

SEED SAVERS EXCHANGE, INC.

FINANCIAL REPORT

OCTOBER 31, 2018

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses 2018	5
Statements of Functional Expenses 2017	6
Statements of Cash Flows	7
Notes to Financial Statements	8-18
SUPPLEMENTARY INFORMATION	
Statements of Activities Information	19
Statements of Functional Expenses Information 2018	20-22
Statements of Functional Expenses Information 2017	23-25

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, 2018 and December 31, 2017, and the related statements of activities, functional expenses and cash flows for the ten months ended October 31, 2018 and twelve months ended December 31, 2017, 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 October 31, 2018 and December 31, 2017, and the changes in its net assets and its cash flows for the ten months ended October 31, 2018 and twelve months ended December 31, 2017 in accordance with U.S. generally accepted accounting principles.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As described in Note 2.q to the financial statements, Seed Savers Exchange, Inc. adopted new accounting guidance required by Accounting Standards Update (ASU) 2016-14, Not-for Profit Entities (Topic 958) as issued by the Financial Accounting Standards Board (FASB). Our opinion is not modified with respect to this matter.

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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
July 22, 2019

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF FINANCIAL POSITION
October 31, 2018 and December 31, 2017

ASSETS	October 31, 2018	December 31, 2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,702,523	\$ 1,354,113
Investments	399,560	401,674
Accounts receivable (net of allowance for doubtful accounts of \$7,171 and \$6,894 respectively)	86,647	198,732
Prepaid expenses	136,594	118,561
Inventory	1,055,213	1,253,549
Total current assets	3,380,537	3,326,629
NONCURRENT ASSETS		
Investments	69,911	69,604
Accounts receivable	25,000	25,000
Total noncurrent assets	94,911	94,604
FIXED ASSETS AND EXHIBITS		
Land	875,450	875,450
Buildings and improvements	3,410,709	3,345,490
Machinery	238,453	215,753
Furniture and equipment	2,561,790	2,486,464
Construction in progress	75,251	70,464
Total fixed assets	7,161,653	6,993,621
Less accumulated depreciation	(3,885,209)	(3,606,324)
Net fixed assets	3,276,444	3,387,297
OTHER ASSETS		
Book publishing costs	262,359	287,359
Total assets	\$ 7,014,251	\$ 7,095,889
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 68,001	\$ 173,065
Accrued expenses	11,574	14,917
Customer deposits, gift certificates and credit memos	145,414	224,075
Accrued wages	153,421	163,776
Deferred support and revenue	73,368	79,284
Current maturities of long-term debt	13,976	14,202
Total current liabilities	465,754	669,319
NONCURRENT LIABILITIES		
Deferred compensation	39,000	59,000
Deferred support and revenue	109,681	103,326
Long-term debt, net of current maturities	177,169	188,740
Total noncurrent liabilities	325,850	351,066
Total liabilities	791,604	1,020,385
NET ASSETS		
Without donor restrictions	6,063,686	5,721,935
With donor restrictions	158,961	353,569
Total net assets	6,222,647	6,075,504
Total liabilities and net assets	\$ 7,014,251	\$ 7,095,889

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF ACTIVITIES
For the Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Ten Months Ended October 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Conference	\$ 7,279		\$ 7,279	\$ 18,863		\$ 18,863
Contributions:						
Bequests			-	600		600
Corporations	281,104		281,104	492,227		492,227
General	158,408		158,408	311,413		311,413
Foundation grants	71,305	\$ 32,962	104,267	51,441	\$ 353,569	405,010
Investment income	13,437		13,437	60,952		60,952
Memberships	238,229		238,229	304,015		304,015
Fundraisers and sponsorships	128,528	3,164	131,692	67,246		67,246
Rental income	11,536		11,536	13,994		13,994
Sale of merchandise	3,441,294		3,441,294	3,654,322		3,654,322
Shipping and handling	327,499		327,499	331,153		331,153
Miscellaneous income	22,212		22,212	13,787		13,787
Net assets released from restrictions	230,734	(230,734)	-	316,562	(316,562)	-
Total support and revenue	<u>4,931,565</u>	<u>(194,608)</u>	<u>4,736,957</u>	<u>5,636,575</u>	<u>37,007</u>	<u>5,673,582</u>
EXPENSE						
Program services	3,209,337		3,209,337	3,972,661		3,972,661
General and administrative	1,126,905		1,126,905	1,240,375		1,240,375
Facilities	191,914		191,914	250,439		250,439
Fundraising	61,645		61,645	82,147		82,147
Total expenses	<u>4,589,801</u>	<u>-</u>	<u>4,589,801</u>	<u>5,545,622</u>	<u>-</u>	<u>5,545,622</u>
Change in net assets	<u>341,764</u>	<u>(194,608)</u>	<u>147,156</u>	<u>90,953</u>	<u>37,007</u>	<u>127,960</u>
CHANGE IN NET ASSETS RELATED TO COLLECTION						
Items not capitalized:						
Collection items purchased	13	-	13	1,266	-	1,266
Change in net assets	<u>341,751</u>	<u>(194,608)</u>	<u>147,143</u>	<u>89,687</u>	<u>37,007</u>	<u>126,694</u>
NET ASSETS, beginning of year	<u>5,721,935</u>	<u>353,569</u>	<u>6,075,504</u>	<u>5,632,248</u>	<u>316,562</u>	<u>5,948,810</u>
NET ASSETS, end of year	<u>\$ 6,063,686</u>	<u>\$ 158,961</u>	<u>\$ 6,222,647</u>	<u>\$ 5,721,935</u>	<u>\$ 353,569</u>	<u>\$ 6,075,504</u>

