

SeedChange

Financial Statements
April 30, 2021



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, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
October 7, 2021

SeedChange

Statement of Financial Position

As at April 30, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash	1,587,150	563,035
Accounts receivable	64,523	64,688
Due from SeedChange Foundation (note 5)	462,033	-
Advances to overseas partners and projects	497,775	348,655
Prepaid expenses	23,858	29,357
	<u>2,635,339</u>	<u>1,005,735</u>
Capital assets (note 3)	<u>304,772</u>	<u>331,959</u>
	<u>2,940,111</u>	<u>1,337,694</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	192,985	352,099
Deferred contributions (note 4)	2,499,272	729,299
Due to SeedChange Foundation (note 5)	-	10,342
	<u>2,692,257</u>	<u>1,091,740</u>
Net Assets	<u>247,854</u>	<u>245,954</u>
	<u>2,940,111</u>	<u>1,337,694</u>
Commitments and contingencies (note 8)		

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, 2021

	2021 \$	2020 \$
Revenue		
Global Affairs Canada	1,760,565	2,851,026
Support from foundations		
SeedChange Foundation (note 5)	275,000	840,000
Other foundations	2,314,036	925,708
Support from general public	834,770	685,605
Other	449,699	295,601
Investment income	1,721	21,072
	<u>5,635,791</u>	<u>5,619,012</u>
Expense		
Program		
Seeds of Survival – International	2,599,248	3,338,147
Seeds of Survival – Canadian	2,035,241	1,322,908
Other international programs	39,951	82,722
	<u>4,674,440</u>	<u>4,743,777</u>
Non-program		
Administration	575,557	446,207
Fundraising	383,894	428,128
	<u>959,451</u>	<u>874,335</u>
	<u>5,633,891</u>	<u>5,618,112</u>
Excess of revenue over expense for the year	1,900	900
Net assets – Beginning of year	<u>245,954</u>	<u>245,054</u>
Net assets – End of year	<u>247,854</u>	<u>245,954</u>

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

SeedChange

Statement of Cash Flows

For the year ended April 30, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expense for the year	1,900	900
Items not affecting cash		
Loss on disposal of capital assets	1,283	608
Amortization of capital assets	54,298	55,331
Changes in non-cash working capital items		
Accounts receivable	165	(13,777)
Advances to overseas partners and projects	(149,120)	(187,049)
Prepaid expenses	5,499	8,165
Accounts payable and accrued liabilities	(159,114)	71,518
Deferred contributions	1,769,973	200,910
Due from/to SeedChange Foundation	(472,375)	(40,673)
	<u>1,052,509</u>	<u>95,933</u>
Investing activity		
Purchase of capital assets	<u>(28,394)</u>	<u>(31,653)</u>
Change in cash during the year	1,024,115	64,280
Cash – Beginning of year	<u>563,035</u>	<u>498,755</u>
Cash – End of year	<u>1,587,150</u>	<u>563,035</u>

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

SeedChange

Notes to Financial Statements

April 30, 2021

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, without share capital, under provisions of 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 SeedChange 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 5.

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.

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Notes to Financial Statements

April 30, 2021

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

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.

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Notes to Financial Statements

April 30, 2021

3 Capital assets

			<u>2021</u>	<u>2020</u>
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Computer hardware and office equipment	205,131	142,492	62,639	57,893
Furniture	127,410	71,625	55,785	68,658
Leasehold improvements	285,757	99,409	186,348	205,408
	<u>618,298</u>	<u>313,526</u>	<u>304,772</u>	<u>331,959</u>

Cost and accumulated amortization amounted to \$600,163 and \$268,204, respectively, as at April 30, 2020.

4 Deferred contributions

	Balance –		Amounts	Balance –
	Beginning	Funds	recognized	End of
	of year	received	as revenue	year
	\$	\$	\$	\$
Global Affairs Canada	-	2,599,321	1,760,565	838,756
Other	729,299	3,348,697	2,417,480	1,660,516
	<u>729,299</u>	<u>5,948,018</u>	<u>4,178,045</u>	<u>2,499,272</u>

5 SeedChange 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, without share capital, under the provisions of 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.

SeedChange

Notes to Financial Statements

April 30, 2021

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, 2021 and 2020, and for the years then ended, are as follows.

	2021 \$	2020 \$
Financial position		
Total assets	6,230,346	5,124,432
Total liabilities	462,033	3,000
Total net assets	5,768,313	5,121,432
	6,230,346	5,124,432
	2021 \$	2020 \$
Results of operations		
Total revenue	1,173,986	(43,439)
Total expense	277,549	214,104
Excess (deficiency) of revenue over expense before contribution to SeedChange	896,437	(257,543)
Contribution to SeedChange	275,000	840,000
Excess (deficiency) of revenue over expense for the year	621,437	(1,097,543)
Cash provided by (used in)		
Operating activities	420,111	(662,284)
Investing activity	258,995	347,246
Financing activity – Endowment contributions recorded as direct increases in net assets	25,444	-
Change in cash during the year	704,550	(315,038)
Net assets of the Foundation consist of:		
	2021 \$	2020 \$
Internally restricted – Lotta Hitschmanova Legacy	5,089,286	4,467,849
Externally restricted – Endowments	679,027	653,583
	5,768,313	5,121,432

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The Organization has charged \$239,244 (2020 – \$169,326) 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.

6 Allocation of expenses

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

	2021 \$	2020 \$
Seeds of Survival – International	52,523	64,836
Seeds of Survival – Canadian	67,067	73,903
Fundraising	6,934	32,463
	<hr/> 126,524	<hr/> 171,202

7 Government remittances

Government remittances of nil (2020 – 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, 2022	155,099
2023	155,099
2024	155,099
2025	155,099
2026	155,099
Thereafter	155,099

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.

SeedChange

Notes to Financial Statements

April 30, 2021

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, 2021 and 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.

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.

No portion (2020 – 4.2%) of advances to host field offices are held in US dollars and 100.0% (2020 – 95.8%) 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 Implications due to the COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

Management is closely monitoring any potential impacts there may be on the Organization's operations. Management has also undertaken measures to effectively manage operations and adapt programming as a result of the pandemic. While the ultimate duration and magnitude of COVID-19's impact on the Organization's operations and financial position are not known at this time, management believes it will be temporary and that the long-term prospects for the Organization have not changed.