

X PRIZE Foundation, Inc. and Subsidiary

**Consolidated Financial Statements
and Independent Auditor's Report**

December 31, 2023

X PRIZE Foundation, Inc. and Subsidiary

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Independent Auditor's Report

To the Board of Directors
X PRIZE Foundation, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of X PRIZE Foundation, Inc. and Subsidiary (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2023, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the change in its net assets and its 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 ("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 the Foundation, 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.

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 the Foundation's ability to continue as a going concern for 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 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 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 the Foundation'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 the Foundation'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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Los Angeles, California
September 3, 2024

X PRIZE Foundation, Inc. and Subsidiary
Consolidated Statement of Financial Position
December 31, 2023
With Summarized Totals at December 31, 2022
(Dollars in Thousands)

Assets

	2023	2022
Current assets		
Cash and cash equivalents	\$ 41,570	\$ 23,807
Pledges receivable, net	256	834
Sponsorships receivable, net	463	2,325
Other receivables, net	209	207
Prepaid expenses and other	97	208
Total current assets	42,595	27,381
Restricted investments for prize purses	92,995	38,233
Investments	15,918	11,848
Property and equipment, net	116	127
Other assets	18	18
Total assets	\$ 151,642	\$ 77,607

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 2,096	\$ 2,002
Deferred revenue, current portion	16,234	2,950
Total current liabilities	18,330	4,952
Deferred revenue, noncurrent portion	9,308	9,823
Prize purses	92,995	38,233
Total liabilities	120,633	53,008
Commitments and contingencies		
Net assets		
Without donor restrictions	16,249	8,501
With donor restrictions	14,760	16,098
Total net assets	31,009	24,599
Total liabilities and net assets	\$ 151,642	\$ 77,607

See Notes to Consolidated Financial Statements.

X PRIZE Foundation, Inc. and Subsidiary

**Consolidated Statement of Activities
Year Ended December 31, 2023
With Summarized Totals for the Year Ended December 31, 2022
(Dollars in Thousands)**

	Without donor restrictions	With donor restrictions	Total	2022
Revenue and support				
Sponsorships	\$ 1,021	\$ 15,234	\$ 16,255	\$ 9,807
Contributions	12,182	-	12,182	5,476
Investment income (loss), net	4,228	-	4,228	(952)
PPP loan forgiveness	-	-	-	1,794
Loss on disposal of property and equipment	-	-	-	(41)
Other income	56	-	56	-
Net assets released from restriction	16,572	(16,572)	-	-
Total revenue and support	34,059	(1,338)	32,721	16,084
Expenses				
Program services	15,340	-	15,340	16,774
Management and general	4,813	-	4,813	2,764
Fundraising	6,158	-	6,158	4,637
Total expenses	26,311	-	26,311	24,175
Change in net assets	7,748	(1,338)	6,410	(8,091)
Net assets, beginning	8,501	16,098	24,599	32,690
Net assets, end	\$ 16,249	\$ 14,760	\$ 31,009	\$ 24,599

See Notes to Consolidated Financial Statements.

X PRIZE Foundation, Inc. and Subsidiary

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2023
With Summarized Totals for the Year Ended December 31, 2022
(Dollars in Thousands)**

	Program services								Support services			Total	2022	
	Biodiversity & Conservation	Climate & Energy	Deep Tech & Quantum	Food, Water & Waste	Global Visioneering	Health	Learning & Society	Space & Exploration	Total program services	Management and general	Fundraising			Total support services
Personnel														
Salaries	\$ 2,349	\$ 1,577	\$ 86	\$ 1,769	\$ 470	\$ 1,026	\$ 661	\$ 9	\$ 7,947	\$ 2,809	\$ 3,591	\$ 6,400	\$ 14,347	\$ 10,682
Payroll taxes and employee benefits	382	198	24	247	27	134	92	1	1,105	654	581	1,235	2,340	1,820
Total personnel	2,731	1,775	110	2,016	497	1,160	753	10	9,052	3,463	4,172	7,635	16,687	12,502
Operations														
Bad debt (recovery)	(7)	-	-	-	-	-	-	-	(7)	(2)	(141)	(143)	(150)	281
Communication and marketing	210	427	-	264	-	354	-	-	1,255	141	72	213	1,468	1,266
Computer and equipment	125	84	7	92	30	52	41	-	431	132	214	346	777	607
Consultant expenses	150	188	3	188	184	162	149	76	1,100	373	212	585	1,685	2,728
Depreciation and amortization	12	8	-	8	3	4	3	-	38	12	16	28	66	56
Special events expenses	109	3	-	43	274	-	-	-	429	91	838	929	1,358	1,828
Facilities	46	31	2	32	10	17	12	-	150	48	60	108	258	203
Other	131	63	5	66	26	35	24	-	350	87	180	267	617	482
Professional services	67	45	2	84	15	24	18	-	255	116	89	205	460	610
Team and testing activities	645	253	-	282	-	-	-	-	1,180	-	-	-	1,180	2,202
Travel and entertainment	487	121	11	170	228	45	42	3	1,107	352	446	798	1,905	1,410
Total operations	1,975	1,223	30	1,229	770	693	289	79	6,288	1,350	1,986	3,336	9,624	11,673
Total functional expenses	\$ 4,706	\$ 2,998	\$ 140	\$ 3,245	\$ 1,267	\$ 1,853	\$ 1,042	\$ 89	\$ 15,340	\$ 4,813	\$ 6,158	\$ 10,971	\$ 26,311	\$ 24,175

