

SEED SAVERS EXCHANGE, INC.

FINANCIAL REPORT

OCTOBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Directors
Seed Savers Exchange, Inc.
Decorah, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Seed Savers Exchange, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the year ended October 31, 2019 and ten months ended October 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgment, including the assessment of the 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 organization'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 organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Seed Savers Exchange, Inc. as of October 31, 2019 and 2018, and the changes in its net assets and its cash flows for the year ended October 31, 2019 and ten months ended October 31, 2018 in accordance with U.S. generally accepted accounting principles.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 19 through 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hacke, Nelson & Co., P.C.

Decorah, Iowa
February 26, 2020

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF FINANCIAL POSITION
October 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,933,320	\$ 1,702,523
Investments	451,413	399,560
Accounts receivable (net of allowance for doubtful accounts of \$12,177 and \$7,171, respectively)	51,041	86,647
Prepaid expenses	123,824	136,594
Inventory	1,005,456	1,055,213
	3,565,054	3,380,537
NONCURRENT ASSETS		
Investments	71,023	69,911
Accounts receivable	-	25,000
	71,023	94,911
FIXED ASSETS AND EXHIBITS, net, at cost	3,048,158	3,276,444
OTHER ASSETS		
Book publishing costs	237,359	262,359
	\$ 6,921,594	\$ 7,014,251

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 104,774	\$ 68,001
Accrued expenses	14,635	11,574
Customer deposits, gift certificates and credit memos	155,805	145,414
Accrued wages	164,297	153,421
Deferred support and revenue	60,483	73,368
Current maturities of long-term debt	14,676	13,976
	514,670	465,754
NONCURRENT LIABILITIES		
Deferred compensation	19,000	39,000
Deferred support and revenue	114,815	109,681
Long-term debt, net of current maturities	162,128	177,169
	295,943	325,850
Total liabilities	810,613	791,604
NET ASSETS		
Without donor restrictions	5,959,561	6,063,686
With donor restrictions	151,420	158,961
	6,110,981	6,222,647
Total liabilities and net assets	\$ 6,921,594	\$ 7,014,251

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Year Ended October 31, 2019			Ten Months Ended October 31, 2018		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Conference	\$ 4,630		\$ 4,630	\$ 7,279		\$ 7,279
Contributions:						
Corporations	440,316		440,316	281,104		281,104
General	363,453		363,453	158,408		158,408
Foundation grants	159,507	\$ 8,741	168,248	71,305	\$ 32,962	104,267
Investment income	78,118		78,118	13,437		13,437
Memberships	254,631		254,631	238,229		238,229
Fundraisers and sponsorships	65,957	97,094	163,051	128,528	3,164	131,692
Rental income	12,411		12,411	11,536		11,536
Sale of merchandise	3,596,793		3,596,793	3,441,294		3,441,294
Shipping and handling	398,386		398,386	327,499		327,499
Miscellaneous income	11,076		11,076	22,212		22,212
Net assets released from restrictions	113,376	(113,376)	-	230,734	(230,734)	-
Total support and revenue	5,498,654	(7,541)	5,491,113	4,931,565	(194,608)	4,736,957
EXPENSE						
Program services	3,763,868		3,763,868	3,209,337		3,209,337
General and administrative	1,408,963		1,408,963	1,126,905		1,126,905
Facilities	247,397		247,397	191,914		191,914
Fundraising	182,551		182,551	61,645		61,645
Total expenses	5,602,779	-	5,602,779	4,589,801	-	4,589,801
Change in net assets	(104,125)	(7,541)	(111,666)	341,764	(194,608)	147,156
CHANGE IN NET ASSETS RELATED TO COLLECTION						
Items not capitalized:						
Collection items purchased	-	-	-	13	-	13
Change in net assets	(104,125)	(7,541)	(111,666)	341,751	(194,608)	147,143
NET ASSETS, beginning of year	6,063,686	158,961	6,222,647	5,721,935	353,569	6,075,504
NET ASSETS, end of year	\$ 5,959,561	\$ 151,420	\$ 6,110,981	\$ 6,063,686	\$ 158,961	\$ 6,222,647

