

**SEED SAVERS EXCHANGE, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2017**

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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 December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended 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 18 through 24 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.

*Hacker, Nelson & Co., P.C.*

Decorah, Iowa  
May 11, 2018

SEED SAVERS EXCHANGE, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016

ASSETS	2017	2016
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,354,113	\$ 1,005,503
Investments	401,674	349,864
Accounts receivable (net of allowance for doubtful accounts of \$6,894 and \$6,235 respectively)	198,732	276,072
Prepaid expenses	118,561	100,565
Inventory	1,253,549	1,261,236
Total current assets	3,326,629	2,993,240
<b>NONCURRENT ASSETS</b>		
Investments	69,604	69,066
Accounts receivable	25,000	
Total noncurrent assets	94,604	69,066
<b>FIXED ASSETS AND EXHIBITS</b>		
Land	875,450	875,450
Buildings and improvements	3,345,490	3,322,842
Machinery	215,753	215,753
Furniture and equipment	2,486,464	2,398,743
Construction in progress	70,464	51,793
Total fixed assets	6,993,621	6,864,581
Less accumulated depreciation	(3,606,324)	(3,280,173)
Net fixed assets	3,387,297	3,584,408
<b>OTHER ASSETS</b>		
Book publishing costs	287,359	337,359
Total assets	\$ 7,095,889	\$ 6,984,073
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 173,065	\$ 161,562
Accrued expenses	14,917	16,157
Customer deposits, gift certificates and credit memos	224,075	218,006
Accrued wages	163,776	165,691
Deferred support and revenue	79,284	86,488
Current maturities of long-term debt	14,202	13,608
Total current liabilities	669,319	661,512
<b>NONCURRENT LIABILITIES</b>		
Deferred compensation	59,000	79,000
Deferred support and revenue	103,326	91,812
Long-term debt, net of current maturities	188,740	202,939
Total noncurrent liabilities	351,066	373,751
Total liabilities	1,020,385	1,035,263
<b>NET ASSETS</b>		
Unrestricted	5,721,935	5,632,248
Temporarily restricted	353,569	316,562
Total net assets	6,075,504	5,948,810
Total liabilities and net assets	\$ 7,095,889	\$ 6,984,073

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.  
STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Conference	\$ 18,863		\$ 18,863	\$ 32,688		\$ 32,688
<b>Contributions:</b>						
Bequests	600		600	6,000		6,000
Corporations	492,227		492,227	492,736		492,736
Major donors			-	31,789		31,789
General	311,413		311,413	304,352		304,352
Fishing easement			-	195,052		195,052
Foundation grants	51,441	\$ 353,569	405,010	21,177	\$ 316,562	337,739
Investment income	60,952		60,952	27,481		27,481
Memberships	304,015		304,015	342,785		342,785
Fundraisers and sponsorships	67,246		67,246	40,331		40,331
Rental income	13,994		13,994	13,925		13,925
Sale of merchandise	3,654,322		3,654,322	4,061,900		4,061,900
Shipping and handling	331,153		331,153	329,223		329,223
Miscellaneous income	13,787		13,787	35,400		35,400
Net assets released from restrictions	316,562	(316,562)	-	289,610	(289,610)	-
Total support and revenue	5,636,575	37,007	5,673,582	6,224,449	26,952	6,251,401
<b>EXPENSE</b>						
Program services	3,972,661		3,972,661	4,413,610		4,413,610
General and administrative	1,240,375		1,240,375	1,270,553		1,270,553
Facilities	250,439		250,439	265,268		265,268
Fundraising	82,147		82,147	87,042		87,042
Total expenses	5,545,622	-	5,545,622	6,036,473	-	6,036,473
Change in net assets	90,953	37,007	127,960	187,976	26,952	214,928
<b>CHANGE IN NET ASSETS RELATED TO COLLECTION</b>						
<b>Items not capitalized:</b>						
Collection items purchased	1,266	-	1,266	313	-	313
Change in net assets	89,687	37,007	126,694	187,663	26,952	214,615
NET ASSETS, beginning of year	5,632,248	316,562	5,948,810	5,444,585	289,610	5,734,195
NET ASSETS, end of year	\$ 5,721,935	\$ 353,569	\$ 6,075,504	\$ 5,632,248	\$ 316,562	\$ 5,948,810

