operating lease liabilities	<u>312,947</u>	<u>197,220</u>
Total current liabilities	998,901	1,538,338
Operating lease liabilities, net of current portion	<u>533,770</u>	<u>668,425</u>
Total liabilities	<u>1,532,671</u>	<u>2,206,763</u>
Net assets		
Without donor restrictions	13,676,479	8,070,814
With donor restrictions	<u>10,871,525</u>	<u>16,104,044</u>
Total net assets	<u>24,548,004</u>	<u>24,174,858</u>
Total liabilities and net assets	<u>\$ 26,080,675</u>	<u>\$ 26,381,621</u>

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

Activate Global, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, gains, and other support				
Philanthropic and corporate support	\$ 6,025,938	\$ 4,647,760	\$ 10,673,698	\$ 18,117,353
In-kind contributions	93,730	-	93,730	86,184
State grants	3,057,049	-	3,057,049	3,445,023
Federal grants and contracts	9,659,858	-	9,659,858	5,033,971
Investment income	533,997	-	533,997	106,664
Other revenue	21,184	-	21,184	32,826
Net assets released from restriction	<u>9,880,279</u>	<u>(9,880,279)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>29,272,035</u>	<u>(5,232,519)</u>	<u>24,039,516</u>	<u>26,822,021</u>
Functional expenses				
Program	18,224,080	-	18,224,080	13,842,318
Management and general	4,879,631	-	4,879,631	4,687,171
Fundraising	<u>562,659</u>	<u>-</u>	<u>562,659</u>	<u>575,751</u>
Total functional expenses	<u>23,666,370</u>	<u>-</u>	<u>23,666,370</u>	<u>19,105,240</u>
Change in net assets	5,605,665	(5,232,519)	373,146	7,716,781
Net assets, beginning of year	<u>8,070,814</u>	<u>16,104,044</u>	<u>24,174,858</u>	<u>16,458,077</u>
Net assets, end of year	<u>\$ 13,676,479</u>	<u>\$ 10,871,525</u>	<u>\$ 24,548,004</u>	<u>\$ 24,174,858</u>

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

Activate Global, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program	Management and General	Fundraising	2024 Total	2023 Total
Salaries and wages	\$ 4,543,274	\$ 2,677,779	\$ 377,147	\$ 7,598,200	\$ 6,666,543
Payroll taxes	314,056	183,431	25,671	523,158	425,940
Employee benefits	484,545	334,869	43,734	863,148	567,252
Fellowship costs	10,109,299	-	-	10,109,299	6,957,296
Subawards and grants	339,503	-	-	339,503	927,254
Consultants	932,886	428,558	40,091	1,401,535	1,309,483
Legal fees	-	99,354	-	99,354	165,073
Accounting fees	-	356,623	-	356,623	276,648
Program materials	13,440	137	108	13,685	20,404
Travel	198,078	133,373	23,878	355,329	231,167
Meetings	505,433	109,991	13,381	628,805	512,809
Outreach	-	-	-	-	24,033
Office expense	18,058	42,115	-	60,173	23,268
Occupancy	611,553	589	-	612,142	477,857
IT and telecommunications	136,815	268,788	33,649	439,252	311,579
Insurance	-	52,453	-	52,453	34,945
Fees, charges, and licenses	6,300	27,388	5,000	38,688	13,213
Recruitment and staff development	1,310	134,178	-	135,488	136,716
Forgiveness of loan receivable	-	15,193	-	15,193	-
Depreciation	9,530	14,812	-	24,342	23,760
	<u>\$ 18,224,080</u>	<u>\$ 4,879,631</u>	<u>\$ 562,659</u>	<u>\$ 23,666,370</u>	<u>\$ 19,105,240</u>