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Program Services					Supporting Services				
		Genetic Preservation		Merchandise and Catalog	Total Program Services	General and Administrative		Fundraising and Special Events	Total Supporting Services	Total Expenses
Year Ended October 31, 2019	Membership	Projects	Conferences	and Catalog	Services	Administrative	Facilities	Events	Services	Expenses
Compensation and related expenses:										
Salaries and wages	\$ 39,425	\$ 452,600	\$ 5,267	\$ 738,810	\$ 1,236,102	\$ 307,126	\$ 88,697	\$ 112,153	\$ 507,976	\$ 1,744,078
Payroll taxes	2,987	32,007	396	53,586	88,976	20,540	6,306	8,187	35,033	124,009
Retirement		6,148		11,555	17,703	3,129	3,081	623	6,833	24,536
Employee benefits		42,250		78,950	121,200	15,390	16,500	5,200	37,090	158,290
Subtotal	42,412	533,005	5,663	882,901	1,463,981	346,185	114,584	126,163	586,932	2,050,913
Bank charges and marketing fees				117,152	117,152	1,451		8,132	9,583	126,735
Interest					-	8,871			8,871	8,871
Contract labor		50,327	1,625	38,424	90,376	190,808	23,469	347	214,624	305,000
Depreciation					-	336,538			336,538	336,538
Facilities:										
Property taxes					-		14,043		14,043	14,043
Rent		910	1,530	564	3,004			3,036	3,036	6,040
Repairs and maintenance		21,940		11,822	33,762	3,370	12,001		15,371	49,133
Telephone, taxes and licenses				3,408	3,408		1,117		1,117	4,525
Utilities					-		66,222		66,222	66,222
Insurance				944	944	77,200			77,200	78,144
Postage	12,926	3,860		110,445	127,231	3,880		12,341	16,221	143,452
Professional fees:										
Executive Director search					-	30,163			30,163	30,163
Accounting fees					-	17,320			17,320	17,320
Curator		7,455			7,455				-	7,455
Consultants and conferences		2,685	800		3,485	8,668		750	9,418	12,903
Legal fees					-	54,821			54,821	54,821
Program:										
Advertising and promotion			164	452,107	452,271	1,038		2,474	3,512	455,783
Discounts				78,397	78,397			29	29	78,426
Cost of goods sold		985		650,829	651,814				-	651,814
Complimentary gifts		561		1,415	1,976	766		1,298	2,064	4,040
Printing	25,649	11,290	313	142,523	179,775			17,990	17,990	197,765
Germination testing		1,056		23,367	24,423				-	24,423
Shipping, handling and damages	648	2,709		399,246	402,603	2,497	239	3,243	5,979	408,582
Veterinary and feed expense		4,727			4,727				-	4,727
Staff development		1,161		35	1,196	10,727			10,727	11,923
Subscriptions and dues		110			110	3,568		50	3,618	3,728
Supplies	719	28,144	4,144	70,021	103,028	279,168	13,366	2,551	295,085	398,113
Office expense		1,632		3,075	4,707	2,459	272		2,731	7,438
Travel, lodging and trade shows		23,140	5,400	14,025	42,565	15,160	88	2,899	18,147	60,712
Meals and entertainment		2,820	7,473	1,300	11,593	1,168		1,248	2,416	14,009
Less overhead applied to FG		(2,866)		(53,086)	(55,952)				-	(55,952)
Fuel and miscellaneous		3,909		5,928	9,837	13,137	1,996		15,133	24,970
Total expenses	\$ 82,354	\$ 699,560	\$ 27,112	\$ 2,954,842	\$ 3,763,868	\$ 1,408,963	\$ 247,397	\$ 182,551	\$ 1,838,911	\$ 5,602,779
See Notes to Financial Statements.										

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Program Services					Supporting Services				
	Membership	Genetic Preservation Projects	Conferences	Merchandise and Catalog	Total Program Services	General and Administrative	Facilities	Fundraising and Special Events	Total Supporting Services	Total Expenses
		Projects		and Catalog	Program Services			Events	Services	
Compensation and related expenses:										
Salaries and wages	\$ 27,018	\$ 416,169	\$ 2,619	\$ 637,001	\$ 1,082,807	\$ 329,146	\$ 71,276	\$ 35,207	\$ 435,629	\$ 1,518,436
Payroll taxes	2,054	29,699	197	46,310	78,260	34,495	5,065	2,628	42,188	120,448
Retirement		7,478		13,081	20,559	3,471	3,218	389	7,078	27,637
Employee benefits		48,250		68,550	116,800	26,510	11,250	800	38,560	155,360
Subtotal	29,072	501,596	2,816	764,942	1,298,426	393,622	90,809	39,024	523,455	1,821,881
Bank charges and marketing fees				111,590	111,590	1,040		371	1,411	113,001
Interest					-	7,093			7,093	7,093
Contract labor		39,461	400	69,429	109,290	71,510	17,946		89,456	198,746
Depreciation					-	278,885			278,885	278,885
Facilities:										
Property taxes					-		10,910		10,910	10,910
Rent		1,234		780	2,014		1,697		1,697	3,711
Repairs and maintenance		8,003		8,727	16,730	966	4,420		5,386	22,116
Telephone, taxes and licenses				1,614	1,614	100	600		700	2,314
Utilities					-		53,837		53,837	53,837
Insurance				1,412	1,412	65,707			65,707	67,119
Postage	12,192	2,810		34,967	49,969	744		6,766	7,510	57,479
Professional fees:										
Executive Director search					-				-	-
Accounting fees					-	15,900			15,900	15,900
Curator		6,213			6,213				-	6,213
Consultants and conferences		1,475	1,000		2,475	9,497		95	9,592	12,067
Legal fees					-	25,251			25,251	25,251
Program:										
Advertising and promotion				283,072	283,072	3,782			3,782	286,854
Discounts				52,685	52,685			22	22	52,707
Cost of goods sold		742		657,896	658,638				-	658,638
Complimentary gifts		382		940	1,322	706		516	1,222	2,544
Printing	20,212	7,899		31,506	59,617			10,384	10,384	70,001
Germination testing				23,691	23,691				-	23,691
Shipping, handling and damages		1,626		364,211	365,837	871	267	354	1,492	367,329
Veterinary and feed expense		7,206			7,206				-	7,206
Staff development		2,724			2,724	4,281	120		4,401	7,125
Subscriptions and dues	290				290	2,342		600	2,942	3,232
Supplies	68	31,432	162	79,616	111,278	212,234	8,806	408	221,448	332,726
Office expense		1,809		2,488	4,297	2,284	565		2,849	7,146
Travel, lodging and trade shows		9,591	1,544	9,472	20,607	22,926		3,005	25,931	46,538
Meals and entertainment		1,886	7,824	920	10,630	5,012	47	100	5,159	15,789
Less overhead applied to FG				(3,905)	(3,905)				-	(3,905)
Fuel and miscellaneous		5,674		5,941	11,615	2,152	1,890		4,042	15,657
Total expenses	\$ 61,834	\$ 631,763	\$ 13,746	\$ 2,501,994	\$ 3,209,337	\$ 1,126,905	\$ 191,914	\$ 61,645	\$ 1,380,464	\$ 4,589,801
See Notes to Financial Statements.										