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2017 and 2016

	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
<b>2017</b>										
<b>Compensation and related expenses:</b>										
Salaries and wages	\$ 27,050	\$ 577,408	\$ 6,976	\$ 798,669	\$ 1,410,103	\$ 351,372	\$ 103,109	\$ 36,241	\$ 490,722	\$ 1,900,825
Payroll taxes	2,069	42,763	517	56,050	101,399	25,777	7,351	2,767	35,895	137,294
Retirement		10,475		14,477	24,952	6,985	3,808	682	11,475	36,427
Employee benefits		70,800		105,337	176,137	37,461	19,241		56,702	232,839
Subtotal	29,119	701,446	7,493	974,533	1,712,591	421,595	133,509	39,690	594,794	2,307,385
<b>Bank charges and marketing fees</b>				107,157	107,157	2,381			2,381	109,538
Interest					-	9,062			9,062	9,062
Contract labor		8,827	1,150	17,333	27,310	68,227	18,336	2,175	88,738	116,048
Depreciation					-	326,151			326,151	326,151
<b>Facilities:</b>										
Property taxes					-		12,227		12,227	12,227
Rent		2,282		1,357	3,639		71	2,810	2,881	6,520
Repairs and maintenance		11,795		9,286	21,081	1,110	5,056		6,166	27,247
Telephone, taxes and licenses				2,246	2,246	100	724		824	3,070
Utilities					-		59,656		59,656	59,656
Insurance			1,045	944	1,989	77,298			77,298	79,287
Postage	15,239	2,612	656	88,516	107,023	876		10,091	10,967	117,990
<b>Professional fees:</b>										
Executive Director search					-	37,200			37,200	37,200
Accounting fees					-	15,625			15,625	15,625
Curator		7,324			7,324				-	7,324
Consultants and conferences		721	500		1,221	11,074			11,074	12,295
Legal fees					-	8,309			8,309	8,309
<b>Program:</b>										
Advertising and promotion		2,590	719	485,987	489,296	1,584		3,555	5,139	494,435
Discounts				96,687	96,687			51	51	96,738
Cost of goods sold		1,374		743,433	744,807				-	744,807
Complimentary gifts		676		1,622	2,298	1,578		769	2,347	4,645
Printing	22,335	6,483	953	103,806	133,577			17,337	17,337	150,914
Germination testing				27,632	27,632				-	27,632
Shipping, handling and damages		1,480	158	406,956	408,594	2,755	246	362	3,363	411,957
Veterinary and feed expense		4,975			4,975				-	4,975
Staff development		100		350	450	9,707		360	10,067	10,517
Subscriptions and dues	290				290	3,622		350	3,972	4,262
Supplies	362	34,527	2,981	81,675	119,545	227,314	15,816	394	243,524	363,069
Office expense		2,290		3,052	5,342	1,908	387		2,295	7,637
Travel, lodging and trade shows		9,579	6,014	2,680	18,273	8,508	1,270	2,762	12,540	30,813
Meals and entertainment		3,005	13,192	240	16,437	2,065	153	1,441	3,659	20,096
Less overhead applied to FG				(98,574)	(98,574)				-	(98,574)
Fuel and miscellaneous		4,524		6,927	11,451	2,326	2,988		5,314	16,765
<b>Total expenses</b>	<b>\$ 67,345</b>	<b>\$ 806,610</b>	<b>\$ 34,861</b>	<b>\$ 3,063,845</b>	<b>\$ 3,972,661</b>	<b>\$ 1,240,375</b>	<b>\$ 250,439</b>	<b>\$ 82,147</b>	<b>\$ 1,572,961</b>	<b>\$ 5,545,622</b>
See Notes to Financial Statements.										

SEED SAVERS EXCHANGE, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2017 and 2016