See Notes to Consolidated Financial Statements.

X PRIZE Foundation, Inc. and Subsidiary

Consolidated Statement of Cash Flows
Year Ended December 31, 2023
With Summarized Totals for the Year Ended December 31, 2022
(Dollars in Thousands)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 6,410	\$ (8,091)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	66	56
Loss on disposal of property and equipment	-	41
Realized and unrealized (gain) loss on investments	(1,473)	952
PPP loan forgiveness	-	(1,794)
Provision for bad debt (recovery)	(150)	281
Change in operating assets and liabilities		
Pledges receivable	728	(468)
Sponsorships receivable	1,862	(2,220)
Other receivables	(2)	160
Employee retention credit receivable	-	1,017
Prepaid expenses and other	111	548
Accounts payable and accrued expenses	94	(1,838)
Deferred revenue	12,769	4,752
Net provided by (used in) operating activities	<u>20,415</u>	<u>(6,604)</u>
Cash flows from investing activities		
Purchase of investments	(99,906)	(9,951)
Proceeds from sale of investments	42,547	27,500
Purchases of property and equipment	(55)	(114)
Net cash provided by (used in) investing activities	<u>(57,414)</u>	<u>17,435</u>
Cash flows from financing activities		
Payment on EID loan	-	(150)
Payment of prize purses	(3,925)	(27,925)
Financing of prize purses	58,687	8,925
Net cash provided by (used in) financing activities	<u>54,762</u>	<u>(19,150)</u>
Net increase (decrease) in cash and cash equivalents	17,763	(8,319)
Cash and cash equivalents, beginning	<u>23,807</u>	<u>32,126</u>
Cash and cash equivalents, end	<u>\$ 41,570</u>	<u>\$ 23,807</u>

See Notes to Consolidated Financial Statements.

X PRIZE Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements December 31, 2023

Note 1 - Business activity

X PRIZE Foundation, Inc. ("X PRIZE") is a not-for-profit 501(c)(3) Delaware corporation fostering and sponsoring competition to create innovative breakthroughs for the benefit of humanity. The Foundation conducts competitions in eight prize groups: Biodiversity & Conservation; Climate & Energy; Deep Tech & Quantum; Food, Water & Waste; Health; Learning & Society; and Space & Exploration. In addition, the Foundation provides and operates education and outreach programs related to its mission. These activities consist of speeches, visual presentations and educational materials in partnership with key academic institutions, as well as research and publication of information in the general public interest. X PRIZE was incorporated in 1994 and is currently headquartered in Los Angeles, California.

X PRIZE Foundation India was incorporated in India on November 28, 2014 under Section 7 of the Companies Act, 2013 and Rule 8 of the Companies (Incorporation) Rules, 2014 as a nonprofit entity, and is a wholly-owned subsidiary of X PRIZE.

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying consolidated financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of consolidation

The consolidated financial statements include the accounts of X Prize and its wholly-owned subsidiary (collectively, the "Foundation"). All intercompany transactions and balances have been eliminated in consolidation.

Financial statement presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, which are described as follows:

Net assets without donor restrictions - Net assets that are not subject to explicit donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Foundation.

Net assets with donor restrictions - Net assets whose use by the Foundation is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Foundation or that expire by the passage of time.

Contributions and sponsorships

Contributions and sponsorships received are recorded as support with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. Contributions and sponsorships for which donors have imposed restrictions which limit the use of the donated assets are reported as support with donor restrictions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, support with donor restrictions are reclassified to support without donor restrictions and reported as net assets released from restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as net assets with donor restrictions. Contributions for which donors have not stipulated

X PRIZE Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements December 31, 2023

restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as support without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return to the donor, are not recognized until the conditions on which they depend have been substantially met.

Functional allocation of expenses

The costs of providing various program services, management and general, and fundraising expenses have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities that benefited based on estimates of employees' time incurred and on usage of resources.