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF CASH FLOWS
Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Year Ended October 31, 2019	Ten Months Ended October 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (111,666)	\$ 147,143
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	336,538	278,885
Donated investments	(2,948)	-
Collection items purchased	-	13
Unrealized (gain) loss on investments	(33,955)	14,807
Changes in assets and liabilities:		
Decrease in accounts receivable	60,606	112,085
Decrease (increase) in prepaid expenses	12,770	(18,033)
Decrease in publishing costs	25,000	25,000
Decrease in deferred compensation	(20,000)	(20,000)
Decrease in inventory	49,757	198,336
Increase in deferred patronage dividend receivable	(69)	(38)
(Decrease) increase in deferred revenue	(7,751)	438
Increase (decrease) in accounts payable and accrued expenses	61,101	(197,424)
Loss on the sale of equipment	3,688	-
Net cash provided by operating activities	<u>373,071</u>	<u>541,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(27,741)	(12,962)
Proceeds from investments	11,747	-
Purchase of collection items	-	(13)
Purchase of property and equipment	(111,939)	(168,031)
Net cash used in investing activities	<u>(127,933)</u>	<u>(181,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(14,341)	(11,796)
Net increase in cash	230,797	348,410
CASH, beginning of year	<u>1,702,523</u>	<u>1,354,113</u>
CASH, end of year	<u>\$ 1,933,320</u>	<u>\$ 1,702,523</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 8,871</u>	<u>\$ 7,093</u>
Noncash investing and financing activities:		
Donated investments	<u>\$ 2,948</u>	<u>\$ -</u>

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

1. Organization

Seed Savers Exchange, Inc. (SSE) was founded in 1975 in the state of Missouri. The organization currently operates in Iowa as a nonprofit organization primarily to preserve "heirloom" garden seeds from extinction. Over 9,000 SSE's members grow and distribute heirloom varieties of vegetables, fruits, and grains. SSE's main focus is on varieties gardeners and farmers brought to North America when their families immigrated, and traditional varieties grown by Native Americans, Mennonites, and Amish. SSE members receive four publications each year, as well as an annual yearbook through which 400 SSE's members offer over 25,000 rare varieties of vegetables and fruits. SSE's publications have created a national awareness of heirloom varieties and efforts to conserve them. SSE and Heritage Farm have provided the models and resources for genetic preservation projects and alternative seed companies throughout the United States and 30 other countries.

Heritage Farm, SSE's scenic 890-acre headquarters near Decorah, Iowa, is a living museum of historic varieties open to the public. This unique educational center is designed to maintain and display endangered food crops and collection items. Each summer over 15,000 gardeners and orchardists tour Heritage Farm's organic preservation Gardens and Historic Orchard.

More than 20,000 rare vegetable varieties are being maintained at Heritage Farm. Each summer, selected seeds are grown out, as necessary, to replenish seed supplies and keep germination at optimum levels.

Twin Valleys, a 716-acre property adjoining Heritage Farm, is home to the Lillian Goldman Visitors Center with a large gift shop, educational exhibits, and an Amish-built oak post-and-beam frame. The property also includes two narrow valleys where SSE has developed a network of 20 certified organic isolation gardens covering more than 20 acres. They are at least one-quarter mile apart, to prevent cross-pollination and contamination from genetically modified crops. Ecological restoration projects recently completed include prairie and savannah plantings, and cold-water stream restoration.

In 1900, there were 20,000 named varieties of apples in the United States, but less than 4,000 of them remain and are steadily dying out. In an attempt to halt this constant genetic erosion, SSE had developed the most diverse public orchard in the U.S., where 1,000 19th century apples and 200 hardy grapes are maintained and displayed.

SSE maintains two breeding herds of approximately 70 Ancient White Park Cattle. These extremely rare and threatened cattle roamed the British Isles over 2,000 years ago.

2. Summary of Significant Accounting Policies

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

a. Basis of Accounting

The financial statements of Seed Savers Exchange, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

b. Fiscal Year Change

Effective fiscal year beginning November 1, 2018, the Organization changed from a fiscal year end of December 31 to October 31. A ten-month fiscal transition period from January 1, 2018 to October 31, 2018, precedes the start of the new fiscal year cycle.