	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
2016										
Compensation and related expenses:										
Salaries and wages	\$ 34,149	\$ 606,014	\$ 6,869	\$ 875,324	\$ 1,522,356	\$ 345,308	\$ 121,844	\$ 44,108	\$ 511,260	\$ 2,033,616
Payroll taxes	2,613	45,188	505	62,567	110,873	28,295	8,848	3,368	40,511	151,384
Retirement	541	10,014		14,726	25,281	9,171	3,834	622	13,627	38,908
Employee benefits		71,948		122,736	194,684	37,841	22,000		59,841	254,525
Subtotal	37,303	733,164	7,374	1,075,353	1,853,194	420,615	156,526	48,098	625,239	2,478,433
Bank charges and marketing fees				129,812	129,812	3,389			3,389	133,201
Interest					-	9,665			9,665	9,665
Contract labor		24,578	600	17,703	42,881	56,172	15,422	3,115	74,709	117,590
Depreciation					-	314,711			314,711	314,711
Facilities:										
Property taxes					-		12,764		12,764	12,764
Rent		2,254		948	3,202		20	2,784	2,804	6,006
Repairs and maintenance		14,585		11,794	26,379	1,300	5,360		6,660	33,039
Telephone, taxes and licenses				3,082	3,082	468	1,191		1,659	4,741
Utilities					-		61,097		61,097	61,097
Insurance			1,045	944	1,989	81,438			81,438	83,427
Postage	14,305	39,194	757	95,074	149,330	1,582		6,560	8,142	157,472
Professional fees:										
Accounting fees					-	17,370			17,370	17,370
Curator		3,465			3,465				-	3,465
Consultants and conferences		600	587		1,187	29,064			29,064	30,251
Legal fees					-	26,137			26,137	26,137
Program:										
Advertising and promotion		1,094	1,408	501,398	503,900	2,856		4,283	7,139	511,039
Discounts				74,349	74,349			135	135	74,484
Cost of goods sold				802,918	802,918				-	802,918
Complimentary gifts		347		3,392	3,739	2,592		845	3,437	7,176
Printing	16,497	44,053	1,020	105,120	166,690			11,176	11,176	177,866
Germination testing				20,605	20,605				-	20,605
Shipping, handling and damages		3,636	238	487,810	491,684	2,523	201	1,824	4,548	496,232
Veterinary and feed expense		4,897			4,897				-	4,897
Staff development		370		572	942	8,772		925	9,697	10,639
Subscriptions and dues					-	3,741		250	3,991	3,991
Supplies	281	48,768	5,553	96,912	151,514	225,502	7,240	379	233,121	384,635
Office expense		2,163		2,714	4,877	1,696	341		2,037	6,914
Travel, lodging and trade shows		10,694	9,496	3,705	23,895	35,184	1,572	5,151	41,907	65,802
Meals and entertainment		3,204	17,386	314	20,904	7,621	153	1,517	9,291	30,195
Unrelated business income tax					-	10,927			10,927	10,927
Less overhead applied to FG				(82,888)	(82,888)				-	(82,888)
Fuel and miscellaneous		4,473		6,590	11,063	7,228	3,381		10,609	21,672
Total expenses	\$ 68,386	\$ 941,539	\$ 45,464	\$ 3,358,221	\$ 4,413,610	\$ 1,270,553	\$ 265,268	\$ 87,042	\$ 1,622,863	\$ 6,036,473
See Notes to Financial Statements.										



SEED SAVERS EXCHANGE, INC.  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 126,694	\$ 214,615
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	326,151	314,711
Donated investments	(4,462)	(13,037)
Donated property and equipment		(8,068)
Collection items purchased	1,266	313
Unrealized gain on investments	(30,346)	(11,073)
Changes in assets and liabilities:		
Decrease in accounts receivable	52,341	47,947
(Increase) decrease in prepaid expenses	(17,995)	9,219
Decrease in publishing costs	50,000	60,344
Decrease in deferred compensation	(20,000)	(20,000)
Decrease in inventory	7,687	58,654
Increase in deferred patronage dividend receivable	(46)	(1,510)
Increase in deferred revenue	4,309	12,197
Increase in accounts payable and accrued expenses	14,416	23,928
Net cash provided by operating activities	<u>510,015</u>	<u>688,240</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(19,387)	(10,307)
Proceeds from investments	1,893	52,885
Purchase of collection items	(1,266)	(313)
Purchase of property and equipment	(129,040)	(312,781)
Net cash used in investing activities	<u>(147,800)</u>	<u>(270,516)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on long-term debt	(13,605)	(13,002)
Net cash used in financing activities	<u>(13,605)</u>	<u>(13,002)</u>
Net increase in cash	348,610	404,722
CASH, beginning of year	<u>1,005,503</u>	<u>600,781</u>
CASH, end of year	<u>\$ 1,354,113</u>	<u>\$ 1,005,503</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 8,341</u>	<u>\$ 9,665</u>
Noncash investing and financing activities:		
Donated property and equipment		\$ 8,068
Donated investments	\$ 4,462	13,037
	<u>\$ 4,462</u>	<u>\$ 21,105</u>

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.

NOTES TO FINANCIAL STATEMENTS

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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 19<sup>th</sup> century apples and 200 hardy grapes are maintained and displayed.

SSE maintains two breeding herds of approximately 75 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.

