

SeedChange
(Formerly USC Canada)

Financial Statements
April 30, 2019



Independent auditor's report

To the Directors of SeedChange (formerly USC Canada)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SeedChange (formerly USC Canada) (the Organization) as at April 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at April 30, 2019;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
July 29, 2019

SeedChange

Statement of Financial Position

As at April 30, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	498,755	249,534
Accounts receivable	50,911	78,751
Advances to overseas partners and projects (note 4)	161,606	247,403
Prepaid expenses	37,522	8,707
	<hr/>	<hr/>
	748,794	584,395
Capital assets (note 5)	<hr/>	<hr/>
	356,245	409,459
	<hr/>	<hr/>
	1,105,039	993,854
Liabilities and Net assets		
Current liabilities		
Accounts payable and accrued liabilities	280,581	305,533
Deferred contributions (note 3)	528,389	251,989
Due to USC Foundation (note 7)	51,015	191,411
	<hr/>	<hr/>
	859,985	748,933
Net assets	<hr/>	<hr/>
	245,054	244,921
	<hr/>	<hr/>
	1,105,039	993,854
Commitments and contingencies (note 6)		

Approved by the Board of Directors



Director



Director

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

SeedChange

Statement of Operations and Changes in Net Assets

For the year ended April 30, 2019

	2019 \$	2018 \$
Revenue		
Global Affairs Canada	2,915,831	3,092,771
Support from foundations		
Other foundations	1,096,476	971,470
USC Foundation (note 7)	910,000	950,000
RH Webster Foundation	240,000	260,750
Kenoli Foundation	-	43,934
Support from general public	733,247	715,400
Other	47,247	185,861
Investment income	9,767	6,841
	<u>5,952,568</u>	<u>6,227,027</u>
Expense		
Program		
Seeds of Survival – International	3,577,901	3,915,388
Seeds of Survival – Canadian	1,357,926	1,283,611
Other international programs	50,035	170,639
	<u>4,985,862</u>	<u>5,369,638</u>
Non-program		
Administration	528,651	539,321
Fundraising	437,922	413,310
	<u>966,573</u>	<u>952,631</u>
	<u>5,952,435</u>	<u>6,322,269</u>
Net revenue (expense) for the year	133	(95,242)
Net assets – Beginning of year	<u>244,921</u>	<u>340,163</u>
Net assets – End of year	<u>245,054</u>	<u>244,921</u>

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

SeedChange

Statement of Cash Flows

For the year ended April 30, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	133	(95,242)
Items not affecting cash		
Loss on disposal of capital assets	5,369	992
Amortization of capital assets	55,577	54,816
Net changes in non-cash working capital items	195,874	(406,419)
	256,953	(445,853)
Investing activity		
Purchase of capital assets	(7,732)	(45,008)
Net change in cash for the year	249,221	(490,861)
Cash – Beginning of year	249,534	740,395
Cash – End of year	498,755	249,534

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

SeedChange

Notes to Financial Statements

April 30, 2019

1 Purpose of the organization

SeedChange (formerly USC Canada) (the Organization) is a leading international development organization that promotes vibrant family farms, strong rural communities and healthy ecosystems around the world. With engaged Canadian partners and partners in Africa, Asia and Latin America, the Organization supports programs, training and policies that strengthen biodiversity, food sovereignty and the rights of those at the heart of resilient food systems: women, indigenous peoples and small-scale farmers.

The Organization is incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under subsection 149(1)(f) of the Income Tax Act and is exempt from income taxes.

2 Summary of significant accounting policies

Basis of presentation

The Organization controls the USC Foundation (the Foundation) as the members of the Board of Directors of the Organization are the members of the Foundation. This controlled not-for-profit entity has not been consolidated in the Organization's financial statements. Summaries of the financial position, results from operations and cash flows of the Foundation are provided in note 7.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Advances to overseas partners and projects

Funds are recorded as advances when sent overseas and are subsequently reduced when the expenses are incurred by the overseas partner organization or on overseas projects.

Capital assets

Capital assets are initially recorded at cost and are amortized over their useful lives, using the straight-line method as follows:

Computer hardware and office equipment	5 years
Furniture	10 years
Leasehold improvements	life of lease

SeedChange

Notes to Financial Statements

April 30, 2019

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Revenue received in respect of program support is deferred until the related expenditures are incurred.

