

SeedChange

Financial Statements
April 30, 2020



Independent auditor's report

To the Directors of SeedChange

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SeedChange (the Organization) as at April 30, 2020 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, 2020;
- 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
September 21, 2020

SeedChange

Statement of Financial Position

As at April 30, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	563,035	498,755
Accounts receivable	64,688	50,911
Advances to overseas partners and projects (note 3)	348,655	161,606
Prepaid expenses	29,357	37,522
	<u>1,005,735</u>	<u>748,794</u>
Capital assets (note 4)	331,959	356,245
	<u>1,337,694</u>	<u>1,105,039</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	352,099	280,581
Deferred contributions (note 5)	729,299	528,389
Due to USC Foundation (note 6)	10,342	51,015
	<u>1,091,740</u>	<u>859,985</u>
Net Assets	245,954	245,054
	<u>1,337,694</u>	<u>1,105,039</u>
Commitments and contingencies (note 9)		
Subsequent event (note 10)		

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, 2020

	2020 \$	2019 \$
Revenue		
Global Affairs Canada	2,851,026	2,915,831
Support from foundations		
USC Foundation (note 5)	840,000	910,000
Other foundations	925,708	1,096,476
RH Webster Foundation	-	240,000
Support from general public	685,605	733,247
Other	295,601	47,247
Investment income	21,072	9,767
	<u>5,619,012</u>	<u>5,952,568</u>
Expense		
Program		
Seeds of Survival – International	3,338,147	3,577,901
Seeds of Survival – Canadian	1,322,908	1,357,926
Other international programs	82,722	50,035
	<u>4,743,777</u>	<u>4,985,862</u>
Non-program		
Administration	446,207	528,651
Fundraising	428,128	437,922
	<u>874,335</u>	<u>966,573</u>
	<u>5,618,113</u>	<u>5,952,435</u>
Excess of revenue over expense for the year	900	133
Net assets – Beginning of year	<u>245,054</u>	<u>244,921</u>
Net assets – End of year	<u>245,954</u>	<u>245,054</u>

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

SeedChange

Statement of Cash Flows

For the year ended April 30, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expense for the year	900	133
Items not affecting cash		
Loss on disposal of capital assets	608	5,369
Amortization of capital assets	55,331	55,577
Changes in non-cash working capital items		
Accounts receivable	(13,777)	27,840
Advances to overseas partners and projects	(187,049)	85,797
Prepaid expenses	8,165	(28,815)
Accounts payable and accrued liabilities	71,518	(24,952)
Deferred contributions	200,910	276,400
Due to USC Foundation	(40,673)	(140,396)
	<hr/> 95,933	<hr/> 256,953
Investing activity		
Purchase of capital assets	<hr/> (31,653)	<hr/> (7,732)
Change in cash during the year	64,280	249,221
Cash – Beginning of year	<hr/> 498,755	<hr/> 249,534
Cash – End of year	<hr/> <hr/> 563,035	<hr/> <hr/> 498,755

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

SeedChange

Notes to Financial Statements

April 30, 2020

1 Purpose of the organization

SeedChange (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 (Canada) and is exempt from income taxes.

2 Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following 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 6.

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

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Notes to Financial Statements

April 30, 2020

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 Capital assets

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware and office equipment	187,396	129,503	57,893	55,932
Furniture	127,010	58,352	68,658	79,724
Leasehold improvements	285,757	80,349	205,408	220,589
	600,163	268,204	331,959	356,245

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Notes to Financial Statements

April 30, 2020

Cost and accumulated amortization amounted to \$574,063 and \$217,818, respectively, as at April 30, 2019.

4 Deferred contributions

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
Global Affairs Canada	-	2,851,026	2,851,026	-
Other	528,389	1,225,729	1,024,819	729,299
	<u>528,389</u>	<u>4,076,755</u>	<u>3,875,845</u>	<u>729,299</u>

5 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 (Canada) and is exempt from income taxes.

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, 2020 and 2019, and for the years then ended, are as follows.

	2020 \$	2019 \$
Financial position		
Total assets	<u>5,124,432</u>	<u>6,225,825</u>
Total liabilities	3,000	6,850
Total net assets	<u>5,121,432</u>	<u>6,218,975</u>
	<u>5,124,432</u>	<u>6,225,825</u>

SeedChange

Notes to Financial Statements

April 30, 2020

	2020 \$	2019 \$
Results of operations		
Total revenue	(43,439)	950,100
Total expense	214,103	148,390
Revenue before contribution to SeedChange	(257,542)	801,710
Contribution to SeedChange	840,000	910,000
Deficiency of revenue over expense for the year	(1,097,542)	(108,290)
Cash provided by (used in)		
Operating activities	(717,822)	(111,961)
Investing activity	378,529	552,027
Financing activity – endowment contributions recorded as direct increases in net assets	-	15,412
Change in cash during the year	(339,293)	455,478

Net assets of the Foundation consist of:

	2020 \$	2019 \$
Internally restricted – Lotta Hitschmanova Legacy	4,467,849	5,565,392
Externally restricted – endowments	653,583	653,583
	5,121,432	6,218,975

The Organization has charged \$169,326 (2019 – \$105,687) 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.

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6 Allocation of expenses

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

	2020 \$	2019 \$
Seeds of Survival – International	64,836	85,194
Seeds of Survival – Canadian	73,903	63,241
Other international programs	-	914
Fundraising	32,463	35,377
	<hr/>	<hr/>
	171,202	184,726
	<hr/>	<hr/>

7 Government remittances

Government remittances of \$nil (2019 – \$nil) are included in accounts payable and accrued liabilities.

8 Commitments and contingencies

The Organization is committed to minimum annual payments under a lease for its head office as follows.

	\$
Year ending April 30, 2021	168,618
2022	168,618
2023	168,618
2024	168,618
thereafter	337,237

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.

9 Financial instruments

Concentration of credit risk

Credit risk refers to the risk a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to advances to overseas partners and projects and amounts receivable. The majority of project receivables as at April 30, 2020 relates to contribution agreements or service contracts with government agencies and partner organizations. The Organization assesses its receivables on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts. As at year-end, there were no amounts allowed for in receivables.

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Notes to Financial Statements

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Currency risk

Contract advances received in foreign currencies are generally disbursed for expenditures in the same currency, serving to hedge the Organization's exposure to foreign currency fluctuations.

4.2% (2019 – 5.5%) of advances to host field offices are held in US dollars and 95.8% (2019 – 94.5%) are held in other local currencies.

Interest rate and liquidity risk

The Organization believes that it is not subject to significant interest rate or liquidity risk arising from its financial instruments.

10 Subsequent event

Due to developments surrounding the outbreak and containment efforts of the COVID-19 pandemic subsequent to year-end, management is assessing the impact of the pandemic on operations. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of any earnings disruption and market movements in general.