2. Summary of Significant Accounting Policies (Continued)

b. 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.

c. 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.

d. 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.

e. 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 years ended December 31, 2017 and 2016 in the amount of \$6,894 and \$6,235, respectively.

f. Inventory

In accordance with Financial Accounting Standards Board Accounting Standards Update 2015-11, inventories, which are detailed in Note 5, are stated at the lower of cost (first-in, first-out method) or net realizable value. Implementation of ASU 2015-11, effective for SSE's year ending December 31, 2017, had no effect on SSE's financial position, change in net assets or cash flows. Prior to ASU 2015-11, inventories were stated at the lower of cost or market. Inventory consists primarily of heirloom seeds, self-published books, and other resale items.

g. 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 year, 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)

g. 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.

h. 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, see Note 17. 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.

i. 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 \$6,815 and \$21,105 for the years ended December 31, 2017 and 2016, respectively.

j. Deferred Revenue

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

k. Net Assets

Net assets and revenues, expenses, gain and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- Unrestricted net assets that are not subject of donor-imposed stipulations.
- Temporarily restricted net assets subjected to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.
- Permanently restricted net assets subject to donor-imposed stipulations that they be maintained permanently by the organization.

2. Summary of Significant Accounting Policies (Continued)

l. Revenue Recognition

Revenue is reported net of tax amounts collected from customers and remitted to governmental authorities. Those tax amounts may include, but not limited to, sales, use, value added and some excise taxes.

m. 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.

n. 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.

o. 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 years ended December 31, 2017 and 2016, advertising costs totaled \$494,435 and \$511,039, respectively.

p. Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which affects all nonprofit organizations. The ASU significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The new standard is effective for the organization's year ending December 31, 2018. The organization is currently evaluating the effect that implementation of the new standard will have on the presentation of its financial statements and accompanying disclosures.

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 December 31, 2017 and 2016, cash in the amount of \$503,980 and \$638,774 was not insured by the FDIC, respectively.

NOTES TO FINANCIAL STATEMENTS

4. Investments

Investments as of December 31, 2017 and 2016 are carried at fair value and consisted of the following:

	2017		2016	
	Cost	Fair Value (Level 1)	Cost	Fair Value (Level 1)
<b>Investments whose use is limited:</b>				
<b>Mutual funds:</b>				
Bond funds	\$ 112,086	\$ 110,856	\$ 108,993	\$ 105,725
Equity funds	235,857	290,818	217,486	244,139
	\$ 347,943	\$ 401,674	\$ 326,479	\$ 349,864

Fair value of assets measured on a recurring basis at December 31, 2017 and 2016 consist of the 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 year	\$ 326,479	\$ 349,864	\$ 23,385
Increase in unrealized gain on investments			30,346
Balance, end of year	\$ 347,943	\$ 401,674	\$ 53,731

Long-term investments at December 31, 2017 and 2016 are carried at cost and are composed of the following:

	2017	2016
Certificates of deposit	\$ 68,049	\$ 67,556
Deferred patronage dividend:		
Farmers Winneshiek Coop	1,555	1,510
	\$ 69,604	\$ 69,066

NOTES TO FINANCIAL STATEMENTS

5. Inventory

Inventory consisted of the following for years ended December 31, 2017 and 2016:

	2017	2016
<b>Books:</b>		
SSE	\$ 36,328	\$ 39,556
Chelsea Green (distributor)	29,953	41,313
	66,281	80,869
Merchandise	216,032	259,625
Seed	945,150	894,543
Seed spoilage valuation	(58,192)	(58,192)
Supplies	28,455	34,894
Seed packets, empty	55,823	49,497
	1,187,268	1,180,367
	\$ 1,253,549	\$ 1,261,236

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 years ended December 31, 2017 and 2016, purchases of artifacts totaled \$1,266 and \$313, 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 December 31, 2017 and 2016:

	2017	2016
Land	\$ 875,450	\$ 875,450
Buildings and improvements	3,345,490	3,322,842
Machinery	215,753	215,753
Equipment	2,486,464	2,398,743
Construction in progress	70,464	51,793
	6,993,621	6,864,581
Total at cost	6,993,621	6,864,581
Less accumulated depreciation	(3,606,324)	(3,280,173)
	\$ 3,387,297	\$ 3,584,408
Book value	\$ 3,387,297	\$ 3,584,408

NOTES TO FINANCIAL STATEMENTS

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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:

	2017	2016
GSI Project	\$ 37,655	\$ 51,793
High Tunnel Project	29,809	None
CSN Website	3,000	None
	\$ 70,464	\$ 51,793

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

In the year ended December 31, 2016, the organization granted a conservation easement to the Iowa Department of Natural Resources for public fishing access.