2. Summary of Significant Accounting Policies (Continued)

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows (continued):

c. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

d. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

e. Cash and Cash Equivalents

For financial statement purposes, Seed Savers Exchange, Inc. considers all highly liquid investments with an initial maturity of three months or less, when purchased, to be cash and cash equivalents.

f. Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are stated at the amounts expected to be collected, based on prior years' experience. Receivables are recorded at amounts billed and are due 30-90 days from the date of sale, depending upon the sales agreement, after which time they are considered delinquent. Management periodically reviews receivables, and any amounts that become uncollectible are charged to operations when that determination is made. Accounts are considered uncollectible based on how recently payments have been received, on individual credit evaluation, and on specific circumstances of the customer/donor. An allowance for doubtful accounts was provided for the periods ended October 31, 2019 and 2018 in the amount of \$12,177 and \$7,171, respectively.

g. Inventory

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-11, inventory, which is detailed in Note 5, is stated at the lower of cost (first-in, first-out method) or net realizable value. Inventory consists primarily of heirloom seeds, self-published books, and other resale items.

h. Property and Equipment

Property and equipment are recorded at actual cost or the fair market value at the date of gift. Depreciation has not been provided for historical exhibits or artifacts. Expenditures for maintenance repairs and minor replacements are charged to the current period, while major replacements and betterments costing over \$1,000 per item are capitalized. Depreciation is computed using both the straight-line and accelerated cost recovery systems over the estimated useful life of the asset. Asset lives range from 3 to 39 years.

2. Summary of Significant Accounting Policies (Continued)

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows (continued):

h. Property and Equipment (Continued)

The organization reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an 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 asset exceeds fair value less costs to sell.

i. Income Tax Status

Seed Savers Exchange, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SSE's tax-exempt purpose is subject to taxation as unrelated business income. SSE was not liable for unrelated business income tax for the tax years ended October 31, 2019 and 2018. In addition, SSE qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization other than a private foundation within the meaning of Section 509(a) of the Code. SSE's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

j. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period the contribution is received, the organization reports the support as unrestricted.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Noncash donations totaled \$2,948 and \$None for the periods ended October 31, 2019 and 2018, respectively.

k. Deferred Revenue

Income from membership fees is deferred and recognized over the periods to which the memberships relate.

l. Net Assets

SSE reports its information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 SSE's 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 SSE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. Summary of Significant Accounting Policies (Continued)

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows (continued):

l. Net Assets (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

m. Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

n. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Payroll expenses are allocated based on time and effort. Office supplies are allocated based on usage.

o. Shipping and Handling

Shipping and handling costs billed to customers are classified as revenue in the statements of activities. Shipping and handling costs incurred by the organization are included in expenses.

p. Advertising

SSE uses advertising to promote its programs and products for the audiences it serves. The production costs of advertising are expensed as incurred. During the periods ended October 31, 2019 and 2018, advertising costs totaled \$455,783 and \$286,854, respectively.

q. Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. SSE has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The application had no impact on previously reported net assets without donor restrictions.

3. Cash and Cash Equivalents

SSE maintains cash accounts at several commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. As of October 31, 2019 and 2018, cash in the amount of \$1,049,872 and \$934,476 was not insured by the FDIC, respectively.

NOTES TO FINANCIAL STATEMENTS

4. **Investments**

Investments as of October 31, 2019 and 2018 are carried at fair value and consisted of the following:

	2019		2018	
	Cost	Fair Value (Level 1)	Cost	Fair Value (Level 1)
Investments whose use is limited:				
Mutual funds:				
Bond funds	\$ 165,482	\$ 168,588	\$ 147,208	\$ 140,157
Equity funds	213,052	282,825	213,428	259,403
	\$ 378,534	\$ 451,413	\$ 360,636	\$ 399,560

Fair value of assets measured on a recurring basis at October 31, 2019 and 2018 consist of mutual funds shown above. Fair value for short-term investments is determined by level 1 inputs by reference to quoted market prices in active markets for identical assets and other relevant information generated by market transactions.

The following tabulation summarizes the relationship between cost and fair value of investment assets:

	Cost	Fair Value	Excess of Fair Value Over Cost
Balance, beginning of period	\$ 360,636	\$ 399,560	\$ 38,924
Increase in unrealized gain on investments			33,955
Balance, end of period	\$ 378,534	\$ 451,413	\$ 72,879

Long-term investments at October 31, 2019 and 2018 are carried at cost and are composed of the following:

	2019	2018
Certificates of deposit	\$ 69,360	\$ 68,318
Deferred patronage dividend:		
Farmers Winneshiek Coop	1,663	1,593
	\$ 71,023	\$ 69,911

NOTES TO FINANCIAL STATEMENTS

5. Inventory

Inventory consisted of the following for periods ended October 31, 2019 and 2018:

	2019	2018
Books:		
SSE	\$ 33,011	\$ 34,101
Chelsea Green (distributor)	7,485	12,600
	40,496	46,701
Merchandise	109,905	123,133
Seed	829,359	852,385
Seed spoilage valuation	(58,192)	(58,192)
Supplies	35,077	34,143
Seed packets, empty	48,811	57,043
	964,960	1,008,512
	\$ 1,005,456	\$ 1,055,213

6. Collections

In conformity with the practice followed by many museums, artifacts purchased and donated are not included in the statements of financial position. SSE does not capitalize its collections; the values of the objects acquired by gift are not recognized in the statements of activities. During the periods ended October 31, 2019 and 2018, purchases of artifacts totaled \$None and \$13 respectively.

SSE's collection database is publicly accessible by researchers, genetic preservation projects, alternative seed companies, and others who are interested in saving heirloom garden seeds from extinction. SSE employs curators to ensure the collections are protected, multiplied for seed, and preserved. In the normal course, collection items are not sold but rather maintained in perpetuity. However, should SSE's Board deem it appropriate to dispose of any item, any proceeds from the disposal are used to purchase new items for the collection or for maintenance of existing items.