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

Activate Global, Inc.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 373,146	\$ 7,716,781
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	24,342	23,760
Net realized and unrealized gain on investments	(121,384)	-
Amortization of operating lease right-of-use assets	222,606	194,171
Forgiveness of loan receivable	15,193	-
Changes in operating assets and liabilities		
Accounts receivable	(307,962)	(4,331,663)
Contributions and grants receivable, net	3,604,349	-
Prepaid expenses	(1,892)	(528,528)
Security deposits	(10,317)	(8,642)
Accounts payable	(25,528)	(180,053)
Accrued expenses	(612,970)	-
Deferred revenue	(16,666)	25,000
Operating lease liability	(214,892)	(158,698)
Net cash provided by operating activities	<u>2,928,025</u>	<u>2,752,128</u>
Cash flows from investing activities		
Interest accrued on loan receivable	(12)	(22)
Purchase of property and equipment	-	(14,619)
Purchase of investments in marketable securities	(24,765,096)	-
Sale of investments in marketable securities	14,656,829	-
Purchase of investments in SAFE notes	(2,175,000)	(525,000)
Net cash used in investing activities	<u>(12,283,279)</u>	<u>(539,641)</u>
Net increase (decrease) in cash and cash equivalents	(9,355,254)	2,212,487
Cash and cash equivalents, beginning of year	<u>13,493,522</u>	<u>11,281,035</u>
Cash and cash equivalents, end of year	<u>\$ 4,138,268</u>	<u>\$ 13,493,522</u>

Supplemental schedule of noncash investing and financing activities

Operating lease right of use assets obtained in exchange for lease liabilities	\$ 195,965	\$ 1,024,343
--	------------	--------------

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

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

1. THE ORGANIZATION

Physical Science Innovations, Inc. was incorporated on July 27, 2015, as a nonprofit corporation under the laws of the State of California. On August 8, 2016, Physical Science Innovations, Inc. changed its name to Activation Energy, Inc and subsequently on July 17, 2020, the name was changed to Activate Global, Inc. ("Activate Global").

The mission of Activate Global is to empower scientists to reinvent our world by bringing their research to market. Activate Global's entrepreneurial fellowship model originated at Cyclotron Road, a division of Lawrence Berkeley National Laboratory and founding Activate partner. Activate Global partners with U.S. based funders and research institutions to support entrepreneurial fellows.

Activate Global works between government and the private sector, transforming scientists into high-impact entrepreneurs through a fellowship experience that guides them along every step of the journey. Activate Global provides these innovators with essential strategic guidance and services, educational programming, and access to a tailored network of scientific and business mentors and advisors. Today, Activate Global supports a growing network of Activate Fellows and alumni across the United States.

In January 2021, the Organization established a wholly-owned subsidiary, Activate Finance Corporation ("AFC"), incorporated in Delaware. This entity was formed to manage and develop an investment fund aimed at expanding venture financing sources for the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the activities of Activate Global and AFC (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting and financial statement presentation

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

- *Net assets without donor restrictions* - net assets available for general operations and not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time and those net assets subject to donor-imposed stipulations that must be maintained in perpetuity. The Organization held no funds required to be held in perpetuity as of June 30, 2024.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Topic 326, Financial Instruments - Credit Losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not material to the financial statements.

Cash and cash equivalents

Cash and cash equivalents include all cash accounts and highly liquid investments purchased with original maturities of three months or less. The Organization places its cash and temporary cash investments with high-quality institutions. Periodically, such deposits may be in excess of federally insured limits.

Accounts receivable

Accounts receivable primarily represent amounts due from grants and contracts with governmental entities and are stated at the amount management expects to collect from outstanding balances. Based on historical write-offs, overall economic conditions, the current aging status of its receivables, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, the Organization establishes an allowance for credit losses at a level considered adequate to cover anticipated credit losses on outstanding receivables. There was no allowance for credit losses as of June 30, 2024 as all balances were considered collectible.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loan receivable

On April 29, 2021, Activate Finance Corporation entered into a loan agreement with Impact Science Ventures Investment Management Company, LLC, agreeing to lend \$15,000 at an annual interest rate of 0.15%. This loan is payable on demand.

In August 2023, the Organization's board of directors approved Activate Finance Corporation to forgive the \$15,000 loan to Impact Science Ventures subject to reviewing the final loan forgiveness document. In February 2024, Activate Finance Corporation's board of directors signed a loan forgiveness agreement and forgave the outstanding loan balance and accrued interest in the amount of \$15,193. The forgiveness of the loan was recognized as expense in the accompanying consolidated financial statements.

Investments

Investments in marketable securities include money market funds, U.S. Treasury bills and notes, and corporate bonds. Investments in nonmarketable securities include investments in Simple Agreements for Future Equity (see Note 6). Investments are recorded at fair value. Dividend and interest income are accrued when earned. Realized and unrealized gains or losses are reflected as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

Investment securities are exposed to various risks such as changes in interest rates or credit and market fluctuations. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2, and Level 3).

