

REVIEWED FINANCIAL STATEMENTS

SEEDS OF AFRICA FOUNDATION

DECEMBER 31, 2019 and 2018

SEEDS OF AFRICA FOUNDATION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Seeds of Africa Foundation
New York, New York

We have reviewed the accompanying financial statements of Seeds of Africa Foundation (the Foundation), which comprise the Statement of Financial Position as of December 31, 2019 and 2018, the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Basis for Qualified Conclusion

As disclosed in Note 2 to these financial statements, accounting principles generally accepted in the United States of America require consolidation of commonly controlled entities (a related but separate not-for-profit organization) when the Organizations share a majority of common board members. The Foundation has elected not to consolidate the commonly controlled entity in the accompanying financial statements, and the effects of this departure from accounting principles generally accepted in the United States of America on financial position, activities and changes in net assets, and cash flows have not been determined.

Qualified Conclusion

Based on our reviews, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Freed Maxick CPAs, P.C.

Buffalo, New York
November 10, 2022

SEEDS OF AFRICA FOUNDATION

STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents	\$ 136,568	\$ 45,538
Contributions receivable - net of allowance for uncollectible contributions	15,000	65,000
Other receivables	16,193	18,411
Total current assets	<u>167,761</u>	<u>128,949</u>
Property and equipment - net	<u>4,558</u>	<u>4,216</u>
Total assets	<u><u>\$ 172,319</u></u>	<u><u>\$ 133,165</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 29,425	\$ 2,952
Accrued liabilities	-	300
Total Current Liabilities	<u>29,425</u>	<u>3,252</u>
Total net assets without donor restrictions:	<u>142,894</u>	<u>129,913</u>
Total liabilities and net assets	<u><u>\$ 172,319</u></u>	<u><u>\$ 133,165</u></u>

See accompanying notes.

SEEDS OF AFRICA FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
Support and revenue:			
Direct public support	\$ 356,143	\$ -	\$ 356,143
Indirect public support	77,105	-	77,105
Corporate contributions	<u>67,261</u>	<u>-</u>	<u>67,261</u>
Total support and revenue	<u>500,509</u>	<u>-</u>	<u>500,509</u>
Expenses:			
Salaries and wages	147,451	-	147,451
Professional fees	82,044	-	82,044
Other expense	60,575	-	60,575
Special events expense	57,357	-	57,357
Travel and meetings	42,529	-	42,529
Rent and equipment rental	35,433	-	35,433
Office and development	34,241	-	34,241
Employee benefits	26,548	-	26,548
Depreciation	<u>1,350</u>	<u>-</u>	<u>1,350</u>
Total expenses	<u>487,528</u>	<u>-</u>	<u>487,528</u>
Change in net assets	12,981	-	12,981
Net assets - beginning	<u>129,913</u>	<u>-</u>	<u>129,913</u>
Net assets - ending	<u>\$ 142,894</u>	<u>\$ -</u>	<u>\$ 142,894</u>

See accompanying notes.

SEEDS OF AFRICA FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>
Support and revenue:			
Direct public support	\$ 324,389	\$ -	\$ 324,389
Indirect public support	53,195	-	53,195
Corporate contributions	18,670	-	18,670
Other misc income	48,548	-	48,548
Subtotal	<u>444,802</u>	<u>-</u>	<u>444,802</u>
Net assets released from restriction	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Total support and revenue	<u>644,802</u>	<u>(200,000)</u>	<u>444,802</u>
Expenses:			
Salaries and wages	214,792	-	214,792
Professional fees	113,913	-	113,913
Office and development	61,382	-	61,382
Travel and meetings	56,555	-	56,555
Employee benefits	44,240	-	44,240
Other expense	38,163	-	38,163
Ethiopia expenses	35,902	-	35,902
Rent and equipment rental	35,562	-	35,562
Depreciation	1,829	-	1,829
Total expenses	<u>602,338</u>	<u>-</u>	<u>602,338</u>
Change in net assets	42,464	(200,000)	(157,536)
Net assets - beginning	<u>87,449</u>	<u>200,000</u>	<u>287,449</u>
Net assets - ending	<u>\$ 129,913</u>	<u>\$ -</u>	<u>\$ 129,913</u>

See accompanying notes.

