

**SEED GLOBAL HEALTH AND AFFILIATES  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**SEED GLOBAL HEALTH AND AFFILIATES  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**CITRIN COOPERMAN®**

Accountants and Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Seed Global Health and Affiliates  
Boston, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Seed Global Health and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Seed Global Health and Affiliates as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Adoption of New Accounting Pronouncements***

As discussed in Note 2 to the consolidated financial statements, the Organization adopted the amendments in Accounting Standards Update 2018-08, *Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made* and Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* as of October 1, 2019. Our opinion is not modified with respect to these matters.

  
CITRIN COOPERMAN & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
April 14, 2021

**SEED GLOBAL HEALTH AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020 AND 2019**

**ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash and cash equivalents	\$ 5,073,313	\$ 3,479,049
Contributions receivable, net	7,823,129	4,573,720
Prepaid expenses and other assets	62,996	22,283
Property and equipment, net	<u>40,850</u>	<u>27,290</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 13,000,288</u></b>	<b><u>\$ 8,102,342</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 115,648	\$ 182,554
Accrued expenses	457,429	239,897
Note payable	415,400	-
Deferred revenue	<u>26,000</u>	<u>-</u>
Total liabilities	<u>1,014,477</u>	<u>422,451</u>
Net assets:		
Without donor restrictions	1,551,961	1,527,789
With donor restrictions	<u>10,433,850</u>	<u>6,152,102</u>
Total net assets	<u>11,985,811</u>	<u>7,679,891</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,000,288</u></b>	<b><u>\$ 8,102,342</u></b>

See accompanying notes to consolidated financial statements.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Revenue and support:						
Foundation and corporate contributions	\$ 163,408	\$ 9,501,114	\$ 9,664,522	\$ 365,335	\$ 2,238,489	\$ 2,603,824
Individual contributions	344,525	-	344,525	341,417	-	341,417
In-kind contributions	150,818	-	150,818	153,263	-	153,263
Program service fees	75,000	-	75,000	-	-	-
Government contracts	-	-	-	96,014	-	96,014
Net assets released from donor restrictions	<u>5,219,366</u>	<u>(5,219,366)</u>	<u>-</u>	<u>4,035,246</u>	<u>(4,035,246)</u>	<u>-</u>
Total revenue and support	<u>5,953,117</u>	<u>4,281,748</u>	<u>10,234,865</u>	<u>4,991,275</u>	<u>(1,796,757)</u>	<u>3,194,518</u>
Expenses:						
Program	4,966,300	-	4,966,300	3,587,731	-	3,587,731
Administrative and general	494,271	-	494,271	461,380	-	461,380
Fundraising	<u>516,251</u>	<u>-</u>	<u>516,251</u>	<u>595,035</u>	<u>-</u>	<u>595,035</u>
Total expenses	<u>5,976,822</u>	<u>-</u>	<u>5,976,822</u>	<u>4,644,146</u>	<u>-</u>	<u>4,644,146</u>
Changes in net assets from operating activities	<u>(23,705)</u>	<u>4,281,748</u>	<u>4,258,043</u>	<u>347,129</u>	<u>(1,796,757)</u>	<u>(1,449,628)</u>
Non-operating activities:						
Foreign currency exchange gain	<u>47,877</u>	<u>-</u>	<u>47,877</u>	<u>180,492</u>	<u>-</u>	<u>180,492</u>
Changes in net assets	24,172	4,281,748	4,305,920	527,621	(1,796,757)	(1,269,136)
Net assets - beginning	<u>1,527,789</u>	<u>6,152,102</u>	<u>7,679,891</u>	<u>1,000,168</u>	<u>7,948,859</u>	<u>8,949,027</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 1,551,961</u>	<u>\$ 10,433,850</u>	<u>\$ 11,985,811</u>	<u>\$ 1,527,789</u>	<u>\$ 6,152,102</u>	<u>\$ 7,679,891</u>

See accompanying notes to consolidated financial statements.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<b>2020</b>			
	<u>Program</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Educator and other employee compensation and related	\$ 3,156,390	\$ 333,940	\$ 399,171	\$ 3,889,501
Consulting	430,380	100,786	42,529	573,695
Travel	474,622	16,482	10,367	501,471
Office	353,226	21,811	37,937	412,974
Other program and operational costs	298,535	-	-	298,535
Occupancy	243,235	20,655	25,523	289,413
Depreciation	<u>9,912</u>	<u>597</u>	<u>724</u>	<u>11,233</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 4,966,300</u></b>	<b><u>\$ 494,271</u></b>	<b><u>\$ 516,251</u></b>	<b><u>\$ 5,976,822</u></b>
	<b>2019</b>			
	<u>Program</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Educator and other employee compensation and related	\$ 2,141,036	\$ 295,427	\$ 415,192	\$ 2,851,655
Consulting	544,506	81,609	39,887	666,002
Travel	334,139	21,208	37,010	392,357
Office	293,649	35,829	62,332	391,810
Occupancy	205,301	26,554	39,486	271,341
Other program and operational costs	64,086	-	-	64,086
Depreciation	<u>5,014</u>	<u>753</u>	<u>1,128</u>	<u>6,895</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 3,587,731</u></b>	<b><u>\$ 461,380</u></b>	<b><u>\$ 595,035</u></b>	<b><u>\$ 4,644,146</u></b>

