

**SEED PROGRAMS INC.,
D/B/A SEED PROGRAMS INTERNATIONAL**

**Financial Statements as of
December 31, 2020
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

June 10, 2021

To the Board of Directors of
Seed Programs Inc.,
d/b/a Seed Programs International:

Report on the Financial Statements

We have audited the accompanying financial statements of Seed Programs Inc., d/b/a Seed Programs International (a North Carolina not-for-profit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seed Programs Inc., d/b/a Seed Programs International as of December 31, 2020, and the changes 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.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Summarized Comparative Information

We have previously audited Seed Programs Inc., d/b/a Seed Programs International's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**SEED PROGRAMS INC.,
D/B/A SEED PROGRAMS INTERNATIONAL**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 125,695	\$ 74,058
CERTIFICATES OF DEPOSIT	25,598	25,591
INVENTORY, net	161,614	244,070
OTHER ASSETS	<u>-</u>	<u>500</u>
Total assets	<u>\$ 312,907</u>	<u>\$ 344,219</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ -	\$ 206
Accrued liabilities	<u>2,431</u>	<u>27,627</u>
Total liabilities	<u>2,431</u>	<u>27,833</u>
NET ASSETS:		
Without donor restrictions	221,481	302,080
With donor restrictions	<u>88,995</u>	<u>14,306</u>
Total net assets	<u>310,476</u>	<u>316,386</u>
Total liabilities and net assets	<u>\$ 312,907</u>	<u>\$ 344,219</u>

The accompanying notes are an integral part of these statements.

**SEED PROGRAMS INC.,
D/B/A SEED PROGRAMS INTERNATIONAL**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
SUPPORT AND REVENUE:				
Seed revenue	\$ 43,470	\$ -	\$ 43,470	\$ 27,879
Donations	103,917	149,061	252,978	156,966
In-kind contributions	25,290	-	25,290	133,726
Paycheck Protection Program income	27,962	-	27,962	-
Interest income	41	-	41	22
Releases from restriction	<u>74,372</u>	<u>(74,372)</u>	<u>-</u>	<u>-</u>
Total support revenue	<u>275,052</u>	<u>74,689</u>	<u>349,741</u>	<u>318,593</u>
EXPENSES:				
Program services	301,932	-	301,932	207,548
Management and general	34,820	-	34,820	38,819
Fundraising	<u>18,899</u>	<u>-</u>	<u>18,899</u>	<u>19,156</u>
Total expenses	<u>355,651</u>	<u>-</u>	<u>355,651</u>	<u>265,523</u>
CHANGE IN NET ASSETS	(80,599)	74,689	(5,910)	53,070
NET ASSETS - beginning of year	<u>302,080</u>	<u>14,306</u>	<u>316,386</u>	<u>263,316</u>
NET ASSETS - end of year	<u>\$ 221,481</u>	<u>\$ 88,995</u>	<u>\$ 310,476</u>	<u>\$ 316,386</u>

The accompanying notes are an integral part of these statements.

**SEED PROGRAMS INC.,
D/B/A SEED PROGRAMS INTERNATIONAL**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**
(With Comparative Totals for 2019)

	Program <u>Services</u>	Management <u>and General</u>	Fundraising	<u>Total</u>	
				<u>2020</u>	<u>2019</u>
Wages	\$ 114,567	\$ 17,325	\$ 16,106	\$ 147,998	\$ 134,224
Seeds distributed to international projects	73,652	-	-	73,652	60,162
Obsolete and discarded seed	34,094	-	-	34,094	-
Professional fees/accounting	12,678	8,564	976	22,218	13,178
Grants and assistance	16,900	-	-	16,900	4,511
Seed shipping	15,713	-	-	15,713	4,950
Packaging	15,440	-	-	15,440	10,989
Payroll expenses - FICA	8,764	1,325	1,233	11,322	10,268
Office	4,931	585	70	5,586	6,245
Rent	-	4,500	-	4,500	7,200
Seeds	1,998	-	-	1,998	2,232
Insurance	390	1,562	-	1,952	1,805
Travel	1,452	31	78	1,561	7,626
Postage and delivery	813	-	407	1,220	974
Telephone	540	12	29	581	464
Fees	-	554	-	554	237
Registrations	-	202	-	202	284
Bank service charges	-	160	-	160	174
Total	\$ 301,932	\$ 34,820	\$ 18,899	\$ 355,651	\$ 265,523

The accompanying notes are an integral part of these statements.