Depreciation expense for the years ended December 31, 2017 and 2016 was \$326,151 and \$314,711, respectively.

8. **Book Publishing Costs**

The organization has incurred cost to publish new books that will not be sold within the next 12 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:

- July 2013 through October 2018 at \$999 per quarter,
- November 2016 through November 2021 at \$1,610 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 years ended December 31, 2017 and 2016 was \$25,778 and \$23,583, respectively.

Future minimum lease payments during the years following December 31, 2017 are as follows:

Year ending December 31,		
2018	\$	26,435
2019		23,104
2020		23,104
2021		18,172
	\$	90,815



NOTES TO FINANCIAL STATEMENTS

10. Notes Payable

Long-term debt consists of the following:

4.25% (variable rate at April 2019 and then every 60 months thereafter) note payable to the bank, \$1,889 including interest through April 2019 (then adjusted), collateralized by a general business security agreement.	\$ 202,942
Less current portion	<u>(14,202)</u>

Long-term portion	<u>\$ 188,740</u>
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Future maturities of long-term debt are as follows:

Year ending December 31,	
2018	\$ 14,202
2019	13,846
2020	14,171
2021	15,127
2022	16,114
2023 and thereafter	<u>129,482</u>
	<u>\$ 202,942</u>

11. 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.

12. Deferred Revenue

The change in SSE's deferred revenue account for the years ended December 31, 2017 and 2016 are comprised the following:

	2017	2016
Balance, beginning of year	\$ 178,300	\$ 166,103
Deferred portion of life-time memberships	11,514	13,244
Change in deferred portion of annual memberships	<u>(7,204)</u>	<u>(1,047)</u>
Balance, end of year	<u>\$ 182,610</u>	<u>\$ 178,300</u>
Deferred support and revenue:		
Current	\$ 79,284	\$ 86,488
Long-term	<u>103,326</u>	<u>91,812</u>
Book value	<u>\$ 182,610</u>	<u>\$ 178,300</u>

## NOTES TO FINANCIAL STATEMENTS

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13. Related Party Transactions

Included in support, revenues and gains for the years ended December 31, 2017 and 2016 are gross contributions of \$19,505 and \$2,950, respectively, received from SSE's officers and directors. There were no promises to give from these individuals as of December 31, 2017 and 2016.

14. 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 years ended December 31, 2017 and 2016 was \$36,427 and \$38,908, respectively.

15. 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 December 31, 2017, SSE has made two payments of \$20,000 to the participant.

As of December 31, 2016, SSE had made one payment of \$20,000 to the participant.

16. Commitments and Contingencies

The organization receives grants for specific purposes that are subject to review and audit by the 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 December 31, 2017 and 2016, SSE had no seed purchased commitments to purchase seeds.

17. Uncertain Tax Position

The organization was audited by the Internal Revenue Service during 2014 for the tax year ended December 31, 2012. The audit determined SSE was delinquent in filing unrelated business income tax returns, IRS form 990T. As part of the audit, returns were filed for the tax years ending December 31, 2012, 2013, and 2014. On April 4, 2016, the IRS notified SSE they had accepted the returns filed for the three years and were closing their audit. The total unrelated business income tax for the three years was not material to the financial statements for the year ending December 31, 2015. Therefore, SSE has not recorded a tax liability as a result of this matter in the December 31, 2015 financial statements. SSE was not liable for unrelated business income tax for the tax years ended December 31, 2017 and 2016.

18. 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.

19. 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 four years. The collections were insured for losses up to \$2,997,249 and \$2,496,816 as of December 31, 2017 and 2016, respectively.

20. Fundraising Development Expenses

The organization established a department in 2013 to develop fundraising activities. Costs allocated to fundraising events for the years ended December 31, 2017 and 2016 were \$82,147 and \$87,042, respectively.

21. Subsequent Events

On January 11, 2018, the Board of Directors approved changing SSE's year-end to October 31, effective January 1, 2018.

Management has evaluated subsequent events through May 11, 2018, the date these financial statements were available to be issued.

