

SEEDS CONNECTIONS
FINANCIAL STATEMENTS
DECEMBER 31, 2019

MBD LLP

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of SEEDS Connections:

Qualified Opinion

We have audited the financial statements of **Seeds Connections** (the Organization), which comprise the balance sheet as at **December 31, 2019**, and the statement of revenues, expenses & net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at **December 31, 2019**, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards For Not-For-Profit Organizations (ASNPOs).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019.

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 are independent of the Organization 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 qualified audit opinion.

Emphasis of Matter

We draw attention to Note 1 in the financial statements which indicates that the Organization's lack of secured funding. These conditions set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Organization's ability to continue as a going concern.

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 ASNPOs, 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 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.

July 20, 2020
Calgary, Alberta

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SEEDS CONNECTIONS

BALANCE SHEET

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets:		
Cash – operating and savings	\$ 71,075	\$ 72,706
Cash – casino (Note 4)	70,667	5,652
Goods and services tax recoverable	955	94
Prepaid expenses	<u>195</u>	<u>184</u>
	142,892	78,636
Property and equipment (Note 3)	<u>548</u>	<u>686</u>
	<u>\$ 143,440</u>	<u>\$ 79,322</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,705	\$ 5,000
Deferred revenue (Note 4)	<u>124,812</u>	<u>62,409</u>
	131,517	67,409
MEMBERS' EQUITY		
Net Assets	<u>11,923</u>	<u>11,913</u>
	<u>\$ 143,440</u>	<u>\$ 79,322</u>

See notes to financial statements

Approved on Behalf of the Members:

_____, Director

_____, Director

SEEDS CONNECTIONS

STATEMENT OF REVENUES, EXPENSES AND NET ASSETS

	<u>Year Ended</u> <u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Revenue:		
Contributions	\$ 64,242	\$ 57,095
Casino	8,547	35,890
Program revenues	10,301	27,516
Interest and other	<u>173</u>	<u>162</u>
	<u>83,263</u>	<u>120,663</u>
Expenses:		
Connections	63,108	74,741
Administration	16,829	39,086
Green Schools Program	3,179	1,035
Amortization	<u>137</u>	<u>172</u>
	<u>83,253</u>	<u>115,034</u>
Excess of revenue over expenses for the year	10	5,629
Net assets at beginning of year	<u>11,913</u>	<u>6,284</u>
Net assets at end of year	<u>\$ 11,923</u>	<u>\$ 11,913</u>

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STATEMENT OF CASH FLOWS

	<u>Year Ended</u> <u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Cash provided by (used for) operating:		
Excess expenses over revenues for the year	\$ 10	\$ 5,629
Charge to income not affecting cash		
Amortization	<u>137</u>	<u>172</u>
	<u>147</u>	<u>5,801</u>
Changes in operating accounts:		
Program receivables	-	5,050
Goods and services tax recoverable	(861)	1,055
Prepaid expenses	(11)	4
Deferred revenue	62,403	(25,291)
Accounts payable	<u>1,706</u>	<u>(2,753)</u>
	<u>63,237</u>	<u>(21,935)</u>
Increase (decrease) in cash for the year	63,384	(16,134)
Cash, beginning of year	<u>78,358</u>	<u>94,492</u>
Cash, end of year	<u>\$ 141,742</u>	<u>\$ 78,358</u>
Cash consists of:		
Cash – operating	\$ 71,075	\$ 70,520
Cash – savings	-	2,186
Cash – casino	<u>70,667</u>	<u>5,652</u>
	<u>\$ 141,742</u>	<u>\$ 78,358</u>

SEEDS CONNECTIONS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Incorporation, Operation and Going concerns

Seeds Connections (the "Organization") is a registered charitable organization and was continued under the Canada Not-for-Profit Act on July 28, 2014.

The purpose of the Organization is to provide educational programs related to leadership, environment, energy and diversity, for kindergarten to grade 12 students across Canada.

Seeds Connections receives a significant portion of its funding from grants and donors. Lack of funding from these institutes has restricted the Organization's ability to continue its operations. These financial statements have been prepared on a going concern basis on the assumption that future funding will be obtained. Given the under-funding and the deficiency in working capital, the Organization's ability to realize its assets and discharge its liabilities will depend on finding new funding sources.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

a) Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at year end.

b) Property and Equipment

Property and equipment are recorded at cost. Amortization is provided as follows:

Program Equipment	-	20% diminishing balance basis
Office Equipment	-	20% diminishing balance basis

c) Contributed Services

Volunteers contribute significant amounts of time to assist the Organization in carrying out its services. Due to the difficulty in determining their fair value, contributed services from volunteers are not recognized in the financial statements.

d) 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 amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Significant Accounting Policies (continued)

e) Revenue recognition

The Organization follows the deferral method of accounting for donations. Unrestricted donations are recognized as revenue when received or receivable if the amount can be estimated and collection is reasonably assured. Restricted donations are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

f) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and GST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenue. Unless otherwise disclosed, there are no significant differences between the carrying value of these amounts and their estimated fair value.

3. Property and Equipment

Property and equipment consist of the following:

	<u>Costs</u>	<u>2019 Accumulated Amortization</u>	<u>Net</u>
Program Equipment	\$ 12,399	\$ 12,054	\$ 345
Office Equipment	<u>9,523</u>	<u>9,320</u>	<u>203</u>
	<u>\$ 21,922</u>	<u>\$ 21,374</u>	<u>\$ 548</u>

	<u>Costs</u>	<u>2018 Accumulated Amortization</u>	<u>Net</u>
Program Equipment	\$ 12,399	\$ 11,968	\$ 431
Office Equipment	<u>9,523</u>	<u>9,268</u>	<u>255</u>
	<u>\$ 21,922</u>	<u>\$ 21,236</u>	<u>\$ 686</u>

4. Deferred Revenue

Deferred revenue is represented by the following (See also Note 1)

	<u>December 31 2019</u>	<u>2018</u>
Casino funds deferred	\$ 70,667	\$ 5,652
Funds received and deferred	<u>54,145</u>	<u>56,757</u>
	<u>\$ 124,812</u>	<u>\$ 62,409</u>

Casino funds are restricted in accordance with the Alberta Gaming and Liquor Commission application.

5. Financial Instruments and Risk Exposure

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date.

(a) Market risk

The major programs operate on a school year basis. A major funder has completed its funding commitment, thus requiring the Organization to obtain alternative funding sources. There is therefore no certainty that the programs will be continued.

(b) Interest rate risk

There is currently no material interest rate risks.

(c) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly due to uncertainty of future funding arrangements which has been expressed in Note 1 of these financial statements

6. Income Taxes

The Organization is exempt from income taxes under paragraph 149(1)(1) of the income tax act, therefore no provision for income taxes has been made in these financial statements.