**SEED PROGRAMS INC.,
D/B/A SEED PROGRAMS INTERNATIONAL**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (5,910)	\$ 53,070
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Changes in:		
Accounts receivable	-	6,551
Inventory	82,456	(73,564)
Other assets	500	-
Accounts payable	(206)	(3,239)
Accrued liabilities	<u>(25,196)</u>	<u>25,143</u>
Net cash flow from operating activities	<u>51,644</u>	<u>7,961</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Maturities of certificates of deposit, net	<u>(7)</u>	<u>-</u>
Net cash flow from investing activities	<u>(7)</u>	<u>-</u>
CHANGE IN CASH AND CASH EQUIVALENTS	51,637	7,951
CASH AND CASH EQUIVALENTS - beginning of year	<u>74,058</u>	<u>66,107</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 125,695</u>	<u>\$ 74,058</u>

The accompanying notes are an integral part of these statements.

**SEED PROGRAMS INC.,
D/B/A SEED PROGRAMS INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. NATURE OF ORGANIZATION

Seed Programs Inc., d/b/a Seed Programs International (the Organization) is a North Carolina not-for-profit corporation founded in 1998 to help existing organizations build and operate programs to provide seeds and the skills to grow gardens in communities throughout the world. The program provides packets of garden seed, planting instructions, and related information to the communities in need. The Organization is funded through procurement of donated seeds, grants and contributions, and sale of donated seeds.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Reporting

The Organization reports its activities and the related net assets in the following classifications:

• **Net Assets Without Donor Restrictions**

Net assets without donor restrictions include resources available for the support of the Organization's operating activities.

• **Net Assets With Donor Restrictions**

Net assets with donor restrictions include resources that have been donated to the Organization subject to restrictions as defined by the donor. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as releases from restrictions. Donor restricted contributions received in the same year in which the restrictions are met are recorded as an increase in without donor restricted support.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand and time deposit accounts. The Organization considers all highly liquid investment instruments with a maturity of three months or less to be cash equivalents. At times, the balances in these accounts may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Certificates of Deposit

Certificates of deposit consist of bank certificates with original maturities of less than twelve months. These certificates are recorded at historical cost. The balances of these certificates may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to certificates of deposit.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Organization sells seed inventory to other entities. The Organization does not accrue interest on these receivables. Amounts for which no payments have been received for several months are considered delinquent and when appropriate collection efforts are exhausted, the account is written-off. The Organization provides an allowance for doubtful accounts based on an analysis of amounts that may not be collected from these entities and a review of amounts currently outstanding. No amounts were outstanding at December 31, 2020 and 2019.

Inventory

The inventory is comprised of bulk and packaged seed. The inventory is contributed by various seed companies and is recorded as in-kind support. Inventories are valued at the lower of cost (as determined above) or market value as received. The Organization records a valuation allowance for obsolete and slow-moving inventory to write down to net realizable value. The valuation allowance is calculated based on expected usage of seed inventory. No allowance recorded as of December 31, 2019 and 2020.

Shipping and Handling

Shipping and handling costs for seed sold or donated are expensed as incurred. These expenses are included in packaging expense in the accompanying statement of functional expenses.

Support and Revenue

The Organization receives support and revenue from donors, grantors, the sale of seed, and the donation of seed. Support and revenue from the sale of seed is recognized in the period when the performance obligation is complete which is when the seed is shipped.

Performance obligations for all of the Organization's services are provided and consumed at a point in time, using the output method, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization reviews individual contracts, at the time of performance, in order to determine estimated uncollectable accounts due and records these implicit price concessions as a direct reduction to revenue. Based on this, the Organization determined there are no implicit price concessions.

Contributions and donations are recognized as revenue in the year an unconditional promise to give is received and are recorded at fair value. Conditional contributions and donations are not recognized as support until the conditions on which they depend are substantially met. The Organization has adopted a policy of simultaneous release option for conditional contributions.