**Supplementary Information**

SEED SAVERS EXCHANGE, INC.  
 STATEMENTS OF ACTIVITIES INFORMATION  
 Years Ended December 31, 2017 and 2016

	2017	2016
<b>CATALOG SALES</b>		
Books	\$ 40,176	\$ 71,051
Eating beans	3,959	6,154
Products	81,279	98,025
Scions	29,564	55,490
Seeds	2,674,504	2,973,884
Transplants	200,366	168,063
Garlic	180,841	196,795
Potatoes	133,864	151,451
Seed rack	8,085	14,420
	<u>3,352,638</u>	<u>3,735,333</u>
<b>LILLIAN GOLDMAN VISITORS CENTER SALES</b>		
Books	31,476	25,940
Eating beans	3,338	4,091
Products	107,003	90,091
Seeds	83,320	88,767
Transplants	54,673	62,047
Garlic	4,385	4,857
Potatoes	4,634	5,744
	<u>288,829</u>	<u>281,537</u>
Livestock, hay and grain sales	<u>12,855</u>	<u>45,030</u>
Total sale of merchandise	<u>\$ 3,654,322</u>	<u>\$ 4,061,900</u>

See Independent Auditor's Report.

## SEED SAVERS EXCHANGE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION

## PROGRAM SERVICE EXPENSES

Years Ended December 31, 2017 and 2016

	Membership	Genetic Preservation Projects							
	Seed Savers				Tissue	Education and	General and	Community	
2017	Exchange, Inc.	Garden	Orchard	Livestock	Culture	Outreach	Evaluation	Seed Lab	Seed Resource
Compensation and related expenses:									
Salaries and wages	\$ 27,050	\$ 181,136	\$ 41,322	\$ 27,468	\$ 27,213	\$ 70,482	\$ 169,563	\$ 60,152	\$ 72
Payroll taxes	2,069	13,546	3,028	1,983	1,963	5,329	12,534	4,374	6
Retirement		4,480	549	363	458	168	4,354	103	
Employee benefits		20,400	4,800	4,200	4,800	4,800	20,800	11,000	
Subtotal	29,119	219,562	49,699	34,014	34,434	80,779	207,251	75,629	78
Bank charges and marketing fees									
Contract labor				106	7,000	450	931		340
Facilities:									
Rent			552	393	1,337				
Repairs and maintenance		2,968		4,492			4,335		
Telephone, taxes and licenses									
Insurance									
Postage	15,239						2,612		
Professional fees:									
Curator					7,324				
Consultants and conferences						500	221		
Program:									
Advertising and promotion						2,590			
Discounts									
Cost of goods sold							1,374		
Complimentary gifts						632	44		
Printing	22,335					302	6,097		84
Germination testing									
Shipping, handling and damages			130		76	213	58	753	250
Veterinary and feed expense				4,975					
Staff development		100							
Subscriptions and dues	290								
Supplies	362	11,790	1,289	2,727	1,537	3,683	1,848	4,548	7,105
Office expense						1,527	763		
Travel, lodging and trade shows		85				1,450	3,078		4,966
Meals and entertainment		37		109		1,367	849		643
Less overhead applied to FG									
Fuel and miscellaneous		316		1,275			2,933		
Total expenses	\$ 67,345	\$ 234,858	\$ 51,670	\$ 48,091	\$ 51,708	\$ 93,493	\$ 232,394	\$ 80,930	\$ 13,466
See Independent Auditor's Report.									

## SEED SAVERS EXCHANGE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

## PROGRAM SERVICE EXPENSES

Years Ended December 31, 2017 and 2016

	Conferences	Merchandise and Catalog							
	Annual	Catalog and		Seed Rack				Garden-Seed	Garden-
2017	Convention	Marketing	Seeds	Seeds	Seed Rack	SSE Books	Products	House	Garlic
Compensation and related expenses:									
Salaries and wages	\$ 6,976	\$ 148,078	\$ 196,175	\$ 68,652				\$ 90,603	\$ 17,653
Payroll taxes	517	10,896	13,471	4,933				5,955	1,215
Retirement		1,804	7,054	1,357				452	145
Employee benefits		17,601	43,336	9,600					
Subtotal	7,493	178,379	260,036	84,542	\$ -	\$ -	\$ -	97,010	19,013
Bank charges and marketing fees			104,857						
Contract labor	1,150	15,121							
Facilities:									
Rent			1,357						
Repairs and maintenance			7,767					10	
Telephone, taxes and licenses			1,748						
Insurance	1,045								
Postage	656	85,848		2,668					
Professional fees:									
Curator									
Consultants and conferences	500								
Program:									
Advertising and promotion	719	453,027	22,987	39					
Discounts			92,075						
Cost of goods sold			280,948	63,313	7,500	76,755	43,958	1,730	81,246
Complimentary gifts		201	297	928					
Printing	953	101,166		684					
Germination testing			27,562						70
Shipping, handling and damages	158	167	401,820	823			13	105	358
Veterinary and feed expense									
Staff development		100							
Subscriptions and dues									
Supplies	2,981	2,953	22,821		1,485			5,926	1,727
Office expense		1,144	1,908						
Travel, lodging and trade shows	6,014	849						1,698	
Meals and entertainment	13,192	199						41	
Less overhead applied to FG								(70,987)	(12,392)
Fuel and miscellaneous			6,023					483	
Total expenses	\$ 34,861	\$ 839,154	\$ 1,232,206	\$ 152,997	\$ 8,985	\$ 76,755	\$ 43,971	\$ 36,016	\$ 90,022
See Independent Auditor's Report.									