See Notes to Financial Statements.

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Program Services					Supporting Services				
		Genetic Preservation		Merchandise and Catalog	Total Program Services	General and Administrative	Facilities	Fundraising and Special Events	Total Supporting Services	Total Expenses
Ten Months Ended October 31, 2018	Membership	Projects	Conferences							
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 FUNCTIONAL EXPENSES

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Program Services					Supporting Services				
	Membership	Genetic	Conferences	Merchandise and Catalog	Total	General and Administrative	Facilities	Fundraising	Total	Total
		Preservation Projects			Program Services			and Special Events	Supporting Services	
Compensation and related expenses:										
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
Bank charges and marketing fees				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
Facilities:										
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
Professional fees:										
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
Program:										
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
Total expenses	\$ 67,345	\$ 806,610	\$ 34,861	\$ 3,063,845	\$ 3,972,661	\$ 1,240,375	\$ 250,439	\$ 82,147	\$ 1,572,961	\$ 5,545,622
See Notes to Financial Statements.										

SEED SAVERS EXCHANGE, INC.
STATEMENTS OF CASH FLOWS
Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Ten Months Ended October 31, 2018	Year Ended December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 147,143	\$ 126,694
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	278,885	326,151
Donated investments		(4,462)
Collection items purchased	13	1,266
Unrealized loss (gain) on investments	14,807	(30,346)
Changes in assets and liabilities:		
Decrease in accounts receivable	112,085	52,341
Increase in prepaid expenses	(18,033)	(17,995)
Decrease in publishing costs	25,000	50,000
Decrease in deferred compensation	(20,000)	(20,000)
Decrease in inventory	198,336	7,687
Increase in deferred patronage dividend receivable	(38)	(46)
Increase in deferred revenue	438	4,309
(Decrease) increase in accounts payable and accrued expenses	(197,424)	14,416
Net cash provided by operating activities	<u>541,212</u>	<u>510,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(12,962)	(19,387)
Proceeds from investments		1,893
Purchase of collection items	(13)	(1,266)
Purchase of property and equipment	(168,031)	(129,040)
Net cash used in investing activities	<u>(181,006)</u>	<u>(147,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(11,796)	(13,605)
Net cash used in financing activities	<u>(11,796)</u>	<u>(13,605)</u>
Net increase in cash	348,410	348,610
CASH, beginning of year	<u>1,354,113</u>	<u>1,005,503</u>
CASH, end of year	<u>\$ 1,702,523</u>	<u>\$ 1,354,113</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>7,093</u>	<u>8,341</u>
Noncash investing and financing activities:		
Donated investments	<u>\$ -</u>	<u>\$ 4,462</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 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.

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)

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, 2018 and December 31, 2017 in the amount of \$7,171 and \$6,894, 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. Implementation of ASU 2015-11, effective for SSE's period ended December 31, 2017, had no effect on SSE's financial position, change in net assets or cash flows. Prior to ASU 2015-11, inventory was stated at the lower of cost or market. 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)

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 periods ended October 31, 2018 and December 31, 2017. 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 \$None and \$6,815 for the periods ended October 31, 2018 and December 31, 2017, 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)

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, 2018 and December 31, 2017, advertising costs totaled \$286,854 and \$494,435, respectively.

q. Change in Accounting Principle

On August 18, 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, 2018 and December 31, 2017, cash in the amount of \$934,476 and \$503,980 was not insured by the FDIC, respectively.