Donated Services

Volunteers have donated significant amounts of time in support of the Organization's program activities. The value of these services is not reflected in the accompanying financial statements as they do not meet the criteria for recognition.

Allocation of Certain Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include payroll and benefits. Payroll and benefits are allocated based on time spent on the function.

Expenses not mentioned above are direct charged to the appropriate function on a transactional basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit corporation and is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Organization and its results and financial position is not presently determinable.

Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was obtained.

3. LIQUIDITY

The Organization has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash flow is monitored on a monthly basis.

The Organization's financial assets available to meet cash needs for general expenditures within one year from the balance sheet date are:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 125,695	\$ 74,058
Certificate of deposit	<u>25,598</u>	<u>25,591</u>
Total financial assets	<u>151,293</u>	<u>99,649</u>
Less:		
Net assets with donor restrictions	<u>88,995</u>	<u>14,306</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 62,298</u>	<u>\$ 85,343</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Activity in net assets with donor restrictions for the following purposes for the year ended December 31, 2020 were as follows:

	Balance at <u>January 1</u>	<u>Additions</u>	Releases from <u>Restrictions</u>	Balance at <u>December 31</u>
Global giving-supported programs	\$ 14,306	\$ 107,061	\$ 51,283	\$ 70,084
MDRT Foundation-school gardens	-	25,000	21,089	3,911
Mary Lynn Richardson Fund-seed diistribution and training	-	10,000	-	10,000
Other	-	7,000	2,000	5,000
	<u>\$ 14,306</u>	<u>\$ 149,061</u>	<u>\$ 74,372</u>	<u>\$ 88,995</u>

Activity in net assets with donor restrictions for the following purposes for the year ended December 31, 2019 were as follows:

	Balance at <u>January 1</u>	<u>Additions</u>	Releases from <u>Restrictions</u>	Balance at <u>December 31</u>
Global giving-supported programs	<u>\$ 10,572</u>	<u>\$ 19,842</u>	<u>\$ 16,108</u>	<u>\$ 14,306</u>

5. SEEDS DISTRIBUTED TO INTERNATIONAL PROJECTS

The Organization provides vegetable seed combined with local training, tools and support to international projects. During the year ending December 31, 2020 and 2019, the Organization's cost of seed distributed to international projects was \$73,652 and \$60,162, respectively. The cost of the seeds distributed to international projects is calculated based on the value of the distributed seeds.

6. OFFICE LEASE

During 2019, the Organization formally extended its lease agreement through July 2020. Under the terms of the agreement, monthly payments of \$600 were to be made through July 2020.

During 2020, the Organization terminated the agreement in June 2020. As a result of early termination, the Organization forfeited its security deposit held by the lessor.

Lease expense recognized under the terms of this lease agreement was approximately \$4,500 and \$7,200 in 2020 and 2019, respectively.

7. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In May 2020, the Organization entered into an unsecured promissory note payable to a bank in the amount of \$27,962 as part of the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Organization meets defined requirements related to expenditure of the funds and management of the Organization's personnel complement. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Organization's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements in accordance with the requirements of the PPP Program.

Through December 31, 2020, the Organization determined that it administered the proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness of the balance received under the PPP arrangement. This amount is recorded as Payroll Protection Program income on the accompanying statement of activities and changes in net assets.

Subsequent to year end, the Organization applied for forgiveness of their Paycheck Protection Program loan. The Organization received its determination from the Small Business Administration (SBA) determining that the full amount of the arrangement was approved for forgiveness.

8. SUBSEQUENT EVENTS

In February 2021, the Organization entered into an unsecured promissory note payable to a bank in the amount of \$30,665 as part of the SBA's second round of PPP funding. The conditions as part of the second PPP loan are generally consistent as the first PPP loan. Through the date the financial statements were available to be issued, the Organization is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the Organization to make monthly principal payments including interest at 1% with a maturity of five years after the determination of loan forgiveness.

Subsequent to December 31, 2020, the Organization received a donation from the Weyerhaeuser Family Foundation, in the amount of \$29,000 relating to the 2021 fiscal year. The donation is designated to support specified programs of the Organization and is restricted as to use based on the agreement in place.

Subsequent events have been evaluated through June 10, 2021, which is the date the financial statements were issued.