- *Level 1* - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 3* - unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The following methods and assumptions were used to estimate the fair value of the Organization's financial assets and liabilities:

- Investments in marketable securities - The fair value of money market funds and U.S. Treasury bills are reported at fair value based upon market prices. U.S. Treasury notes and corporate bond securities are value based upon the most recent bid quotation for identical or similar obligations provided by independent pricing services and from broker quotations.

Investments in nonmarketable securities - The fair value of the SAFE investments are estimated based on the initial investment cost. The Organization adjusts the carrying value of SAFE investments up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any.

Property and equipment

Property and equipment, which consists of leasehold improvements, equipment, and an intangible asset, is recorded at cost at the date of purchase or, if donated, at the fair market value on the date received. Acquisitions with a cost of greater than \$5,000 and a life expectancy of more than one year are capitalized. Property is depreciated using the straight line method over the estimated life of the respective assets ranging from 5 to 15 years.

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. No impairment losses were recorded by the Organization during the year ended June 30, 2024.

Leases

The Organization leases office space and equipment under operating leases. The Organization determines if an arrangement is a lease at inception. Operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated statement of financial position. The Organization does not have any finance leases.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. If the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restricted covenants.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under previous leasing guidelines. A short-term lease is one with a maximum lease term of twelve months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Contributions and promises to give

Contributions and promises to give are reported as net assets without donor restrictions or net assets with donor restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists. The Organization has received conditional contributions in the amount of \$4,406,663 that have not been recognized as of June 30, 2024 as the conditions had not yet been met. Contributions receivable that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Contributions receivable have been discounted at what is considered a risk-free rate of return to reflect their present value. Amortization of the discount is included in contribution revenue.

An allowance for uncollectible contributions receivable is established based on management's judgment, the review of the composition of the balances and past experience. There was no allowance for uncollectible contributions at June 30, 2024 as all balances were considered collectible.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and promises to give (continued)

A portion of the Organization's revenue is derived from cost-reimbursable contracts from federal and state governmental agencies, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. The revenue generated from these contracts meets the criteria to be classified as conditional contributions under U.S. GAAP revenue recognition as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. Amounts received are recognized as contract revenues when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization has elected a simultaneous release option to accounts for these grants. Therefore, they are recorded as government grants without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. The Organization received cost-reimbursable grants of \$21,821,253 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred.

In-kind contributions

Contributions of donated non-cash assets are measured on a non-recurring basis and are recorded at their estimated fair value at the date the contribution is received. Contributions of donated services are recognized as contribution revenue only if such services create or enhance a nonfinancial asset or require specialized skills and are provided by individuals possessing those skills and would typically need to be paid for, if not provided by donation. For the year ended June 30, 2024, the Organization received in-kind services totaling \$93,730.

Functional allocation of expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on employee time incurred and management's estimate of the usage of resources.

Tax-exempt status

The Organization is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar California statute. Accordingly, no provision for federal or state income taxes has been recorded. The Organization's informational returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively after they are filed. The Organization has evaluated its current tax positions and has concluded that as of June 30, 2024, the Organization does not have any uncertain tax positions for which a reserve would be necessary. The Organization files U.S. federal, and U.S. state returns as applicable.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with with U.S. GAAP 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.

Uses of estimates include, but are not limited to, depreciation and useful lives of property and equipment, investment fair values, functional expense allocations and the determination of the allowance for uncollectible receivables.

Summarized financial information

The financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of, and for the year ended, June 30, 2023, from which it was derived.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation. Such reclassifications had no effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amounts previously reported.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable, net consisted of the following:

Receivable in less than one year	\$ 4,158,012
Receivable in one to five years	640,948
	4,798,960
Less discount to net present value	(34,725)
	\$ 4,764,235

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Leasehold improvements	\$ 67,864
Computers and office equipment	52,705
Intangible asset - domain name	<u>12,500</u>
	133,069
Accumulated depreciation	<u>(55,707)</u>
	<u><u>\$ 77,362</u></u>

Depreciation expense for the year ended June 30, 2024 was \$24,342.

5. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consisted of the following:

Money market funds	\$ 802,120
U.S. Treasury bills	3,629,023
U.S. Treasury notes	3,739,217
Corporate bonds	<u>2,003,083</u>
	<u><u>\$ 10,173,443</u></u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments in marketable securities at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 802,120	\$ -	\$ -	\$ 802,120
U.S. Treasury bills	3,629,023	-	-	3,629,023
U.S. Treasury notes	-	3,739,217	-	3,739,217
Corporate bonds	<u>-</u>	<u>2,003,083</u>	<u>-</u>	<u>2,003,083</u>
	<u><u>\$ 4,431,143</u></u>	<u><u>\$ 5,742,300</u></u>	<u><u>\$ -</u></u>	<u><u>\$10,173,443</u></u>

6. INVESTMENTS IN NONMARKETABLE SECURITIES

During 2023 and 2024 the Organization has made investments in various early-stage companies using Simple Agreements for Future Equity ("SAFE"). These agreements establish contractual relationships with the invested companies, allowing the Organization to contribute funds in exchange for the potential to receive equity in the future, contingent upon specified trigger events.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

6. INVESTMENTS IN NONMARKETABLE SECURITIES (continued)

The conversion of these SAFE notes depend on subsequent qualified equity financing rounds or specific triggering events. If the investee companies issue preferred stocks, the SAFEs may convert to preferred stock with a 20% discount. Furthermore, in the event of a change in control, an initial public offering, or direct listing of the investment the Organization has the option to be repaid with the higher of the purchase amount or the conversion amount.

As of June 30, 2024, the estimated fair value of the SAFE investment notes totaled \$2,756,208. The Organization accounts for non-marketable equity securities at cost less impairment, with realized gains and losses on non-marketable securities sold or impaired recognized in the statement of activities. The Organization adjusts the carrying value of non-marketable equity securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in the statement of activities as changes in net assets. based on the initial cost of the investments.

7. COMMITMENTS AND CONTINGENCIES

Operating leases

The Organization leases two office facilities in Berkeley and New York under non-cancelable operating leases expiring in May 2027 and March 2026, respectively. The leases require monthly lease payments ranging from \$8,879 to \$21,266. The Organization also maintains a copier lease expiring in February 2025 with required payments of \$236 per month.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2025	\$ 344,169
2026	324,660
2027	<u>230,826</u>
	899,655
Less: imputed interest	<u>(52,938)</u>
Term loan, net of discount	846,717
Current portion	<u>(312,947)</u>
	<u>\$ 533,770</u>

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

7. COMMITMENTS AND CONTINGENCIES (continued)

Operating leases (continued)

Additional information related to leases is as follows:

Cash flows from operating leases	\$249,938
Operating lease cost	\$257,650
Weighted average discount rate	4.62%
Weighted average remaining lease term	2.8 years

Contracts

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose of such audits is to determine whether program funds were used in accordance with their respective guidelines and regulations. While management believes program funds were utilized in accordance with program guidelines, it is possible that funded program costs could ultimately be disallowed. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has recorded no additional provisions for the possible disallowance of program costs on its financial statements.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Restricted for a specified purpose	
Activate Fellowship Program	\$ 6,491,312
Catalyst	560,323
Alternative Pathways Hard Tech	312,524
	<u>7,364,159</u>
Restricted for passage of time	
Contributions receivable without donor restrictions	3,507,366
	<u>3,507,366</u>
	<u>\$ 10,871,525</u>

Net assets with donor restrictions released from restriction during the year were as follows:

Activate Fellowship Program	\$ 5,307,749
Catalyst	1,275,000
Fiscal Sponsorship	357,403
Passage of Time	<u>2,940,127</u>
	<u>\$ 9,880,279</u>

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

9. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Organization has cash and cash equivalents, investments, and receivables available.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2024 to fund general expenditures and other obligations when they become due:

Financial assets

Cash and cash equivalents	\$ 4,138,268
Investments in marketable securities	10,173,443
Investments in nonmarketable securities	2,756,208
Accounts receivable	2,321,765
Contributions and grants receivable, net	<u>4,764,235</u>
	<u>24,153,919</u>

Less: amounts unavailable for general expenditures within one year

Net assets with donor restrictions	<u>(10,871,525)</u>
	<u>(10,871,525)</u>
	<u>\$ 13,282,394</u>

10. IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following:

Legal services	<u>\$ 93,730</u>
----------------	------------------

In-kind contributions valuation techniques

Contributed services for legal are valued at the estimated fair value based on current rates for similar or identical services.

Donor restrictions and in-kind contributions use

The in-kind contributions received during the year ended June 30, 2024 included no donor restrictions. Contributed legal services were used within the Organization's administrative activities.