NOTES TO FINANCIAL STATEMENTS

4. **Investments**

Investments as of October 31, 2018 and December 31, 2017 are carried at fair value and consisted of the following:

	2018		2017	
	Cost	Fair Value (Level 1)	Cost	Fair Value (Level 1)
Investments whose use is limited:				
Mutual funds:				
Bond funds	\$ 147,208	\$ 140,157	\$ 112,086	\$ 110,856
Equity funds	213,428	259,403	235,857	290,818
	\$ 360,636	\$ 399,560	\$ 347,943	\$ 401,674

Fair value of assets measured on a recurring basis at October 31, 2018 and December 31, 2017 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	\$ 347,943	\$ 401,674	\$ 53,731
Decrease in unrealized gain on investments			(14,807)
Balance, end of period	\$ 360,636	\$ 399,560	\$ 38,924

Long-term investments at October 31, 2018 and December 31, 2017 are carried at cost and are composed of the following:

	2018	2017
Certificates of deposit	\$ 68,318	\$ 68,049
Deferred patronage dividend: Farmers Winneshiek Coop	1,593	1,555
	\$ 69,911	\$ 69,604

NOTES TO FINANCIAL STATEMENTS

5. Inventory

Inventory consisted of the following for periods ended October 31, 2018 and December 31, 2017:

	2018	2017
Books:		
SSE	\$ 34,101	\$ 36,328
Chelsea Green (distributor)	12,600	29,953
	46,701	66,281
Merchandise	123,133	216,032
Seed	852,385	945,150
Seed spoilage valuation	(58,192)	(58,192)
Supplies	34,143	28,455
Seed packets, empty	57,043	55,823
	1,008,512	1,187,268
	\$ 1,055,213	\$ 1,253,549

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, 2018 and December 31, 2017, purchases of artifacts totaled \$13 and \$1,266, 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, 2018 and December 31, 2017:

	2018	2017
Land	\$ 875,450	\$ 875,450
Buildings and improvements	3,410,709	3,345,490
Machinery	238,453	215,753
Equipment	2,561,790	2,486,464
Construction in progress	75,251	70,464
	7,161,653	6,993,621
Less accumulated depreciation	(3,885,209)	(3,606,324)
	\$ 3,276,444	\$ 3,387,297

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, 2018 and December 31, 2017:

	2018	2017
GSI Project	\$ None	\$ 37,655
High Tunnel Project	30,658	29,809
CSN Website	None	3,000
Orchard House (Corn Crib)	6,806	None
Barn Project	37,787	None
	\$ 75,251	\$ 70,464

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, 2018 and December 31, 2017 was \$278,885 and \$326,151, 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, 2018 and December 31, 2017 was \$23,081 and \$25,778, respectively.

Future minimum lease payments during the years following October 31, 2018 are as follows:

Year ending October 31,	Amount
2019	\$ 28,359
2020	28,359
2021	27,594
2022	3,574
2023	3,574
	\$ 91,460

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.	\$ 191,145
Less current portion	<u>(13,976)</u>
Long-term portion	<u>\$ 177,169</u>

Future maturities of long-term debt are as follows:

Year ending October 31,	Amount
2019	\$ 13,976
2020	14,022
2021	14,968
2022	15,945
2023	16,985
2024 and thereafter	<u>115,249</u>
	<u>\$ 191,145</u>

11. Deferred Revenue

The change in SSE's deferred revenue account for the periods ended October 31, 2018 and December 31, 2017 are comprised the following:

	2018	2017
Balance, beginning of period	\$ 182,610	\$ 178,300
Deferred portion of life-time memberships	6,354	11,514
Change in deferred portion of annual memberships	<u>(5,915)</u>	<u>(7,204)</u>
Balance, end of period	<u>\$ 183,049</u>	<u>\$ 182,610</u>
Deferred support and revenue:		
Current	\$ 73,368	\$ 79,284
Long-term	<u>109,681</u>	<u>103,326</u>
Book value	<u>\$ 183,049</u>	<u>\$ 182,610</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, 2018 and December 31, 2017 were \$61,645 and \$82,147, respectively.

14. **Related Party Transactions**

Included in support, revenues and gains for the periods ended October 31, 2018 and December 31, 2017 are gross contributions of \$17,115 and \$19,505, respectively, received from SSE's officers and directors. There were no promises to give from these individuals as of October 31, 2018 and December 31, 2017.