Cash and cash equivalents

Cash and cash equivalents include demand deposits and highly liquid investments with an initial maturity at the date of purchase of three months or less.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and other circumstances. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. A provision for uncollected pledges, sponsorships and other receivables has been provided, if necessary, based on management's judgment, including such factors as prior collection history, type of contribution and when contributions are anticipated to be received. As of December 31, 2023, the Foundation had an allowance for doubtful accounts of \$360,000.

Investments

Investments in securities including mutual funds are reported at their fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the consolidated statement of activities as investment income (loss).

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities, with performance measured against appropriate indices. The investments are generally managed by an investment advisor who is assigned by the finance committee. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the investment advisor.

The Foundation maintains restricted investments on behalf of its prize purses. As of December 31, 2023, the restricted investments balance was \$92,995,000.

Property and equipment

Property and equipment are stated at cost if purchased, or fair value on the date of donation if donated, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, generally ranging from three to seven years. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

X PRIZE Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements December 31, 2023

Long-lived assets

Long-lived assets to be held and used are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. The Foundation periodically reviews the carrying value of long-lived assets to determine whether or not an impairment to such value has occurred. No impairments were recorded during the year ended December 31, 2023.

Fair value measurements

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Deferred revenue

The Foundation records amounts received for events that have not yet occurred, amounts received which are subject to refund and other amounts which have not been earned as deferred revenue in the consolidated statement of financial position until such amounts have been earned.

Prize purses

Prize purses held by the Foundation are treated as a liability until a winner is determined at which point the award will be paid out. Prize purses have been recorded as restricted investments for prize purses and long-term liabilities in the consolidated statement of financial position.

Income taxes

The Foundation is a not-for profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California and is not required to file a tax return. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Foundation has no unrecognized tax benefits at December 31, 2023. The Foundation's federal income tax returns for fiscal years 2022, 2021 and 2020 remain open. The Foundation's state income tax returns for fiscal years 2022, 2021, 2020 and 2019 remain open. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. If applicable, the Foundation recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accounts payable and accrued expenses in the consolidated statement of financial position. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2023 there are no uncertain tax positions taken or expected to be taken

X PRIZE Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023

that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

The Foundation is subject to income taxes on any net income that is derived from trade or business, regularly carried on and not in the furtherance of the purposes for which it was granted exemption. The Foundation receives various corporate sponsorships, which it carefully evaluates as to whether the income is subject to unrelated business income tax. The Foundation was not subject to any unrelated business income tax for the year ended December 31, 2023.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Summarized financial information for 2022

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. In addition, the consolidated financial statements do not include full consolidated financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

New Accounting Pronouncement

On January 1, 2023, the Foundation adopted Accounting Standards Update ("ASU") No. 2016-13, Measurement of Credit Losses on Financial Instruments ("ASC 326"), and its related amendments using the prospective method. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to a current and expected loss model and adds certain new required disclosures. Under the current expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with ASC 326, the Foundation evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for credit losses. receivable. The Foundation adopted the standard effective January 1, 2023. The Foundation evaluated the impact of adoption and noted that there was no impact on the consolidated financial statements.

Subsequent events

The Foundation has evaluated the impact of subsequent events through September 3, 2024 which is the date the consolidated financial statements were available to be issued.

X PRIZE Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2023

Note 3 - Liquidity

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual requirements.

As of December 31, 2023, the following table shows the total financial assets available to meet general expenditures over the next 12 months (dollars in thousands):

Cash and cash equivalents	\$	41,570
Pledges receivable, net		256
Sponsorship receivables, net		463
Other receivables, net		<u>209</u>
		42,498
Less net assets with donor restriction		<u>(14,760)</u>
Financial assets available within one year to meet cash needs for general expenditures	\$	<u><u>27,738</u></u>

Note 4 - Concentrations

Financial instruments which potentially subject the Foundation to concentrations of credit risk include cash and cash equivalents. The Foundation maintains its cash and cash equivalents and investments with high-credit quality financial institutions. The Foundation had cash and cash equivalents which exceeded FDIC insured limits at certain financial institutions as of December 31, 2023.

The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

For the year ended December 31, 2023, two prize sponsors together accounted for approximately 34% of the foundation's revenue.

Note 5 - Investments

At December 31, 2023, investments including assets whose use is limited or restricted are stated at fair value at December 31, 2023 and are classified in the table below in one of the three categories as described in Note 2 (dollars in thousands):

Investment securities	Level 1	Level 2	Level 3	Total
US treasury bonds	\$ -	\$ 108,913	\$ -	\$ 108,913
Total investments	<u>\$ -</u>	<u>\$ 108,913</u>	<u>\$ -</u>	<u>\$ 108,913</u>

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December 31, 2023

These investments are disclosed in the accompanying consolidated statement of financial position as follows (dollars in thousands):

Investments	\$	15,918
Restricted investments for prize purses		92,995
	\$	108,913

The Foundation has investments in various government bonds. The fair value of government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest rate yield curves, cross currency basis index spreads and sovereign credit spreads similar to the bond in terms of issuer, maturity, and seniority. Government bonds are generally categorized in Level 2 of the Foundation's fair value hierarchy.