Activate Global, Inc.
Notes to Consolidated Financial Statements
June 30, 2024

11. RETIREMENT PLAN

The Organization offers a 401(k) plan with an employer match for full-time regular employees, matching 100% of the employee's elective deferral up to 3% of their compensation. Employees become eligible for the employer match after one year of service with the Organization. The matching contributions are determined on a per-pay-period basis. During the year ended June 30, 2024, the Organization contributed \$166,902 to the plan.

12. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, the Organization engaged in certain related party transactions. One of the Organization's Board of Directors members served as the Interim Chief Executive Officer through October 15, 2023, and received compensation amounting to \$149,621 for the role. Additionally, a second member of the Board of Directors made a contribution to the Organization on July 23, 2024, providing a \$200,000 contribution for general operating support. The contribution was made through the Board Member's private foundation. Furthermore, the Organization benefited from approximately 280 hours of donated service from its Board Members. These volunteer efforts highlight the Board's commitment and support toward the Organization's mission and operations.

13. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of uninsured cash balances. The Organization places its cash deposits with high-credit, quality financial institutions. At times, balances in the Organization's cash accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000, and the Security Investment Protection Corporation (SIPC) limit of \$500,000. The Organization has not experienced any losses in such accounts.

As of June 30, 2024, approximately 85% of accounts receivable are comprised of amounts due from three government agencies and approximately 68% of contribution and grants receivable are comprised of amounts due from two donors. For the year ending June 30, 2024, approximately 88% of total federal and state grant revenue is comprised of amounts earned from four governmental agencies and approximately 32% of philanthropic and corporate support is comprised of amounts from two donors.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for recognition and disclosure through March 25, 2025, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024 that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Activate Global, Inc.
Consolidating Statement of Financial Position
June 30, 2024

ASSETS

	Activate Global, Inc.	Activate Finance Corp	Eliminating Entries	2024 Total
Current assets				
Cash and cash equivalents	\$ 4,108,240	\$ 30,028	\$ -	\$ 4,138,268
Investments in marketable securities	10,173,443	-	-	10,173,443
Accounts receivable	2,324,129	-	(2,559)	2,321,570
Contributions and grants receivable, current	4,158,012	-	-	4,158,012
Prepaid expenses	964,049	-	-	964,049
Security deposits, current	39,479	-	-	39,479
Total current assets	<u>21,767,352</u>	<u>30,028</u>	<u>(2,559)</u>	<u>21,794,821</u>
Noncurrent assets				
Contributions receivable, net of current portion and discount	606,223	-	-	606,223
Investments in nonmarketable securities	2,756,208	-	-	2,756,208
Security deposits, net of current	42,531	-	-	42,531
Property and equipment, net	77,362	-	-	77,362
Operating lease right-of-use assets	<u>803,530</u>	<u>-</u>	<u>-</u>	<u>803,530</u>
Total noncurrent assets	<u>4,285,854</u>	<u>-</u>	<u>-</u>	<u>4,285,854</u>
Total assets	<u>\$ 26,053,206</u>	<u>\$ 30,028</u>	<u>\$ (2,559)</u>	<u>\$ 26,080,675</u>

LIABILITIES AND NET ASSETS

	Activate Global, Inc.	Activate Finance Corp	Eliminating Entries	2024 Total
Current liabilities				
Accounts payable	\$ 370,989	\$ 2,559	\$ (2,559)	\$ 370,989
Deferred revenue	41,667	-	-	41,667
Accrued expenses	273,298	-	-	273,298
Current portion of operating lease liabilities	<u>312,947</u>	<u>-</u>	<u>-</u>	<u>312,947</u>
Total current liabilities	<u>998,901</u>	<u>2,559</u>	<u>(2,559)</u>	<u>998,901</u>
Operating lease liabilities, net of current portion	<u>533,770</u>	<u>-</u>	<u>-</u>	<u>533,770</u>
Total current liabilities	<u>1,532,671</u>	<u>2,559</u>	<u>(2,559)</u>	<u>1,532,671</u>
Net assets				
Without donor restrictions	13,649,010	27,469	-	13,676,479
With donor restrictions	<u>10,871,525</u>	<u>-</u>	<u>-</u>	<u>10,871,525</u>
Total net assets	<u>24,520,535</u>	<u>27,469</u>	<u>-</u>	<u>24,548,004</u>
Total liabilities and net assets	<u>\$ 26,053,206</u>	<u>\$ 30,028</u>	<u>\$ (2,559)</u>	<u>\$ 26,080,675</u>