## SEED SAVERS EXCHANGE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

## PROGRAM SERVICE EXPENSES

Years Ended December 31, 2017 and 2016

Merchandise and Catalog (Continued)								
2017	Garden-Potatoes	Eating Beans	Data Entry	Visitor Center	Mail Room	Scions	Transplants	Total Program Services
<b>Compensation and related expenses:</b>								
Salaries and wages	\$ 10,899	\$ 220	\$ 92,671	\$ 63,577	\$ 88,936	\$ 6,040	\$ 15,165	\$ 1,410,103
Payroll taxes	611		6,578	4,686	6,318	438	949	101,399
Retirement			2,232	1,153	280			24,952
Employee benefits			22,800		12,000			176,137
Subtotal	11,510	220	124,281	69,416	107,534	6,478	16,114	1,712,591
Bank charges and marketing fees				2,300				107,157
Contract labor						2,212		27,310
<b>Facilities:</b>								
Rent								3,639
Repairs and maintenance				1,509				21,081
Telephone, taxes and licenses				468		30		2,246
Insurance				944				1,989
Postage								107,023
<b>Professional fees:</b>								
Curator								7,324
Consultants and conferences								1,221
<b>Program:</b>								
Advertising and promotion				9,934				489,296
Discounts				4,612				96,687
Cost of goods sold	23,615	1,481		109,871		14,042	38,974	744,807
Complimentary gifts			10	186				2,298
Printing	945						1,011	133,577
Germination testing								27,632
Shipping, handling and damages	2,801			130	739			408,594
Veterinary and feed expense								4,975
Staff development				250				450
Subscriptions and dues								290
Supplies	1,920			5,421	10,523	3,235	25,664	119,545
Office expense								5,342
Travel, lodging and trade shows				74			59	18,273
Meals and entertainment								16,437
Less overhead applied to FG						(15,195)		(98,574)
Fuel and miscellaneous					421			11,451
Total expenses	\$ 40,791	\$ 1,701	\$ 124,291	\$ 205,115	\$ 119,217	\$ 10,802	\$ 81,822	\$ 3,972,661
See Independent Auditor's Report.								



## SEED SAVERS EXCHANGE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION

## PROGRAM SERVICE EXPENSES

Years Ended December 31, 2017 and 2016

	Membership	Genetic Preservation Projects							
	Seed Savers				Tissue	Education and	General and		Community
2016	Exchange, Inc.	Garden	Orchard	Livestock	Culture	Outreach	Evaluation	Seed Lab	Seed
					Club				Resource
Compensation and related expenses:									
Salaries and wages	\$ 34,149	\$ 207,112	\$ 35,843	\$ 23,472	\$ 26,852	\$ 40,353	\$ 217,594	\$ 47,966	\$ 6,822
Payroll taxes	2,613	15,634	2,628	1,656	1,962	3,101	16,049	3,649	509
Retirement	541	3,846	565	27	140	606	4,547	283	
Employee benefits		20,374	4,800	7,200	4,800	4,000	21,574	9,200	
Subtotal	37,303	246,966	43,836	32,355	33,754	48,060	259,764	61,098	7,331
Bank charges and marketing fees									
Contract labor				10,385	12,305		1,159		729
Facilities:									
Rent			807	180	1,267				
Repairs and maintenance		3,745		4,315	2,257		4,268		
Telephone, taxes and licenses									
Insurance									
Postage	14,305					39,194			
Professional fees:									
Curator					3,465				
Consultants and conferences						600			
Program:									
Advertising and promotion						1,094			
Discounts									
Cost of goods sold									
Complimentary gifts						336			11
Printing	16,497					44,053			
Germination testing									
Shipping, handling and damages		162	279		317	605	513	1,741	19
Veterinary and feed expense				4,897					
Staff development						330		15	25
Supplies	281	16,757	2,008	2,061	3,934	9,291	1,091	3,139	10,487
Office expense						1,357	806		
Travel, lodging and trade shows		38				5,201	1,934		3,521
Meals and entertainment				45		1,651	177		1,331
Less overhead applied to FG									
Fuel and miscellaneous		956		968			2,549		
Total expenses	\$ 68,386	\$ 268,624	\$ 46,930	\$ 55,206	\$ 57,299	\$ 151,772	\$ 272,261	\$ 65,993	\$ 23,454
See Independent Auditor's Report.									

