

**SEED SOWER, INC.  
DAWSON, WEST VIRGINIA**

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**FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021  
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

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**COLLINS & COMPANY, CPA  
MABSCOTT, WEST VIRGINIA**

**SEED SOWER, INC.**

Financial Statements  
As of and For the Year December 31, 2021

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To The Board of Directors of  
Seed Sower, Inc.  
Dawson, West Virginia

We have reviewed the accompanying financial statements of Seed Sower, Inc. ("the Organization") (a West Virginia nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of material misstatement whether due to fraud or error.

**Accountants' Responsibility**

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

We are required to be independent of Seed Sower, Inc. and to meet our other responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

  
Mabscott, West Virginia  
June 30, 2022

**SEED SOWER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2021**

**ASSETS**

Cash	\$	28,180
Grants receivable		15,530
Land, buildings and improvements, furniture and equipment and vehicles net of accumulated depreciation of \$14,426		876,014
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>919,724</b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$	5,306
Accrued and withheld payroll and payroll taxes		11,283
Accrued expense		4,000
Notes payable West Virginia Housing Development Fund		180,000
Total Liabilities		200,589

**Net Assets**

Without donor restrictions		665,352
With donor restrictions		53,783
<b>Total Net Assets</b>		<b>719,135</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>919,724</b>
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See accompanying notes and Independent Accountants' Review Report.

**SEED SOWER, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended December 31, 2021**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b><u>Support and Revenues</u></b>			
Federal Agency Grants	\$ -	\$ 110,074	\$ 110,074
State of West Virginia Agency Grants	-	461,267	461,267
Private entity grants	-	83,150	83,150
Business and individual contributions	6,522	-	6,522
Rent income	3,000	-	3,000
Miscellaneous revenue	1,124	-	1,124
Net assets released from restrictions due to expiration of spending purposes restrictions on grants	600,708	(600,708)	-
<b>Total Support and Revenues</b>	<u>611,354</u>	<u>53,783</u>	<u>665,137</u>
<b><u>Expenses</u></b>			
Program services	171,578	-	171,578
Management and General	28,524	-	28,524
Fundraising	22,822	-	22,822
<b>Total Expenses</b>	<u>222,924</u>	<u>-</u>	<u>222,924</u>
<b>Excess Of Support and Revenues Over Expenses</b>	388,430	53,783	442,213
<b>Net Assets, Beginning of Year</b>	<u>276,922</u>	<u>-</u>	<u>276,922</u>
<b>Net Assets, End of Year</b>	<u>\$ 665,352</u>	<u>\$ 53,783</u>	<u>\$ 719,135</u>

See accompanying notes and Independent Accountants' Review Report.

**SEED SOWER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**As of December 31, 2021**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 25,841	\$ 12,210	\$ 7,326	\$ 45,377
Payroll taxes and employee benefits	2,754	1,301	781	4,836
Grant expense	30,000	-	-	30,000
Supplies	28,211	5	3	28,219
Information technology services	14,377	833	499	15,709
Depreciation	8,215	3,882	2,329	14,426
Contract public education	10,275	-	3,425	13,700
Miscellaneous furniture and equipment	13,285	92	55	13,432
Recruitment and retention	9,420	222	133	9,775
Telephone and utilities	5,353	2,529	1,517	9,399
Insurance	4,547	2,149	1,289	7,985
Accounting	4,485	2,119	1,272	7,876
Conferences, auto, travel, and meals	6,592	51	30	6,673
Repairs and maintenance	2,651	1,253	752	4,656
Contract services	2,405	1,136	682	4,223
Marketing	1,202	-	1,683	2,885
Office expenses	1,100	333	200	1,633
Property and other taxes	813	385	231	1,429
Grant application fees	-	-	600	600
Processing and payment fees	52	24	15	91
<b>Totals</b>	<b>\$ 171,578</b>	<b>\$ 28,524</b>	<b>\$ 22,822</b>	<b>\$ 222,924</b>

See accompanying notes and Independent Accountants' Review Report.

**SEED SOWER, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021**

**Cash Flows From Operating Activities**

Increase in net assets	\$ 442,213
Adjustments to reconcile increase in net assets to net cash provided from operating activities	
Depreciation	14,426
Changes in operating assets and liabilities	
Increase in grants receivable	(15,530)
Increase accounts payable	5,275
Increase in accrued and withheld payroll and payroll taxes	11,283
Increase in accrued expenses	4,000
<b>Net Cash Used In Operating Activities</b>	<b>461,667</b>

**Cash Flows From Financing Activities**

Proceeds from borrowings from West Virginia Housing Development Authority Fund	125,000
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**Cash Flows From Investing Activities**

Purchases of land, buildings and improvements, furniture and equipment and vehicles	(583,040)
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<b>Increase in Cash</b>	3,627
<b>Cash, Beginning of Year</b>	<b>24,553</b>

<b>Cash, End of Year</b>	<b>\$ 28,180</b>
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**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Land and buildings acquired through direct financing from the West Virginia Housing Development Authority Fund	\$ 55,000
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See accompanying notes and Independent Accountants' Review Report.