See accompanying notes to consolidated financial statements.

**SEED GLOBAL HEALTH AND AFFILIATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating activities:		
Changes in net assets	\$ 4,305,920	\$ (1,269,136)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	11,233	6,895
Changes in assets and liabilities:		
Contributions receivable	(3,249,409)	2,694,218
Prepaid expenses and other assets	(40,713)	4,063
Accounts payable	(66,906)	43,736
Accrued expenses	217,532	75,361
Refundable advance	26,000	-
Deferred revenue	-	(70,908)
Net cash provided by operating activities	<u>1,203,657</u>	<u>1,484,229</u>
Investing activities:		
Purchase of property and equipment	<u>(24,793)</u>	<u>-</u>
Cash used in investing activities	<u>(24,793)</u>	<u>-</u>
Financing activities:		
Proceeds from note payable	<u>415,400</u>	<u>-</u>
Cash provided by financing activities	<u>415,400</u>	<u>-</u>
Net increase in cash and cash equivalents	1,594,264	1,484,229
Cash and cash equivalents - beginning	<u>3,479,049</u>	<u>1,994,820</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b><u>\$ 5,073,313</u></b>	<b><u>\$ 3,479,049</u></b>

See accompanying notes to consolidated financial statements.



**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 1. ORGANIZATION**

Seed Global Health is a nonprofit organization established in 2011 under the laws of the Commonwealth of Massachusetts. Seed Global Health's mission is to educate a a rising generation of health professionals and health educators, bolstering the pipeline of healthcare providers who have local knowledge and deep ties to the region. By teaching local health professionals, entire communities and countries can benefit from the ripple effect created when more skilled clinicians are better prepared to care for the population and serve as educators themselves for and alongside their local peers. These skilled professionals also become leaders in their health system, advocating for better health in a positive feedback loop.

Seed Global Health maintains certain corporate structures in the counties in which they do business. Seed Global Health controls the activities of Seed Global Health Uganda Limited, and Seed Global Health Malawi Limited (the "Affiliates"), which were formed in Uganda, and Malawi, respectively, in order to comply with country laws and regulations to transfer funding to support Seed Global Health's operations in the specified countries. These entities are wholly owned subsidiaries of Seed Global Health.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Consolidation

The consolidated financial statements include the accounts and transactions of Seed Global Health, Seed Global Health Uganda Limited and Seed Global Health Malawi Limited (collectively the "Organization"). The consolidated financial statements of the Organization have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). All significant intercompany transactions and accounts have been eliminated in consolidation.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic Presentation of Financial Statements of Not-for-Profit Entities. Net assets, revenues, expenses, gains and losses are classified based in the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

*Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor had stipulated the funds be maintained in perpetuity. As of September 30, 2020 and 2019, the Organization did not have net assets with donor restrictions that were perpetual in nature.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less.

Contributions Receivable

Grants and contributions receivable represents grants and unconditional contributions awarded to the Organization for which collection is expected in the upcoming fiscal years. Management has evaluated the collectability of grants and contributions receivable and determined the receivables are fully collectible at September 30, 2020 and 2019.

Property and Equipment

Property and equipment purchased for use by the Organization is recorded at cost or fair value, if received by donation, at the time such property and equipment are received. Expenditures in the nature of normal repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<u>Description</u>	<u>Years</u>
Leasehold improvements	7
Website and development	3
Motor Vehicles	5

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000.

Impairment of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with the Financial Accounting Standards Board Account Standards Codification ("FASB ASC") Topic *Property, Plant and Equipment*. The FASB ASC Topic *Property, Plant and Equipment* requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At September 30, 2020 and 2019, the Organization has determined that no long-lived assets are impaired.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

*Program Services*

Year Ended September 30, 2020

The Organization adopted ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on October 1, 2019. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies performance obligations by transferring control over a product or service to a customer. Program service fees are offered throughout the year by the Organization, and are recognized over time as services are rendered. The Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for variable consideration, if any.

