SEEDS CONNECTIONS

FINANCIAL STATEMENTS

DECEMBER 31, 2015

TELEPHONE (403) 209-0159
FAX (403) 228-3654

SUITE 507, 5920 – 1A STREET SW
CALGARY, ALBERTA T2H 0G3

McCallum and Company

Chartered Accountants

To the Members of SEEDS Connections:

We have audited the accompanying financial statements of **SEEDS Connections** which comprise a balance sheet as at **December 31, 2015** and the statements of revenues, expenses and surplus, changes in net assets and cash flows for the year ended **December 31, 2015**, and a summary of significant accounting policies and other explanatory information.

The Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these 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.

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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 judgement, including the assessment of 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Consistent with many charitable organizations, the organization derives revenue from cash and in-kind donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the revenues was limited to the amounts recorded in the records of the organization and we were unable to satisfy ourselves by alternative means concerning such donations for the year ended **December 31, 2015**. Since donations enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the excess of revenues over expenses for the years reported in the statements of revenues, expenses and surplus, changes in net assets and cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of SEEDS Connections as at **December 31, 2015**, and the results of its operations and its cash flows for the year then ended **December 31, 2015** in accordance with Canadian accounting standards for Not for Profit organizations. Previous year financial results were prepared by another accounting firm.

McCallum and Company

April 19, 2016
Calgary, Alberta

McCallum and Company
Chartered Accountants

SEEDS CONNECTIONS

BALANCE SHEET

	December 31 2015	December 31 2014
ASSETS		
Current assets:		
Cash – operating	$ -	$ 39,836
Cash – savings	75,306	163,384
Cash – casino (note 4)	1,429	10,549
Accounts receivable	-	4,545
Goods and services tax recoverable	3,236	4,694
	79,971	223,008
Property and equipment (note 3)	1,339	1,673
	$ 81,310	$ 224,681
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Cheques issued in excess of bank balance	$ 2,718	$ -
Accounts payable	5,000	28,693
Deferred revenue (note 4)	60,153	182,549
	67,871	211,242
MEMBERS' EQUITY		
Net Assets	13,439	13,439
	$ 81,310	$ 224,681

See notes to financial statements

Approved on Behalf of the Members:

X ______________________, Director

X ______________________, Director

SEEDS CONNECTIONS

STATEMENT OF REVENUES, EXPENSES AND NET ASSETS

	Year Ended December 31 2015	2014
Revenue:		
Contribution (note 6)	$ 393,980	$ 299,690
Casino (note 4)	86,513	55,420
Program revenues	37,000	46,967
Interest	539	2,862
	518,032	404,939
Expenses:		
Connections	411,640	261,339
Administration (note 6)	71,960	89,015
GREEN Schools Program	34,098	40,995
Volunteer engagement program	-	9,674
Amortization	334	415
	518,032	401,438
Excess of revenues for the year	-	3,501
Net assets at beginning of year	13,439	9,938
Net assets at end of year	$ 13,439	$ 13,439

See notes to financial statements

SEEDS CONNECTIONS

STATEMENT OF CASH FLOWS

	Year Ended December 31 2015	Year Ended December 31 2014
Cash provided by (used for) operating:		
Excess revenues for the year	$ -	$ 3,501
Charge to income not affecting cash		
Amortizatioin	334	415
	334	3,916
Changes in operating accounts:		
Accounts receivable	4,545	4,361
Goods and services tax recoverable	1,458	(544)
Deferred revenue	(122,396)	(12,719)
Accounts payable	(23,693)	(45,312)
	(140,086)	(50,298)
Decrease in cash for the year	(139,752)	(50,298)
Cash, beginning of year	213,769	264,067
Cash, end of year	$ 74,017	$ 213,769
Cash consists of:		
Cash – operating	$ (2,718)	$ 39,836
Cash – savings	75,306	163,384
Cash – casino	1,429	10,549
	$ 74,017	$ 213,769

See Notes to financial statements

1. Incorporation, operations and going concerns

The Corporation is a registered charitable organization and was continued under the Canada Not-for-Profit Act on July 28, 2014.

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

The continued operation of the organization is dependent on management raising significant funding revenues to maintain its ongoing program. A significant portion of its funding was derived from one source, which has now ended. There is therefore uncertainty with respect to obtaining replacement funding. These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

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 many hours each year to assist the association in carrying out its activities. Because of the difficult of determining their fair value, contributed services are not recognized in the financial statements.

d) Recognition of revenue
Funding receipts are recognized within the statement of revenues expenses and net assets when the applicable program expenditures have been incurred and proceeded with.

e) Use of Estimates
The preparation of the financial statements in accordance 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from and affect the results reported in these financial statements.

2. Significant Accounting Policies

f) <u>Financial instruments</u>

(i) Measurement of financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets measured at amortized cost include cash and amounts receivable.

Financial liabilities measured at amortized cost include accounts payable.
The Corporation currently has no financial assets measured at fair market value.

(ii) Impairment

At the end of each reporting period, the Corporation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Corporation, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.
When there is an indication of impairment, the Corporation determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Corporation identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

(i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset.

(ii) the amount that could be realized by selling the asset at the statement of financial position date; and

(iii) the amount of the Corporation expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

(iv) Transaction costs

Transaction costs are recognized in the statements of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

3. Property and Equipment

Property and equipment consists of the following:

	2015		
	Costs	Accumulated Amortization	Net
Program Equipment	$ 12,608	$ 11,766	$ 842
Office Equipment	9,523	9,026	497
	$ 22,131	$ 20,792	$ 1,339

	2014		
	Costs	Accumulated Amortization	Net
Program Equipment	$ 12,608	$ 11,556	$ 1,052
Office Equipment	9,523	8,902	621
	$ 22,131	$ 20,458	$ 1,673

4. Deferred Revenue

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

	December 31	
	2015	2014
Casino funds deferred	$ 1,429	$ 10,549
Funds received and deferred	58,724	172,000
	$ 60,153	$ 182,549

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

5. Financial Risks and Concentration of Risk

The Corporation is exposed to various risks associated with financial instruments that have the potential to affect its operations and financial performance:

(a) Market risk
The major programs operate on a school year basis. A major funder has completed its funding commitment, thus requiring the Corporation 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 Corporation will not be able to meet a demand for cash or fund its obligations as they become due. There is uncertainty as to future funding arrangements which has been expressed in Note 1 of these financial statements

The major change in the Corporation's risk exposure from the prior year is the necessity of obtaining further funding.

6. In Kind Contribution

The organization has received contributed rent in the amount of $nil (2014-$21,000) which is included as contribution revenue and administration expenses.

7. 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.