SEEDS OF AFRICA FOUNDATION**STATEMENTS OF CASH FLOWS**
For the Years Ended December 31,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,981	\$ (157,536)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,350	1,829
Changes in operating assets and liabilities:		
Contributions receivable	50,000	143,029
Other receivables	2,218	(4,411)
Accounts payable	26,473	(11,776)
Accounts liabilities	(300)	300
Net cash provided by (used in) operating activities:	<u>92,722</u>	<u>(28,565)</u>
Cash flows from investing activities:		
Return of construction deposit	-	1,400
Purchases of property and equipment	<u>(1,692)</u>	<u>(2,627)</u>
Net cash used in investing activities:	<u>(1,692)</u>	<u>(1,227)</u>
Net change in cash and cash equivalents	91,030	(29,792)
Cash and cash equivalents - beginning	<u>45,538</u>	<u>75,330</u>
Cash and cash equivalents - ending	<u>\$ 136,568</u>	<u>\$ 45,538</u>

See accompanying notes.

SEEDS OF AFRICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ORGANIZATION

Nature of Organization: Seeds of Africa Foundation ("the Foundation") seeks to create a self-sustaining model for education and community development that can be replicated in other African communities by educating and nurturing gifted children, young adults and communities with support that meets basic needs, an innovative curriculum and community development programs.

Basis of Presentation: The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), except as described in Note 2.

Net Assets: The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Company must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Foundation, unless the donor provides more specific directions about the period of its use. There were no net assets with donor restrictions for the year ended December 31, 2019 or 2018.

Classification of Transactions: All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities and changes in net assets unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Expense recognition and allocation: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office and occupancy, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Every year the basis on which costs are allocated are evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

SEEDS OF AFRICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ORGANIZATION (CONTINUED)

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Foundation considers cash and cash equivalents to include money market accounts and all highly liquid debt instruments with original maturities of three months or less, if any. The Foundation maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Contributions Receivable: Receivables are stated at the amount management expects to collect from balances outstanding at year end. On an annual basis, management reviews the receivable account balances and considers whether they believe that there will be issues with collection. Management includes any receivable balances that are determined to be uncollectible, along with a general reserve, if necessary, in the allowance for doubtful accounts. Receivables are written off as a charge to bad debt expense when, in management's estimation, it is probable that the receivable is not going to be collected. Management recorded a reserve for uncollectible contributions as of December 31, 2019 and 2018 in the amount of \$2,171.

Other Receivables: Other receivables consist of amounts due to the Foundation and are recorded at the amount management expects to collect. In prior years the Foundation provided a loan to an employee in the amount of \$12,000. The loan was provided interest free and had no stated repayment terms. As of the date of these financial statements, the outstanding balance of the loan amounted to \$6,500 (2018 - \$7,500).

Fixed Assets: Property and equipment are recorded at cost or, if donated, fair value at the date of the gift. The Foundation capitalizes all purchases of land, buildings and equipment in excess of \$1,000 with a useful life greater than one year. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Improvements are capitalized while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Public Support and Contributions: Contributions received are recorded with donor restrictions or without donor restrictions depending on the existence of any donor-imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Public support and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions.

Income Taxes: The Foundation is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code, and accordingly, is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Foundation accounts for uncertain tax positions in accordance with US GAAP, which requires the recognition and measurement of uncertain tax positions that the Foundation has taken or expects to take in the Foundation's tax returns.

Recently Adopted Accounting Pronouncements: In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made", which assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. The update also clarifies how to determine if a contribution is conditional. The Foundation adopted this standard on January 1, 2019 on a modified prospective basis. The adoption of this ASU did not have a significant impact on the Foundation's financial position or change in net assets.

SEEDS OF AFRICA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

See Independent Accountant's Review Report

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ORGANIZATION (CONTINUED)

In May 2014, the FASB issued guidance Accounting Standards Codification (ASC) 606, "Revenue from Contracts with Customers," that provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles (U.S. GAAP). The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. The Company adopted ASC 606 with a date of the initial application of January 1, 2019 using the modified retrospective approach. Based on its analysis, the Foundation concluded that the adoption of the amended guidance did not have a material impact on its new revenue recognition. Therefore, there was no cumulative effect adjustment upon adoption of the standard.