Year Ended September 30, 2019

For the year ended September 30, 2019, the Organization recognized revenue when (1) the service was performed and the Organization had no significant obligations remaining to be performed; (2) a final understanding as to specific nature and terms of the agreed upon transaction had occurred; (3) price was fixed and determinable; and (4) collection was assured. Services generally met these criteria, and revenue was recognized, when services were rendered.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable can be provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activity.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions (continued)

Contributions received with donor-imposed restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statement of activities and changes in net assets as net assets released from donor restrictions.

Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The fair market value of equipment and services donated by hospitals, doctors, technology and legal firms is reflected in the consolidated financial statements.

Deferred Revenue

Deferred revenue includes program service fee payments received in advance of the services rendered. Program service revenues are recognized over time as income as services are rendered. Deferred revenue totaled \$26,000 at September 30, 2020. There was no deferred revenue balance at September 30, 2019.

Disaggregation of Revenue

The Organization provides program services to healthcare partnerships. The Organization's viability is dependent on the strength of the economy and its ability to collect these revenues.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based on actual or estimated usage. Educator and other employee compensation and related, consulting, travel and office expenses are allocated based on time and effort spent on each function. Occupancy and depreciation are allocated on a square footage basis.

Foreign Currency Translation

Foreign currency transaction gains resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled \$47,877 and \$180,492 during the years ended September 30, 2020 and 2019, respectively, and have been reported separately in the accompanying statement of activities and changes in net assets.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Concentration of Credit Risk

Financial instruments that expose the Organization to credit risk consist primarily of cash. The Organization maintains its cash in bank deposit accounts, both in the United States and Africa. Cash accounts maintained in foreign countries are not federally insured and amounts held in U.S. banks may, at times, exceed insured limits. The Organization has not experienced any losses in such accounts. The Organization maintains its cash in highly rated financial institutions and management believes it is not exposed to significant credit risk on cash. At September 30, 2020 and 2019 cash held in foreign bank accounts totaled \$87,670 and \$105,975, respectively.

Income Taxes

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "IRC") and accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. The Organization is subject to federal and state income taxes on unrelated business income, if any. The Organization files informational tax returns as required by the IRC.

Seed Global Health Uganda Limited and Seed Global Health Malawi Limited may be responsible for certain local taxes in their respective countries. There are no material amounts incurred for local taxes in 2020 and 2019.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for consolidated financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that the Organization has no material uncertain tax positions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from activities considered to be of a more unusual or nonrecurring nature.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently Adopted Accounting Pronouncements

*Revenue from Contracts with Customers* - In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“Topic 606”), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under US GAAP. Collectively, we refer to Topic 606 and Subtopic 340-40 as “ASC 606”. ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Organization adopted ASC 606 effective October 1, 2019 using the modified retrospective approach. Use of the modified retrospective approach means the Organization’s comparative periods prior to initial application are not restated. The Organization has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization did not apply any practical expedients in implementing ASC 606.

*Contributions* - In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective October 1, 2019 using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization’s consolidated financial statements and related disclosures.

Recently Issued But Not Yet Effective Accounting Pronouncements

*Leases* - In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements* which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period consolidated financial statements and recognizing any cumulative effect adjustment to the opening balance sheet. In June 2020, the FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Organization's previously reported net assets or change in net assets.

Subsequent Events

The Organization has evaluated all events subsequent to the consolidated statement of financial position date of September 30, 2020, through the date which the consolidated financial statements were available to be issued, April 14, 2021, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of September 30, 2020:

Cash and cash equivalents	\$ 5,073,313
Grants and contributions receivable, net	<u>7,823,129</u>
Total financial assets	12,896,442
Less financial assets with donor restrictions	<u>(10,433,850)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,462,592</u>

The Organization's goal is generally to maintain readily available assets to meet three month's of general expenditures. General expenditures are defined by the Organization as programmatic and administrative expenses which are not covered by grants and contributions which are specified for various programs or other purposes. As part of management's liquidity plan, cash is maintained in checking and certificates of deposit accounts and is readily available for use.