## SEED SAVERS EXCHANGE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

## PROGRAM SERVICE EXPENSES

Years Ended December 31, 2017 and 2016

	Conferences	Merchandise and Catalog							
	Annual	Catalog and		Seed Rack				Garden-Seed	Garden-
2016	Convention	Marketing	Seeds	Seeds	Seed Rack	SSE Books	Products	House	Garlic
Compensation and related expenses:									
Salaries and wages	\$ 6,869	\$ 194,909	\$ 204,281	\$ 53,561				\$ 85,866	\$ 25,349
Payroll taxes	505	14,349	14,412	3,968				5,573	1,761
Retirement		3,511	6,227	1,293				905	73
Employee benefits		22,600	47,962	9,587					
Subtotal	7,374	235,369	272,882	68,409	\$ -	\$ -	\$ -	92,344	27,183
Bank charges and marketing fees			127,662						
Contract labor	600	9,925	2,442						2,171
Facilities:									
Rent			948						
Repairs and maintenance			9,284						
Telephone, taxes and licenses			2,952						
Insurance	1,045								
Postage	757	95,035	39						
Professional fees:									
Curator									
Consultants and conferences	587								
Program:									
Advertising and promotion	1,408	457,620	34,034						
Discounts			73,723	80					
Cost of goods sold			270,565	74,923	22,118	102,462	65,064		81,090
Complimentary gifts		706	75	1,157					
Printing	1,020	104,910	210						
Germination testing			20,585						20
Shipping, handling and damages	238	5,002	468,553	3,209		718	902	493	1,531
Veterinary and feed expense									
Staff development			572						
Supplies	5,553	12,820	11,398		283			4,526	2,344
Office expense		1,018	1,696						
Travel, lodging and trade shows	9,496	608	2,726					347	
Meals and entertainment	17,386	59	21					31	
Less overhead applied to FG								(47,571)	(20,725)
Fuel and miscellaneous			6,030					485	
Total expenses	\$ 45,464	\$ 923,072	\$ 1,306,397	\$ 147,778	\$ 22,401	\$ 103,180	\$ 65,966	\$ 50,655	\$ 93,614
See Independent Auditor's Report.									

## SEED SAVERS EXCHANGE, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION (Continued)

## PROGRAM SERVICE EXPENSES

Years Ended December 31, 2017 and 2016

	Merchandise and Catalog (Continued)							Total
2016	Garden-Potatoes	Eating Beans	Data Entry	Visitor Center	Mail Room	Scions	Transplants	Program Services
Compensation and related expenses:								
Salaries and wages	\$ 11,209	\$ 110	\$ 96,282	\$ 75,530	\$ 98,616	\$ 12,186	\$ 17,425	\$ 1,522,356
Payroll taxes	740	8	6,956	5,514	7,065	872	1,349	110,873
Retirement			1,683	837	197			25,281
Employee benefits			22,800	7,787	12,000			194,684
Subtotal	11,949	118	127,721	89,668	117,878	13,058	18,774	1,853,194
Bank charges and marketing fees				2,150				129,812
Contract labor						1,516	1,649	42,881
Facilities:								
Rent								3,202
Repairs and maintenance				2,510				26,379
Telephone, taxes and licenses				100		30		3,082
Insurance				944				1,989
Postage								149,330
Professional fees:								
Curator								3,465
Consultants and conferences								1,187
Program:								
Advertising and promotion				9,744				503,900
Discounts				546				74,349
Cost of goods sold	24,196	2,238		101,908		36,106	22,248	802,918
Complimentary gifts				1,454				3,739
Printing								166,690
Germination testing								20,605
Shipping, handling and damages	2,803			141	2,187		2,271	491,684
Veterinary and feed expense								4,897
Staff development								942
Supplies	3,971			5,217	30,230	2,230	23,893	151,514
Office expense								4,877
Travel, lodging and trade shows				24				23,895
Meals and entertainment				203				20,904
Less overhead applied to FG						(14,592)		(82,888)
Fuel and miscellaneous					75			11,063
Total expenses	\$ 42,919	\$ 2,356	\$ 127,721	\$ 214,609	\$ 150,370	\$ 38,348	\$ 68,835	\$ 4,413,610
See Independent Auditor's Report.								