7. Fixed Assets

Fixed assets consisted of the following at October 31, 2019 and 2018:

	2019	2018
Land	\$ 875,450	\$ 875,450
Buildings and improvements	3,548,706	3,410,709
Machinery	247,173	238,453
Equipment	2,594,519	2,561,790
Construction in progress	2,494	75,251
	7,268,342	7,161,653
Less accumulated depreciation	(4,220,184)	(3,885,209)
Net	\$ 3,048,158	\$ 3,276,444

NOTES TO FINANCIAL STATEMENTS

7. Fixed Assets (Continued)

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. The balance of construction in progress was made up of the following as of October 31, 2019 and 2018:

	2019	2018
Cold Frame	\$ 2,494	\$ None
High Tunnel Project	None	30,658
Orchard House (Corn Crib)	None	6,806
Barn Project	None	37,787
	\$ 2,494	\$ 75,251

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into service.

Depreciation expense for the periods ended October 31, 2019 and 2018 was \$336,538 and \$278,885, respectively.

8. Book Publishing Costs

The organization has incurred costs to publish new books that will not be sold within the next twelve months. These costs will be expensed as the sales of books occur. The organization estimates the number of books that may be sold and expensed on a per book basis.

9. Lease Obligations

SSE enters into various operating lease arrangements for office equipment. SSE has lease arrangements as follows:

- August 2018 through November 2023 at \$298 per month,
- November 2016 through November 2021 at \$1,750 per month,
- July 2016 through October 2021 at \$162 per month and,
- February 2016 through May 2021 at \$153 per month.

SSE also engages in short-term leases as needed. Lease expense for the periods ended October 31, 2019 and 2018 was \$28,359 and \$23,081, respectively.

Future minimum lease payments during the years following October 31, 2019 are as follows:

Year ending October 31,	Amount
2020	\$ 28,359
2021	27,594
2022	3,574
2023	3,574
	\$ 63,101

NOTES TO FINANCIAL STATEMENTS

10. Notes Payable

Long-term debt consists of the following:

4.25% (6.25% starting April 2019) note payable to Decorah Bank & Trust, \$1,889 due monthly including interest through April 2019, then \$2,073 monthly through April 2029, collateralized by a general business security agreement.	\$ 176,804
Less current portion	<u>(14,676)</u>
Long-term portion	<u>\$ 162,128</u>

Future maturities of long-term debt are as follows:

Year ending October 31,	Amount
2020	\$ 14,676
2021	15,502
2022	16,348
2023	17,240
2024	18,164
2025 and thereafter	<u>94,874</u>
	<u>\$ 176,804</u>

11. Deferred Revenue

The change in SSE's deferred revenue account for the periods ended October 31, 2019 and 2018 are comprised the following:

	2019	2018
Balance, beginning of period	\$ 183,049	\$ 182,610
Deferred portion of life-time memberships	5,134	6,354
Change in deferred portion of annual memberships	<u>(12,885)</u>	<u>(5,915)</u>
Balance, end of period	<u>\$ 175,298</u>	<u>\$ 183,049</u>
Deferred support and revenue:		
Current	\$ 60,483	\$ 73,368
Long-term	<u>114,815</u>	<u>109,681</u>
Book value	<u>\$ 175,298</u>	<u>\$ 183,049</u>

12. Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop SSE's programs, principally in membership development and educational programs. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under accounting standards.

NOTES TO FINANCIAL STATEMENTS

13. **Fundraising Development Expenses**

The organization established a department in 2013 to develop fundraising activities. Costs allocated to fundraising events for the periods ended October 31, 2019 and 2018 were \$182,551 and \$61,645, respectively.

14. **Related Party Transactions**

Included in support, revenues and gains for the periods ended October 31, 2019 and 2018 are gross contributions of \$17,420 and \$17,115, respectively, received from SSE's officers and directors. There were no promises to give from these individuals as of October 31, 2019 and 2018.

15. **Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor, board, or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following as of October 31, 2019 and 2018:

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,933,320	\$ 1,702,523
Short-term investments	451,413	399,560
Accounts receivable	51,041	86,647
Total financial assets	2,435,774	2,188,730
Less amounts unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Grants	54,326	130,797
Digital Orchard Campaign	97,094	None
Fundraiser for Barn	None	3,164
	151,420	133,961
Financial assets available to meet general expenditures over the next twelve months	\$ 2,284,354	\$ 2,054,769

As part of SSE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, cash in excess of daily requirements, is invested in savings and money market accounts and certificates of deposit.

NOTES TO FINANCIAL STATEMENTS

16. Net Assets

Details of net assets at October 31, 2019 and 2018 are as follows:

	2019	2018
Net assets without donor restrictions:		
Undesignated	\$ 5,959,561	\$ 6,063,686
Net assets without donor restrictions	5,959,561	6,063,686
Net assets with donor restrictions:		
For purpose restrictions:		
Legacy Donor Project	None	357
Orchard Tree House	1,265	5,194
Digital Orchard Campaign	97,094	None
Amy Goldman Fowler Grant	8,741	None
Online Seed Exchange, Hoop House and Signage for Trails Development Director	None	5,715
Marketing Lab, Development Director Search, Board Development and Recruitment, Development Software and Data Mitigation, and Shipping Room Automation	44,320	54,700
Indigenous Seed Keepers Network	None	15,000
Exchange Coordinator	None	17,962
Barn Repairs	None	3,164
Net assets with donor restrictions	151,420	158,961
Total net assets	\$ 6,110,981	\$ 6,222,647

17. Employee Benefit Plan

SSE adopted the non-qualified retirement plan for Diane Ott Whealy (“plan”) effective December 5, 2012. The plan, intended to comply with IRS Code 457(b), was established solely for the purpose of providing a supplement co-founder retirement plan for Diane Ott Whealy, participant of plan and co-founder of SSE. \$33,000 was accrued for contributions in 2012, 2013, and 2014 for a total of \$99,000. No additional contributions by SSE are required under the plan. Participant shall receive five equal annual installments beginning on the first day of the second month following the month in which the participant incurred a separation of service.