Note 6 - Pledges and sponsorships receivable

At December 31, 2023, pledges and sponsorships receivable consist of unconditional promises to give. The Foundation has not recorded a discount on these receivables as the amount is not considered material.

The Foundation's pledges and sponsorships receivable are \$256,000 and \$463,000 at December 31, 2023, respectively.

At December 31, 2023, the Foundation has conditional pledges and conditional sponsorships totaling \$61,421,000 that will be recognized as revenue when the conditions are met.

Note 7 - Property and equipment

At December 31, 2023, property and equipment consist of the following (dollars in thousands):

Office and computer equipment	\$	344
Other equipment		126
		470
Less accumulated depreciation and amortization		(354)
Total	\$	116

Depreciation and amortization expense was \$66,000 for the year ended December 31, 2023.

X PRIZE Foundation, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
December 31, 2023**

Note 8 - Net assets with donor restriction

Movements in net assets with donor restrictions were as follows:

	(Dollars in thousands)			
	Available December 31, 2022	New revenue	Released from restriction	Available December 31, 2023
Biodiversity & Conservation	\$ 5,030	\$ 5,728	\$ (3,954)	\$ 6,804
Climate & Energy	4,229	3,513	(2,914)	4,828
Deep Tech & Quantum	591	694	(699)	586
Food, Water & Waste	1,711	3,013	(3,541)	1,183
Health	3,445	831	(4,276)	-
Learning & Society	1,092	1,455	(1,188)	1,359
Space & Exploration	-	-	-	-
Total	\$ 16,098	\$ 15,234	\$ (16,572)	\$ 14,760

Note 9 - Commitments and contingencies

Operating lease

The Foundation rents office space and other space on a month to month basis. Total rent expense for the operating lease was approximately \$171,000 for the year ended December 31, 2023.

Legal matters

The Foundation is subject to certain legal matters arising in the normal course of business, none of which in the opinion of the Foundation's legal counsel and management will have a material adverse effect on the Foundation's consolidated financial statements.

Note 10 - Prize purses

The Foundation enters into an agreement with the prize sponsor that specifies how funds are held and the terms of the prize award.

At the end of December 31, 2022, the Foundation had an unawarded prize purse of \$6,508,000 related to XPRIZE Feed the Next Billion. During the year ended December 31, 2023, prize purses of \$1,125,000 was awarded. At December 31, 2023, the Foundation has \$5,383,000 recorded as restricted investments and a liability in prize purses.

At the end of December 31, 2022, the Foundation had an unawarded prize purse of \$31,050,000 related to XPRIZE Carbon Removal. During the year ended December 31, 2023, the Foundation received an additional \$50,062,000 of contributions related to this prize purse. During the year ended December 31, 2023, the Foundation awarded \$500,000. At December 31, 2023, the Foundation has \$80,612,000 recorded as restricted investments and a liability in prize purses.

At the end of December 31, 2022, the Foundation has an unawarded prize purse contribution related to the XPRIZE Wildfire for \$625,000. During the year ended December 31, 2023, the Foundation received an additional \$6,625,000 of contributions related to this prize purse. During the year ended December 31, 2023, the Foundation awarded \$250,000. At December 31, 2023, the Foundation has \$7,000,000 recorded as restricted investments and a liability in prize purses.

X PRIZE Foundation, Inc. and Subsidiary

**Notes to Consolidated Financial Statements
December 31, 2023**

At the end of December 31, 2022, the Foundation has an unawarded prize purse contribution related to the XPRIZE Rainforest for \$50,000. During the year ended December 31, 2023, the Foundation received an additional \$2,050,000 of contributions related to this prize purse. During the year ended December 31, 2023, the Foundation awarded \$2,100,000. At December 31, 2023, the prize competition was completed.

As of December 31, 2023, the Foundation had a total prize purse of \$92,995,000. In addition, the Foundation had committed prize purses not funded totaling \$233,900,000 as of December 31, 2023.

Note 11 - Employee benefit plans

The Foundation sponsors a 401(k) Plan that covers substantially all eligible employees, as defined in the 401(k) Plan agreement. Under the 401(k) Plan, employees may contribute and defer taxes on compensation contributed. The Foundation contributed approximately \$164,000 during the year ended December 31, 2023.



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