**NOTE 4. CONTRIBUTIONS RECEIVABLE**

Grant and contributions receivable represent unconditional gifts to be received in future periods and are discounted to their present value based on anticipated payment streams. The discount rates on contributions receivable are calculated at 1.69% and 2.68% for the years ended September 30, 2020 and 2019, respectively. Unconditional contributions receivable at September 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Contributions receivable	\$ 7,936,070	\$ 4,724,060
Less unamortized discount	<u>112,941</u>	<u>150,340</u>
Net contributions receivable	<u>\$ 7,823,129</u>	<u>\$ 4,573,720</u>
Gross contributions:		
Receivable in less than one year	\$ 4,842,356	\$ 1,646,015
Receivable in one to five years	<u>3,093,714</u>	<u>3,078,045</u>
	<u>\$ 7,936,070</u>	<u>\$ 4,724,060</u>

**SEED GLOBAL HEALTH AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 48,261	\$ 48,261
Vehicles	24,793	-
Website and development	<u>5,993</u>	<u>5,993</u>
	79,047	54,254
Less accumulated depreciation	<u>(38,197)</u>	<u>(26,964)</u>
Property and equipment, net	<u>\$ 40,850</u>	<u>\$ 27,290</u>

**NOTE 6. NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Program specific	\$ 7,464,162	\$ 4,577,718
Country specific	1,300,069	1,083,025
Time restricted	1,170,416	200,000
COVID-19	188,017	-
Policy	311,186	191,359
Academic sponsorship	<u>-</u>	<u>100,000</u>
Total net assets with donor restrictions	<u>\$ 10,433,850</u>	<u>\$ 6,152,102</u>

Net assets are released from donor restrictions by the passage of time and incurring expenses or costs satisfying the restricted purpose or by the occurrence of events specified by the donors. Net assets were released from donor restrictions during the years ended September 30, 2020 and 2019 totaled \$5,219,366 and \$4,035,246, respectively. Of these amounts, net assets released from donor restriction as a result of satisfying restricted purposes were \$4,719,366 and \$3,685,245, as of September 30, 2020 and 2019, respectively.

Net assets without donor restrictions for the years ended September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,541,961	\$ 1,527,789
Board designated	<u>10,000</u>	<u>10,000</u>
	<u>\$ 1,551,961</u>	<u>\$ 1,537,789</u>

The board of directors has designated \$10,000 for a general reserve to be considered for investment into a future endowment for the Organization.



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**NOTE 7. NOTE PAYABLE**

On April 27, 2020, the Organization received loan proceeds of \$415,400 under the Paycheck Protection Program (“PPP”). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after eight weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the “PPP Loan Date”) and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in eighteen (18) equal consecutive monthly installments of principal and interest commencing on the seven-month anniversary of the PPP Loan Date.

While the Organization is currently using the proceeds for purposes consistent with the PPP, however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the debt model. Under the debt model, the Organization recognizes the proceeds received as debt, recognizes periodic interest expense in the period in which the interest accrues at the stated interest rate and defers recognition of any potential forgiveness of the loan principal or interest until the period in which the Organization has been legally released from its obligation by the lender. The Organization deemed the debt model to be the most appropriate accounting policy for this arrangement as the underlying PPP loan is a legal form of debt and there are significant contingencies outside of the control of the Organization mainly related to the third-party approval process for forgiveness. If not forgiven, future maturities of 275,544 and 139,856 are due in fiscal year 2021 and 2022, respectively.

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**NOTE 8. RENT**

The Organization has a lease agreement for office space in Boston, Massachusetts which expires in April 2023. Rental payments for the years ended September 30, 2020 and 2019 were \$282,011 and \$267,424, respectively.

Minimum lease commitments under the office lease agreement for each fiscal year ended September 30 is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 241,800
2022	248,000
2023	<u>254,200</u>
	<u>\$ 744,000</u>

**NOTE 9. RETIREMENT PLAN**

The Organization offers a qualified defined contribution retirement plan (the "Plan") for all eligible employees. The Plan is designed in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Contributions are made by the Plan participants based on participant elections. Under the Plan, employees may contribute up to the IRS indexed maximum amount for each calendar year. In addition, the Organization makes matching contributions to the plan up to 4% of the employees' salaries. The Organization's contributions for the years ended September 30, 2020 and 2019 were \$36,394 and \$24,431, respectively.

**NOTE 10. UNCERTAINTIES, CONTINGENCIES, AND RISKS**

**COVID-19**

During the 2020 fiscal year, the World Health Organization has declared the spread of the coronavirus (COVID-19) to be a pandemic of international concern. Management believes the pandemic has highlighted the importance of the work of Seed Global Health, the vital and interconnected nature of health systems across the globe and the centrality of a well-trained and supported health workforce who can identify and respond to outbreaks, and also provide care for patients and maintain essential health services. In response to COVID-19, Seed Global Health has been working with its partners and the ministries of health in Malawi, Uganda, and Zambia to enhance training and preparedness against the spread of the virus. Management has been in contact with donors and partners to recognize the importance of this work as evidenced by the continued commitment of funding while expanding the scope of support and resource mobilization in the Organization's partner countries. Due to the uncertainty of the situation, operational disruption and related financial impact, if any, cannot be reasonably estimated at this time.