As of October 31, 2019, SSE has made four payments of \$20,000 to the participant.

As of October 31, 2018, SSE had made three payments of \$20,000 to the participant.

18. **Retirement Plan**

Employees who are at least eighteen years of age, have worked for SSE for at least twelve months, and have worked more than 1,000 hours during the eligibility period can participate. The plan has a matching retirement contribution component.

The plan provides for a six-year graded vesting schedule for employer matching contributions as follows:

0-1 year	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years	100%

SSE follows the policy of funding the retirement plan as accrued. The amount of pension cost recognized during the periods ended October 31, 2019 and 2018 was \$24,536 and \$27,637, respectively.

19. **Commitments and Contingencies**

The organization receives grants for specific purposes that are subject to review and audit by oversight agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

As of October 31, 2019 and 2018, SSE had no seed purchased commitments to purchase seeds.

20. **Concentrations**

A substantial amount of SSE's contract growing is done outside of the United States. As a result, there is the potential for a severe impact due to negative effects of the economic and political forces within the market or geographic area. SSE also has geographic exposure to catastrophic losses caused by various events, including windstorms, hail, severe weather, and the incidence and severity of catastrophes, which are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of uninsured exposure in the area affected by the event and the severity of the event. A substantial amount of SSE's revenue comes from the sale of merchandise consisting primarily of heirloom seeds. As a result, competition from other seed companies and changes in customer preferences could have a negative impact on activities.

21. **Risk Management**

SSE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are minimized by the purchase of commercial insurance from third parties. SSE assumes liability for any deductibles and claims in excess of coverage limits. Settled claims for these risks have not exceeded commercial insurance coverage for the past two years. The collections were insured for losses up to \$2,997,669 and \$2,997,249 as of October 31, 2019 and 2018, respectively.

22. **Subsequent Events**

Management has evaluated subsequent events through February 26, 2020, the date these financial statements were available to be issued.

Supplementary Information

SEED SAVERS EXCHANGE, INC.
 STATEMENTS OF ACTIVITIES INFORMATION
 Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Year Ended October 31, 2019	Ten Months Ended October 31, 2018
CATALOG SALES		
Books	\$ 39,036	\$ 30,876
Eating beans	4,502	3,708
Products	87,555	64,366
Scions	2,200	56,126
Seeds	2,757,156	2,588,829
Transplants	203,706	193,853
Garlic	136,529	148,318
Potatoes	90,467	119,101
Seed rack	5,070	5,235
	<u>3,326,221</u>	<u>3,210,412</u>
LILLIAN GOLDMAN VISITORS CENTER SALES		
Books	19,040	16,771
Eating beans	2,555	2,221
Products	98,240	79,066
Seeds	78,025	64,495
Transplants	50,259	52,099
Garlic	2,211	-
Potatoes	2,751	3,165
	<u>253,081</u>	<u>217,817</u>
Livestock, hay and grain sales	<u>17,491</u>	<u>13,065</u>
Total sale of merchandise	<u><u>\$ 3,596,793</u></u>	<u><u>\$ 3,441,294</u></u>

See Independent Auditor's Report.

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION

PROGRAM SERVICE EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Membership	Genetic Preservation Projects							
	Seed Savers				Tissue	Education and	General and		Community
Year Ended October 31, 2019	Exchange, Inc.	Garden	Orchard	Livestock	Culture	Outreach	Evaluation	Seed Lab	Seed Resource
Compensation and related expenses:									
Salaries and wages	\$ 39,425	\$ 163,171	\$ 160	\$ 17,666	\$ 26,780	\$ 35,547	\$ 167,207	\$ 42,069	
Payroll taxes	2,987	11,748	12	1,330	2,017	2,705	12,333	1,862	
Retirement		2,314			566	84	3,184		
Employee benefits					4,800	4,800	29,400	3,250	
Subtotal	42,412	177,233	172	18,996	34,163	43,136	212,124	47,181	\$ -
Bank charges and marketing fees									
Contract labor		7,542	33,925	8,057		290	513		
Facilities:									
Rent			282	64	564				
Repairs and maintenance		3,389		7,904	150		10,497		
Telephone, taxes and licenses									
Insurance									
Postage	12,926						3,860		
Professional fees:									
Curator					7,455				
Consultants and conferences						2,155	530		
Program:									
Advertising and promotion									
Discounts									
Cost of goods sold							985		
Complimentary gifts							514	47	
Printing	25,649						878	10,340	72
Germination testing								1,056	
Shipping, handling and damages	648	98	53		7	206	440	886	1,019
Veterinary and feed expense				4,727					
Staff development		35				700	76	350	
Subscriptions and dues						110			
Supplies	719	12,149	2,703	843	1,383	7,854	2,068	1,144	
Office expense						1,088	544		
Travel, lodging and trade shows						21,802	736	602	
Meals and entertainment				12		2,637	118	53	
Less overhead applied to FG		(2,866)							
Fuel and miscellaneous		346		1,062			2,501		
Total expenses	\$ 82,354	\$ 197,926	\$ 37,135	\$ 41,665	\$ 43,722	\$ 81,370	\$ 245,379	\$ 51,272	\$ 1,019
See Independent Auditor's Report.									

