

SeedChange

Financial Statements

April 30, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SeedChange

Opinion

We have audited the financial statements of SeedChange (the Entity), which comprise:

- the statement of financial position as at April 30, 2024
- 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 notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditor's report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.



In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal stroke that tapers at both ends.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

October 22, 2024

SeedChange

Statement of Financial Position

As at April 30, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Cash	2,162,541	433,695
Accounts receivable	249,343	770,798
Advances to overseas partners and projects	733,628	1,037,337
Prepaid expenses	13,595	59,099
	<u>3,159,107</u>	<u>2,300,929</u>
Capital assets (note 3)	<u>197,179</u>	<u>243,529</u>
	<u>3,356,286</u>	<u>2,544,458</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	424,095	395,873
Due to SeedChange Foundation (note 5)	88,137	161,987
Deferred contributions (note 4)	<u>2,825,781</u>	<u>2,355,496</u>
	<u>3,338,013</u>	<u>2,913,356</u>
Net Assets	<u>18,273</u>	<u>(368,898)</u>
	<u>3,356,286</u>	<u>2,544,458</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, 2024

	2024 \$	2023 \$
Revenue		
Global Affairs Canada	3,488,109	2,283,668
Support from foundations		
SeedChange Foundation (note 5)	940,000	600,000
Other foundations	2,466,680	3,783,209
Support from general public	771,504	595,554
Other	58,251	322,683
Investment income	33,811	40,804
	<u>7,758,355</u>	<u>7,625,918</u>
Expense (note 10)		
Program		
International	4,119,911	3,333,304
Canadian	1,791,322	3,074,495
	<u>5,911,233</u>	<u>6,407,799</u>
Non-program		
Administration	1,075,642	1,193,341
Fundraising	384,309	572,727
	<u>1,459,951</u>	<u>1,766,068</u>
	<u>7,371,184</u>	<u>8,173,867</u>
Excess of revenue over expense (expense over revenue) for the year	387,171	(547,949)
Net assets – Beginning of year	<u>(368,898)</u>	<u>179,051</u>
Net assets – End of year	<u>18,273</u>	<u>(368,898)</u>

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

SeedChange

Statement of Cash Flows

For the year ended April 30, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expense (expense over revenue) for the year	387,171	(547,949)
Items not affecting cash		
Gain on disposal of capital assets	(2,750)	-
Amortization of capital assets	47,285	48,914
Changes in non-cash working capital items		
Accounts receivable	521,455	(417,827)
Due from SeedChange Foundation	(73,850)	550,405
Advances to overseas partners and projects	303,709	(421,463)
Prepaid expenses	45,504	(18,798)
Accounts payable and accrued liabilities	28,222	(376,450)
Deferred contributions	470,285	(484,424)
	1,727,031	(1,667,592)
Investing activity		
Purchase of capital assets	(3,295)	(24,280)
Proceed from sale of capital assets	5,110	1,264
	1,815	(23,016)
Change in cash during the year	1,728,846	(1,690,608)
Cash – Beginning of year	433,695	2,124,303
Cash – End of year	2,162,541	433,695

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

SeedChange

Notes to Financial Statements

April 30, 2024

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.

SeedChange

Notes to Financial Statements April 30, 2024

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 (note 6).

SeedChange

Notes to Financial Statements

April 30, 2024

3 Capital assets

	2024		2023
	Cost \$	Accumulated amortization \$	Net \$
Computer hardware and office equipment	233,479	187,320	46,159
Furniture	116,848	96,584	20,264
Leasehold improvements	285,756	155,000	130,756
	636,083	438,904	197,179

Cost and accumulated amortization amounted to \$661,455 and \$417,926, respectively, as at April 30, 2023. In the year, the Organization disposed of capital assets with a cost of \$28,667, accumulated amortization of \$26,307 for proceeds of \$5,110, resulting in a gain of \$2,750.

4 Deferred contributions

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
Global Affairs Canada	344,262	5,049,991	3,519,725	1,874,528
Other foundations	2,011,234	1,156,899	2,216,880	951,253
	2,355,496	6,206,890	5,736,605	2,825,781

5 SeedChange Foundation

SeedChange 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, 2024

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, 2024 and 2023, and for the years then ended, are as follows.

	2024 \$	2023 \$
Financial position		
Total assets	5,308,901	5,587,566
Total liabilities	11,720	-
Total net assets	5,297,181	5,587,566
	5,308,901	5,587,566
	2024 \$	2023 \$
Results of operations		
Total revenue	742,252	501,716
Total expense	102,707	180,411
Excess (deficiency) of revenue over expense before contribution to SeedChange	639,545	321,305
Contribution to SeedChange	940,000	600,000
Excess (deficiency) of revenue over expense for the year	(300,455)	(278,695)
Cash provided by (used in)		
Operating activities	(472,754)	(89,114)
Investing activity	364,450	89,558
Financing activity – Endowment contributions recorded as direct increases in net assets	10,070	10,000
Change in cash during the year	(98,234)	10,444
Net assets of the Foundation consist of:		
	2024 \$	2023 \$
Internally restricted – Lotta Hitschmanova Legacy	4,577,913	4,878,368
Externally restricted – Endowments	719,268	709,198
	5,297,181	5,587,566

The Organization has charged \$47,297 (2023 – \$107,075) to the Foundation, representing an allocation of employee salaries and the Organization's administration expenses based on time spent working for each entity.

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Notes to Financial Statements

April 30, 2024

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:

	2024 \$	2023 \$
Seeds of Survival – International	49,323	24,277
Seeds of Survival – Canadian	81,034	157,663
Fundraising	31,236	37,568
	<hr/>	<hr/>
	161,593	219,508

7 Government remittances

Government remittances of nil (2023 – 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, 2025	153,715
2026	140,905

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

The Organization is subject to the following risks from its financial instruments.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit-related losses in the event of non-performance by counterparties with respect to advances to overseas partners and projects, and accounts receivable. The majority of the Organization's receivables relate to contribution agreements or service contracts with government agencies and partner organizations. The Organization assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in an allowance for doubtful accounts. At year end, there were no amounts allowed for.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or a reasonable cost. The Organization expects to meet its obligations as they come due. The Organization mitigates its liquidity risk through budgeting and monitoring its various projects, and in obtaining financial support from the related SeedChange Foundation (note 5) as needs arise. The Organization believes that it is not exposed to significant liquidity risk arising from its financial instruments.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to currency risk as the value of its financial instruments will fluctuate due to changes in the exchange rate.

Contract advances received in foreign currencies are generally disbursed for expenditures in the same currencies, serving to hedge the Organization's operational exposure to foreign currency fluctuations. Advances to overseas partners and projects are held in the local, foreign currency.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization believes that it is not exposed to interest rate risk as it does not hold fixed income investments or debt.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization believes that it is not exposed to other price risk as it does not hold equity investments.

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Notes to Financial Statements

April 30, 2024

The Organization believes that its financial risks are appropriately mitigated and do not pose significant risk to the Organization's operations. In the year, there have been no significant changes in these risks or in the policies, procedures and methods used to manage these risks.

10 Expenses

	2024 \$	2023 \$
Salaries and benefits	3,229,953	3,989,605
Consultants	862,354	1,479,947
Travel	276,729	206,677
Advertising	96,577	43,100
Office expenses and supplies	247,999	338,821
Depreciation	47,285	48,914
Rent	132,125	136,497
Insurance	17,274	15,215
Program cost	2,463,638	1,915,091
Gain on disposal of capital assets	(2,750)	-
	<hr/> 7,371,184	<hr/> 8,173,867