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, 2018 and December 31, 2017:

	2018	2017
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,702,523	\$ 1,354,113
Short-term investments	399,560	401,674
Accounts receivable	86,647	198,732
Total financial assets	2,188,730	1,954,519
Less amounts unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Grants	130,797	303,569
Fundraiser for barn	3,164	None
	133,961	303,569
Financial assets available to meet general expenditures over the next twelve months	\$ 2,054,769	\$ 1,650,950

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, 2018 and December 31, 2017 are as follows:

	2018	2017
Net assets without donor restrictions:		
Undesignated	\$ 6,063,686	\$ 5,721,935
	6,063,686	5,721,935
Net assets with donor restrictions:		
For purpose restrictions:		
Legacy Donor Project	357	37,629
Orchard Tree House	5,194	12,000
Internships	None	653
Children's Garden	None	1,000
Tomato Tasting	None	1,000
Community Seed Network	None	7,000
Preservation Accessions	None	17,222
Online Seed Exchange, Hoop House and Signage for Trails	5,715	15,565
Development Director	56,869	75,000
Marketing Lab, Development Director Search, Board Development and Recruitment, Development Software and Data Mitigation, and Shipping Room Automation	54,700	150,000
Trail Signage	None	9,500
Seasonal Staff and Hand Pollination Supplies	None	4,000
Potato Cleaning Project	None	3,000
Preservation Department	None	15,000
Marketing Advertising	None	5,000
Indigenous Seed Keepers Network	15,000	None
Exchange Coordinator	17,962	None
Barn Repairs	3,164	None
	158,961	353,569
Net assets with donor restrictions		
	\$ 6,222,647	\$ 6,075,504
Total net assets		

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, 2018, SSE has made three payments of \$20,000 to the participant.

As of December 31, 2017, SSE had made two 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, 2018 and December 31, 2017 was \$27,638 and \$36,427, 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, 2018 and December 31, 2017, 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.

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 four years. The collections were insured for losses up to \$2,997,249 as of October 31, 2018 and December 31, 2017.

22. 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 July 22, 2019, the date these financial statements were available to be issued.

Supplementary Information

SEED SAVERS EXCHANGE, INC.
 STATEMENTS OF ACTIVITIES INFORMATION
 Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Ten Months Ended October 31, 2018	Year Ended December 31, 2017
CATALOG SALES		
Books	\$ 30,876	\$ 40,176
Eating beans	3,708	3,959
Products	64,366	81,279
Scions	56,126	29,564
Seeds	2,588,829	2,674,504
Transplants	193,853	200,366
Garlic	148,318	180,841
Potatoes	119,101	133,864
Seed rack	5,235	8,085
	3,210,412	3,352,638
LILLIAN GOLDMAN VISITORS CENTER SALES		
Books	16,771	31,476
Eating beans	2,221	3,338
Products	79,066	107,003
Seeds	64,495	83,320
Transplants	52,099	54,673
Garlic		4,385
Potatoes	3,165	4,634
	217,817	288,829
Livestock, hay and grain sales	13,065	12,855
Total sale of merchandise	\$ 3,441,294	\$ 3,654,322

See Independent Auditor's Report.

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION

PROGRAM SERVICE EXPENSES

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Membership	Genetic Preservation Projects							
	Seed Savers				Tissue	Education and	General and		Community
Ten Months Ended October 31, 2018	Exchange, Inc.	Garden	Orchard	Livestock	Culture	Outreach	Evaluation	Seed Lab	Seed 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

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Conferences	Merchandise and Catalog							
	Annual	Catalog and		Seed Rack				Garden-Seed	Garden-
Ten Months Ended October 31, 2018	Convention	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

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Merchandise and Catalog (Continued)							Total
Ten Months Ended October 31, 2018	Garden-Potatoes	Eating Beans	Data Entry	Visitor Center	Mail Room	Scions	Transplants	Program Services
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.								

SEED SAVERS EXCHANGE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES INFORMATION

PROGRAM SERVICE EXPENSES

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Membership	Genetic Preservation Projects							
	Seed Savers				Tissue	Education and	General and		Community
Year Ended December 31, 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

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Conferences	Merchandise and Catalog							
	Annual	Catalog and		Seed Rack				Garden-Seed	Garden-
Year Ended December 31, 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

Ten Months Ended October 31, 2018 and Year Ended December 31, 2017

	Merchandise and Catalog (Continued)							Total
Year Ended December 31, 2017	Garden-Potatoes	Eating Beans	Data Entry	Visitor Center	Mail Room	Scions	Transplants	Program Services
Compensation and related expenses:								
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
Facilities:								
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
Professional fees:								
Curator								7,324
Consultants and conferences								1,221
Program:								
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.								