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

PROGRAM SERVICE EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Conferences	Merchandise and Catalog							
	Annual	Catalog		Seed Rack				Garden-Seed	Garden-
Year Ended October 31, 2019	Convention	and Marketing	Seeds	Seeds	Seed Rack	SSE Books	Products	House	Garlic
Compensation and related expenses:									
Salaries and wages	\$ 5,267	\$ 150,080	\$ 221,268	\$ 49,478				\$ 66,541	\$ 19,987
Payroll taxes	396	10,858	15,900	3,544				5,037	1,483
Retirement		2,247	4,438	1,226				831	94
Employee benefits		16,450	33,750	8,350					
Subtotal	5,663	179,635	275,356	62,598	\$ -	\$ -	\$ -	72,409	21,564
Bank charges and marketing fees			114,752						
Contract labor	1,625	34,940	2,284						158
Facilities:									
Rent	1,530		564						
Repairs and maintenance			11,033						
Telephone, taxes and licenses			2,910						
Insurance									
Postage		106,936		3,509					
Professional fees:									
Curator									
Consultants and conferences	800								
Program:									
Advertising and promotion	164	404,388	47,394						
Discounts			77,462						
Cost of goods sold			274,658	57,930	8,840	55,428	47,824	895	47,919
Complimentary gifts		136	445	269					
Printing	313	142,167							
Germination testing			23,242						125
Shipping, handling and damages		403	389,977	1,868		758	84		348
Veterinary and feed expense									
Staff development			35						
Subscriptions and dues									
Supplies	4,144	6,029	17,536		1,348			2,447	1,457
Office expense		980	2,095						
Travel, lodging and trade shows	5,400	463	2,152	11,328					
Meals and entertainment	7,473	57	165	960					
Less overhead applied to FG								(48,971)	(3,245)
Fuel and miscellaneous			4,956					205	
Total expenses	\$ 27,112	\$ 876,134	\$ 1,247,016	\$ 138,462	\$ 10,188	\$ 56,186	\$ 47,908	\$ 26,985	\$ 68,326
See Independent Auditor's Report.									

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

PROGRAM SERVICE EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

Merchandise and Catalog (Continued)								
	Garden-Potatoes	Eating Beans	Data Entry	Visitor Center	Mail Room	Scions	Transplants	Total Program Services
Year Ended October 31, 2019								
Compensation and related expenses:								
Salaries and wages	\$ 7,626		\$ 64,539	\$ 62,622	\$ 85,781	\$ 699	\$ 10,189	\$ 1,236,102
Payroll taxes	580		4,638	4,446	6,274	53	773	88,976
Retirement			1,138	933	648			17,703
Employee benefits			7,600	6,200	6,600			121,200
Subtotal	8,206	\$ -	77,915	74,201	99,303	752	10,962	1,463,981
Bank charges and marketing fees				2,400				117,152
Contract labor							1,042	90,376
Facilities:								
Rent								3,004
Repairs and maintenance				789				33,762
Telephone, taxes and licenses				468		30		3,408
Insurance				944				944
Postage								127,231
Professional fees:								
Curator								7,455
Consultants and conferences								3,485
Program:								
Advertising and promotion				325				452,271
Discounts				935				78,397
Cost of goods sold	18,290	1,828		96,978		655	39,584	651,814
Complimentary gifts				565				1,976
Printing				312	44			179,775
Germination testing								24,423
Shipping, handling and damages	11			72	5,725			402,603
Veterinary and feed expense								4,727
Staff development								1,196
Subscriptions and dues								110
Supplies	3,234			3,973	17,020	2,288	14,689	103,028
Office expense								4,707
Travel, lodging and trade shows				82				42,565
Meals and entertainment				118				11,593
Less overhead applied to FG						(870)		(55,952)
Fuel and miscellaneous					767			9,837
Total expenses	\$ 29,741	\$ 1,828	\$ 77,915	\$ 182,162	\$ 122,859	\$ 2,855	\$ 66,277	\$ 3,763,868
See Independent Auditor's Report.								

