

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

**Financial Statements as of
December 31, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 6, 2022

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

Opinion

We have audited the accompanying financial statements of Seed Programs Inc., d/b/a Seed Programs International (a North Carolina not-for-profit corporation) (the Organization), which comprise the statement of financial position as of December 31, 2021, 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.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 are required to be independent of Seed Programs Inc., d/b/a Seed Programs International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seed Programs Inc., d/b/a Seed Programs International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Seed Programs Inc., d/b/a Seed Programs International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seed Programs Inc., d/b/a Seed Programs International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Seed Programs Inc., d/b/a Seed Programs International's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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, 2021**

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 143,100	\$ 125,695
CERTIFICATES OF DEPOSIT	25,600	25,598
INVENTORY, net	<u>173,487</u>	<u>161,614</u>
Total assets	<u>\$ 342,187</u>	<u>\$ 312,907</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 315	\$ -
Accrued liabilities	-	2,431
Deferred revenue	<u>48,542</u>	<u>-</u>
Total liabilities	<u>48,857</u>	<u>2,431</u>
NET ASSETS:		
Without donor restrictions	218,623	221,481
With donor restrictions	<u>74,707</u>	<u>88,995</u>
Total net assets	<u>293,330</u>	<u>310,476</u>
Total liabilities and net assets	<u>\$ 342,187</u>	<u>\$ 312,907</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, 2021**
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
SUPPORT AND REVENUE:				
Seed revenue	\$ 28,693	\$ -	\$ 28,693	\$ 43,470
Donations	131,986	104,577	236,563	252,978
In-kind contributions	99,703	-	99,703	25,290
Paycheck Protection Program income	30,665	-	30,665	27,962
Interest income	30	-	30	41
Releases from restriction	<u>118,865</u>	<u>(118,865)</u>	<u>-</u>	<u>-</u>
Total support revenue	<u>409,942</u>	<u>(14,288)</u>	<u>395,654</u>	<u>349,741</u>
EXPENSES:				
Program services	335,331	-	335,331	301,932
Management and general	50,858	-	50,858	34,820
Fundraising	<u>26,611</u>	<u>-</u>	<u>26,611</u>	<u>18,899</u>
Total expenses	<u>412,800</u>	<u>-</u>	<u>412,800</u>	<u>355,651</u>
CHANGE IN NET ASSETS	(2,858)	(14,288)	(17,146)	(5,910)
NET ASSETS - beginning of year	<u>221,481</u>	<u>88,995</u>	<u>310,476</u>	<u>316,386</u>
NET ASSETS - end of year	<u>\$ 218,623</u>	<u>\$ 74,707</u>	<u>\$ 293,330</u>	<u>\$ 310,476</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, 2021**
(With Comparative Totals for 2020)

	Program <u>Services</u>	Management <u>and General</u>	Fundraising	<u>Total</u>	
				<u>2021</u>	<u>2020</u>
Wages	\$ 133,029	\$ 25,245	\$ 22,134	\$ 180,408	\$ 147,998
Seeds distributed to international projects	71,597	-	-	71,597	73,652
Grants and assistance	69,132	-	-	69,132	16,900
Obsolete and discarded seed	16,233	-	-	16,233	34,094
Payroll expenses - FICA	10,228	1,931	1,694	13,853	11,322
Professional fees/accounting	1,176	9,952	2,034	13,162	22,218
Packaging	12,838	-	-	12,838	15,440
Rent	-	-	-	-	4,500
Office	6,792	12,752	213	19,757	5,586
Seed shipping	7,790	-	-	7,790	15,713
Seeds	3,017	-	-	3,017	1,998
Travel	1,515	32	80	1,627	1,561
Postage and delivery	873	-	436	1,309	1,220
Telephone	959	52	20	1,031	581
Insurance	152	609	-	761	1,952
Registrations	-	154	-	154	202
Fees	-	131	-	131	554
Bank service charges	-	-	-	-	160
Total	<u>\$ 335,331</u>	<u>\$ 50,858</u>	<u>\$ 26,611</u>	<u>\$ 412,800</u>	<u>\$ 355,651</u>

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, 2021**
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (17,146)	\$ (5,910)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Changes in:		
Inventory	(11,873)	82,456
Other assets	-	500
Accounts payable	315	(206)
Accrued liabilities	(2,431)	(25,196)
Deferred revenue	<u>48,542</u>	<u>-</u>
Net cash flow from operating activities	<u>17,407</u>	<u>51,644</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Maturities of certificates of deposit, net	<u>(2)</u>	<u>(7)</u>
Net cash flow from investing activities	<u>(2)</u>	<u>(7)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	17,405	51,637
CASH AND CASH EQUIVALENTS - beginning of year	<u>125,695</u>	<u>74,058</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 143,100</u>	<u>\$ 125,695</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, 2021**

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 on credit. 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, 2021 and 2020.

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 or market value as received. At the time of receipt, the Organization records a valuation allowance for obsolete and slow-moving inventory to write down to the estimated net realizable value based on expected usage of seed inventory.

Shipping and Handling

Shipping and handling costs for seed sold or donated are expensed as incurred. These expenses are included in seed shipping expenses 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 GAAP 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, 2020, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 143,100	\$ 125,695
Certificates of deposit	<u>25,600</u>	<u>25,598</u>
Total financial assets	<u>168,700</u>	<u>151,293</u>
Less:		
Net assets with donor restrictions	<u>74,707</u>	<u>88,995</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 93,993</u>	<u>\$ 62,298</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Activity in net assets with donor restrictions for the following purposes for the year ended December 31, 2021 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	\$ 70,084	\$ 8,122	\$ 61,998	\$ 16,208
MDRT Foundation-school gardens	3,911	-	3,911	-
Mary Lynn Richardson Fund-seed distribution and training	10,000	-	6,930	3,070
Brian & Joelle Kelly Family Foundation-garden in a box	-	25,000	3,333	21,667
Weyerhaeuser Foundation-economic empowerment	-	29,000	-	29,000
Other	<u>5,000</u>	<u>42,455</u>	<u>42,693</u>	<u>4,762</u>
	<u>\$ 88,995</u>	<u>\$ 104,577</u>	<u>\$ 118,865</u>	<u>\$ 74,707</u>

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 distribution and training	-	10,000	-	10,000
Other	<u>-</u>	<u>7,000</u>	<u>2,000</u>	<u>5,000</u>
	<u>\$ 14,306</u>	<u>\$ 149,061</u>	<u>\$ 74,372</u>	<u>\$ 88,995</u>

5. SEEDS DISTRIBUTED TO INTERNATIONAL PROJECTS

The Organization provides vegetable seed combined with local training, tools and support to international projects. During the years ending December 31, 2021 and 2020, the Organization's cost of seed distributed to international projects was \$71,597 and \$73,652, respectively. The cost of the seeds distributed to international projects is calculated based on the value of the distributed seeds.

6. OFFICE LEASE

During 2020, the Organization has an office lease that required monthly payments of \$600. 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 during 2020. There were no amounts recognized for lease expense under this agreement in 2021.

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. This arrangement was evidenced by a loan agreement that included provisions whereby the loan balance could 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.

During 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. In December 2020, the Organization received notification from the bank that the loan had been fully forgiven by the SBA.

In February 2021, the Organization entered into an unsecured promissory note payable to a bank in the amount of \$30,665 under the SBA Paycheck Protection Program. In August 2021, the Organization received notification from the bank that the loan had been fully forgiven by the SBA.

These amounts are recorded as Payroll Protection Program income on the accompanying statement of activities and changes in net assets.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 2022, which is the date the financial statements were issued.