In February 2016, the FASB issued ASU 2016-02, "Leases," which supersedes existing lease guidance under U.S. GAAP. Under the new guidance, lessees will be required to recognize leases as right of use assets and liabilities for leases with lease terms of more than twelve months. The guidance will apply for both finance and operating leases. The effective date for the ASU is for annual periods beginning after December 15, 2021. The Foundation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation

Subsequent Events: These financial statements have not been updated for subsequent events occurring after November 10, 2022, which is the date these financial statements were available to be issued.

NOTE 2. DEPARTURE FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Accounting principles generally accepted in the United States of America require consolidation of variable interest entities. The Board of Directors of the Foundation are also members of Seeds of Africa Foundation ADAMA TRC (the School). Management has determined these related parties to be variable interest entities. Management has not consolidated the activities of these variable interest entities and the effects of this departure from accounting principles generally accepted in the United States of America on these financial statements for the years ended December 31, 2019 and 2018 has not been determined.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ <u>13,786</u>	\$ <u>12,094</u>
Less: Accumulated depreciation and amortization	<u>(9,228)</u>	<u>(7,878)</u>
	<u>\$ 4,558</u>	<u>\$ 4,216</u>

Depreciation expense amounted to \$1,350 and \$1,829 for the years ended December 31, 2019 and 2018, respectively.

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NOTE 4. COMMITMENTS AND CONTINGENCIES

The Foundation leases office space under the terms of an operating lease agreement which requires monthly payments of \$1,400. Effective June 1, 2018 the monthly fee increased to \$1,484. The lease automatically extends on a month-to-month basis until terminated by the Foundation or the lessor. For the years ended December 31, 2019 and 2018, the Foundation paid rental expense of approximately \$17,800 and \$17,400, respectively.

NOTE 5. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018 are:

	<u>2019</u>	<u>2018</u>
Current financial assets:		
Cash and cash equivalents	\$ 136,568	\$ 45,538
Contributions receivable (net)	15,000	65,000
Other receivables	<u>16,193</u>	<u>18,411</u>
Amount available for general expenditures within one year	\$ <u>167,761</u>	\$ <u>128,949</u>

As part of the Foundation's liquidity management plan, cash in excess short-term requirements are invested in readily traded assets and money market funds.

NOTE 6. FUNCTIONAL EXPENSES

Consistent with US GAAP, the Foundation provides an analysis of expenses both by natural and functional classification. Natural expenses are defined by their nature such as salaries, benefits, and supplies. Functional expenses are classified by the type of activity for which expenses were incurred, for example, program expenses and administrative support.

The tables below present by both their nature and their functions for the years ended December 31, 2019 and 2018:

	<u>2019</u>			
	<u>Program Expenses</u>	<u>Fundraising Expenses</u>	<u>General and Administrative Support</u>	<u>Total</u>
Salaries and wages	\$ 117,961	\$ 14,745	\$ 14,745	147,451
Professional fees	65,635	8,204	8,204	82,044
Other expense	48,460	6,058	6,058	60,575
Special events expense	-	57,357	-	57,357
Travel and meetings	34,023	4,253	4,253	42,529
Rent and equipment rental	28,346	3,543	3,543	35,433
Office and development	27,393	3,424	3,424	34,241
Employee benefits	21,238	2,655	2,655	26,548
Depreciation	1,080	135	135	1,350
	<u>\$ 344,137</u>	<u>\$ 100,374</u>	<u>\$ 43,017</u>	<u>\$ 487,528</u>

SEEDS OF AFRICA FOUNDATION**NOTES TO FINANCIAL STATEMENTS**

See Independent Accountant's Review Report

NOTE 6. FUNCTIONAL EXPENSES (CONTINUED)

	2018			
	Program Expenses	Fundraising Expenses	General and Administrative Support	Total
Salaries and wages	\$ 171,834	\$ 21,479	\$ 21,479	\$ 214,792
Professional fees	91,130	11,391	11,391	113,913
Office and development	49,106	6,138	6,138	61,382
Travel and meetings	45,244	5,656	5,656	56,555
Employee benefits	35,392	4,424	4,424	44,240
Other expense	30,530	3,816	3,816	38,163
Special event	-	35,902	-	35,902
Rent and equipment rental	28,450	3,556	3,556	35,562
Depreciation	1,463	183	183	1,829
	<u>\$ 453,149</u>	<u>\$ 92,546</u>	<u>\$ 56,644</u>	<u>\$ 602,338</u>