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION

PROGRAM SERVICE EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Membership	Genetic Preservation Projects							
	Seed Savers				Tissue Culture	Education and Outreach	General and Evaluation	Seed Lab	Community Seed Resource
Ten Months Ended October 31, 2018	Exchange, Inc.	Garden	Orchard	Livestock	Club	Outreach	Evaluation	Seed Lab	Resource
Compensation and related expenses:									
Salaries and wages	\$ 27,018	\$ 167,617	\$ 4,140	\$ 12,979	\$ 25,787	\$ 44,620	\$ 116,174	\$ 44,852	
Payroll taxes	2,054	12,226	248	977	1,846	3,273	8,454	2,675	
Retirement		3,234		35	774		3,329	106	
Employee benefits		14,000	(400)		4,000	4,000	20,300	6,350	
Subtotal	29,072	197,077	3,988	13,991	32,407	51,893	148,257	53,983	\$ -
Bank charges and marketing fees									
Contract labor			27,634	10,834		559	434		
Facilities:									
Rent			390	64	780				
Repairs and maintenance		2,230		1,884			3,889		
Telephone, taxes and licenses									
Insurance									
Postage	12,192						2,810		
Professional fees:									
Curator					6,213				
Consultants and conferences						800	675		
Program:									
Advertising and promotion									
Discounts									
Cost of goods sold							742		
Complimentary gifts							382		
Printing	20,212						721	7,178	
Germination testing									
Shipping, handling and damages		117	404		29	363	124	589	
Veterinary and feed expense				7,206					
Staff development		1,055					1,669		
Subscriptions and dues	290								
Supplies	68	14,031	1,206	647	1,273	7,779	5,039	712	745
Office expense						1,206	603		
Travel, lodging and trade shows		546				4,595	4,450		
Meals and entertainment		221				1,429	236		
Less overhead applied to FG									
Fuel and miscellaneous		476		2,190			3,008		
Total expenses	\$ 61,834	\$ 215,753	\$ 33,622	\$ 36,816	\$ 40,702	\$ 69,727	\$ 179,114	\$ 55,284	\$ 745
See Independent Auditor's Report.									

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

PROGRAM SERVICE EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Conferences	Merchandise and Catalog							
	Annual	Catalog		Seed Rack				Garden-Seed	Garden-
Ten Months Ended October 31, 2018	Convention	and Marketing	Seeds	Seeds	Seed Rack	SSE Books	Products	House	Garlic
Compensation and related expenses:									
Salaries and wages	\$ 2,619	\$ 123,386	\$ 186,383	\$ 40,438				\$ 56,374	\$ 15,542
Payroll taxes	197	8,913	13,409	2,895				4,255	1,178
Retirement		2,038	5,456	1,616				510	
Employee benefits		21,000	23,300	8,000					
Subtotal	2,816	155,337	228,548	52,949	\$ -	\$ -	\$ -	61,139	16,720
Bank charges and marketing fees			109,740						
Contract labor	400	67,156	993						
Facilities:									
Rent			780						
Repairs and maintenance			7,164						
Telephone, taxes and licenses			1,614						
Insurance									
Postage		33,530	1,166	271					
Professional fees:									
Curator									
Consultants and conferences	1,000								
Program:									
Advertising and promotion		253,697	29,375						
Discounts			47,446						
Cost of goods sold			302,918	46,679	4,295	47,774	33,335	489	61,771
Complimentary gifts		759	70	29					
Printing		31,047							
Germination testing			23,691						
Shipping, handling and damages		1,233	361,504	304		507		113	
Veterinary and feed expense									
Staff development									
Subscriptions and dues									
Supplies	162	3,182	36,376	4	2,986			2,704	711
Office expense		652	1,836						
Travel, lodging and trade shows	1,544		542	7,837				1,093	
Meals and entertainment	7,824	36		702				182	
Less overhead applied to FG									(3,860)
Fuel and miscellaneous			4,850					550	
Total expenses	\$ 13,746	\$ 546,629	\$ 1,158,613	\$ 108,775	\$ 7,281	\$ 48,281	\$ 33,335	\$ 66,270	\$ 75,342
See Independent Auditor's Report.									

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

PROGRAM SERVICE EXPENSES

Year Ended October 31, 2019 and Ten Months Ended October 31, 2018

	Merchandise and Catalog (Continued)							
	Garden- Potatoes	Eating Beans	Data Entry	Visitor Center	Mail Room	Scions	Transplants	Total Program Services
Ten Months Ended October 31, 2018								
Compensation and related expenses:								
Salaries and wages	\$ 10,147	\$ 167	\$ 62,201	\$ 44,831	\$ 82,219	\$ 3,050	\$ 12,263	\$ 1,082,807
Payroll taxes	772	12	4,439	3,211	6,070	231	925	78,260
Retirement			1,453	1,714	294			20,559
Employee benefits			8,350		7,900			116,800
Subtotal	10,919	179	76,443	49,756	96,483	3,281	13,188	1,298,426
Bank charges and marketing fees				1,850				111,590
Contract labor						1,280		109,290
Facilities:								
Rent								2,014
Repairs and maintenance				1,563				16,730
Telephone, taxes and licenses								1,614
Insurance				1,412				1,412
Postage								49,969
Professional fees:								
Curator								6,213
Consultants and conferences								2,475
Program:								
Advertising and promotion								283,072
Discounts				5,239				52,685
Cost of goods sold	22,219	1,417		87,559		14,040	35,400	658,638
Complimentary gifts				82				1,322
Printing				228			231	59,617
Germination testing								23,691
Shipping, handling and damages				36	385		129	365,837
Veterinary and feed expense								7,206
Staff development								2,724
Subscriptions and dues								290
Supplies	2,151		4	4,847	6,112	1,972	18,567	111,278
Office expense								4,297
Travel, lodging and trade shows								20,607
Meals and entertainment								10,630
Less overhead applied to FG						(45)		(3,905)
Fuel and miscellaneous					541			11,615
Total expenses	\$ 35,289	\$ 1,596	\$ 76,447	\$ 152,572	\$ 103,521	\$ 20,528	\$ 67,515	\$ 3,209,337
See Independent Auditor's Report.								