Unrestricted donations are recognized as revenue when received. Funds received designated for an activity or project by the donor are recognized as revenue when used for the purpose for which the funds were received.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at year-end. Revenue and expense denominated in foreign currencies are translated at the average exchange rate for each quarter.

Donations in-kind

The Organization has received support in the form of donated airtime and column space from radio and television stations, newspapers and magazines throughout the country. The value of these donated services is not recognized in the financial statements of the Organization as the amounts cannot be readily determined.

Allocation of expenses

The Organization engages in Seeds of Survival – International, Seeds of Survival – Canadian and other international programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program.

The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs, including premises costs, information technology, insurance and general office supplies.

General support expenses are allocated based on the actual days worked charged to each program.

3 Deferred contributions

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
Global Affairs Canada	-	2,915,831	2,915,831	-
Other	251,989	1,212,486	936,086	528,389
	<u>251,989</u>	<u>4,128,317</u>	<u>3,851,917</u>	<u>528,389</u>

SeedChange

Notes to Financial Statements

April 30, 2019

4 Advances to overseas partners and projects

11.0% (2018 – 5.5%) of advances to host field offices are held in US dollars and 89.0% (2018 – 94.5%) are held in other local currencies.

5 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and office equipment	166,196	110,264	55,932	82,723
Furniture	125,894	46,170	79,724	89,732
Leasehold improvements	281,973	61,384	220,589	237,004
	574,063	217,818	356,245	409,459

Cost and accumulated amortization amounted to \$585,636 and \$176,177, respectively, as at April 30, 2018.

6 Commitments and contingencies

The Organization is committed to minimum annual payments under a lease for its head office as follows. There is an early termination clause, which can be enacted in the sixth year of the agreement (2021).

	\$
Year ending April 30, 2020	160,244
2021	160,244
2022	160,244
2023	160,244
2024	160,244
thereafter	320,488

Contribution agreements allow funding agencies to conduct audits to ensure project expenditures are in accordance with the terms and conditions. Ineligible expenditures, if any, may result in the Organization reimbursing a portion of the funding. Management believes the Organization has incurred no ineligible expenditures and has, therefore, not recorded any liability for reimbursement.

7 USC Foundation

The Foundation has been established to accept donations, gifts, legacies and bequests for the long-term support and security of the Organization's programs. The Foundation is incorporated under the Canada Not-for-profit Corporations Act. The Foundation is a public foundation under Section 149.1 of the Income Tax Act and is exempt from income taxes.

SeedChange

Notes to Financial Statements

April 30, 2019

The results of the Foundation have not been consolidated in these financial statements. Summaries of the financial position, results of operations and cash flows of the Foundation as at April 30, 2019 and 2018, and for the years then ended, are as follows.

	2019	2018
	\$	\$
Financial position		
Total assets	6,225,825	6,315,553
Total liabilities	6,850	3,700
Total net assets	6,218,975	6,311,853
	6,225,825	6,315,553
	2019	2018
	\$	\$
Results of operations		
Total revenue	950,100	515,459
Total expense	148,390	147,197
Revenue before contribution to SeedChange	801,710	368,262
Contribution to SeedChange	910,000	950,000
Net expense for the year	(108,290)	(581,738)
Cash provided by (used in)		
Operating activities	(111,961)	(563,619)
Investing activity	552,027	483,146
Financing activity – Endowment contributions recorded as direct increases in net assets	15,412	25,636
Net change in cash for the year	455,478	(54,837)
Net assets of the Foundation consist of:		
	2019	2018
	\$	\$
Internally restricted – Lotta Hitschmanova Legacy	5,565,392	5,673,682
Externally restricted – endowments	653,583	638,171
	6,218,975	6,311,853

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Notes to Financial Statements

April 30, 2019

The Organization has charged \$105,687 (2018 – \$100,534) to the Foundation, representing an allocation of employee salaries and the Organization’s administration expenses based on time spent working for each entity. These transactions are recorded at the exchange amount, which is the amount established and agreed to by the related parties involved.

Amounts due to or from the Foundation are without defined terms of repayment and are non-interest bearing.

8 Allocation of expenses

General support expenses, including premises costs, information technology, insurance and general office supplies, have been allocated as follows:

	2019 \$	2018 \$
Seeds of Survival – International	85,194	82,905
Seeds of Survival – Canadian	63,241	64,973
Other international programs	914	434
Fundraising	35,377	32,990
	<hr/> 184,726	<hr/> 181,302

9 Government remittances

Government remittances of \$nil (2018 – \$nil) are included in accounts payable and accrued liabilities.