Activate Global, Inc.
Consolidating Statement of Activities
For The Year Ended June 30, 2024

	<u>Activate Global, Inc.</u>	<u>Activate Finance Corp</u>	<u>Eliminating Entries</u>	<u>2024 Total</u>
Revenues, gains, and other support				
Philanthropic and corporate support	\$ 10,673,698	\$ -	\$ -	\$ 10,673,698
In-kind contributions	93,730	-	-	93,730
State grants	3,057,049	-	-	3,057,049
Federal grants and contracts	9,659,858	-	-	9,659,858
Investment income	533,080	917	-	533,997
Other revenue	<u>21,184</u>	<u>-</u>	<u>-</u>	<u>21,184</u>
Total revenues, gains, and other support	<u>24,038,599</u>	<u>917</u>	<u>-</u>	<u>24,039,516</u>
Functional expenses				
Program	18,224,080	-	-	18,224,080
Management and general	4,860,743	18,888	-	4,879,631
Fundraising	<u>562,659</u>	<u>-</u>	<u>-</u>	<u>562,659</u>
Total functional expenses	<u>23,647,482</u>	<u>18,888</u>	<u>-</u>	<u>23,666,370</u>
Changes in net assets	391,117	(17,971)	-	373,146
Net assets, beginning of year	<u>24,129,418</u>	<u>45,440</u>	<u>-</u>	<u>24,174,858</u>
Net assets, end of year	<u><u>\$ 24,520,535</u></u>	<u><u>\$ 27,469</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,548,004</u></u>

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Activate Global, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Activate Global, Inc. (a California nonprofit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

San Francisco, California

March 25, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To the Board of Trustees
Activate Global, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Activate Global, Inc. (a California nonprofit corporation) (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

San Francisco, California

March 25, 2025

Activate Global, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>Expenditures of Federal Awards</u>				
U.S. Department of Defense				
Research and Technology Development:				
Direct awards				
Defense Advanced Research Projects Agency				
INNOVATE HR0011-19-2-0026	12.910		\$ 1,490,474	\$ 53,521
Total U.S. Department of Defense			<u>1,490,474</u>	<u>53,521</u>
National Science Foundation				
NSF Technology, Innovation, and Partnerships:				
Direct awards				
NSF Entrepreneurial Fellowships for Increased				
Diversity and Impact TI-2153564	47.084		<u>6,358,591</u>	<u>-</u>
Total National Science Foundation			<u>6,358,591</u>	<u>-</u>
U.S. Department of Commerce				
National Oceanic and Atmospheric Administration:				
Direct awards				
Activate Oceans Fellowships NA24NOSX012C0001-				
T1-01	11.012		<u>42,290</u>	<u>-</u>
Pass-through program from:				
The Research Foundation for State University of New				
York o/b/o Binghamton University - New Energy				
New York Innovation & Entrepreneurship project	11.307	95783-1	<u>13,029</u>	<u>-</u>
Total U.S. Department of Commerce			<u>55,319</u>	<u>-</u>
Total U.S. Department of Commerce			<u>55,319</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,904,384</u>	<u>\$ 53,521</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Activate Global, Inc.
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Activate Global, Inc. (a California nonprofit corporation) (the "Organization") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate for federal awards as allowed under the Uniform Guidance. The Organization applies indirect costs in accordance with the specific terms of its federal award agreements.

Activate Global, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
NSF Technology, Innovation, and Partnerships	47.084
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Activate Global, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Activate Global, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

Finding number:	2023-001
Criteria:	The Organization is required to properly account for a discount on long-term pledges receivable to ensure accurate revenue recognition.
Condition:	A discount on long-term pledges receivable was recorded as \$870,486, while the correct amount was \$248,485, resulting in a significant adjustment in 2023.
Cause:	Lack of review or ineffective oversight on calculation of a discount on long-term pledges receivable. A miscalculation during the recording process led to a discrepancy and audit adjustment of \$622,001 in 2023.
Effect or potential effect:	The deficiency deviates from Generally Accepted Accounting Principles, posing a risk of misstatement in the financial statements and potential non-compliance with accounting standards.
Status:	Corrected.