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### **Note 1 — Description of the Organization**

Seed Sower, Inc., a nonprofit West Virginia 501(c) (3) corporation (**the Organization**), was organized in 2013 and began operations 2020. Its purpose is to provide safe, supervised housing, transportation, recovery support services and meaningful training and employment pathways for female adults in active recovery from a substance use disorder and the development of recovery ecosystems, which take the form of:

- Provision of housing for women in recovery for periods up to one year.
- All transportation needs related to training, recreation, employment, medical, mental health, criminal justice requirements (i.e., day report centers, hearings, parole appearances, etc.).
- Evidence-based recovery support and programming, including Recovery Dynamics 12-step curriculum and SMART Recovery. This is facilitated in a Peer-Led Social Model setting.
- Promotion and development of recovery ecosystems as defined by the Appalachian Regional Commission (ARC).<sup>1</sup>

In connection with providing these services, the Organization has entered into a Memorandum of Agreement dated November 3, 2021 with Fruits of Labor, Inc. a for-profit corporation (**See Note 8**).

Substantial operations of program services did not commence until November 2021.

### **Note 2 — Summary of Significant Accounting Policies**

**Basis of Accounting:** The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation:** The Organization has implemented the financial statement presentation required by the Financial Accounting Standards Board Codification of Accounting Standard No. 958 The Foundation is required to report information regarding its financial position and activities according to two classes of net assets; without donor restriction and with donor restriction, described as follows:

- **Without Donor Restriction:** Resources over which the Board of Directors has discretionary control.
- **With Donor Restriction:** Resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time and resources subject to a donor-imposed restriction that will be maintained permanently by the Organization.

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<sup>1</sup> The Appalachian Regional Commission (ARC) is an economic development partnership agency of the federal government and thirteen state governments focusing on 423 counties across the Appalachian Region. Arc's mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia.



# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### Note 2 — Summary of Significant Accounting Policies (continued)

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

**Cash and Cash Equivalents:** Cash and cash equivalents generally consist of demand deposits, highly liquid time deposits and money market mutual funds having maturities in 90 days or less.

**Concentrations of Credit Risk:** The Organization places its cash with a high credit quality financial institution. Deposits with this financial institution may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed on demand and therefore, bear minimal risk.

**Pledges Receivable and Revenue Recognition:** Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization recognizes revenue from these unconditional promises to give and the actual giving of financial assets. Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**Land, Buildings and Improvements, Furniture Fixtures and Equipment and Vehicles:** Land, Buildings, Equipment and Vehicles are stated at cost or estimated fair market value at the date of donation. Additions are capitalized and depreciated using the straight-line method over the estimated useful lives. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment is retired or otherwise disposed of, the cost thereof and the applicable accumulated depreciation is removed from the respective accounts and the resulting gain or loss is reflected in revenues. Land is not depreciated, but the other elements are using the following methods and useful lives:

	<b>Method of Depreciation</b>	<b>Estimated Useful Lives</b>
Buildings and Improvements	Straight-Line	39 years
Furniture, Fixtures and Equipment	Straight-Line	10 years
Vehicles	Straight-Line	5 years

**SEED SOWER, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 2 — Summary of Significant Accounting Policies (continued)**

**Land, Buildings and Improvements, Furniture Fixtures and Equipment and Vehicles (continued):** The components of cost of land, buildings and improvements, furniture, fixtures and equipment and vehicles, net of accumulated depreciation are as follows:

Land	\$ 83,314
Buildings and Improvements	748,156
Furniture, Fixtures and Equipment	28,084
Vehicles	<u>30,886</u>
Total cost	890,440
Less accumulated depreciation	<u>(14,426)</u>
Land, Buildings and Improvements, Furniture, Fixtures and Equipment and Vehicles, Net of Accumulated Depreciation	<u>\$876,014</u>

**Grants Payable:** Grants payable and related expenses are recognized in the period in which all due diligence has been completed, and they are approved by management. Grants payable in more than one year are discounted, if significant, to their present value at the time the grant is awarded.

**Temporarily Restricted Support:** Grants, contributions of cash and other assets and the related earnings are reported as net assets with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

**Net Assets Released from Restrictions:** Simultaneous increases and decreases in net asset classes are made when the Foundation fulfills purposes for which net assets were restricted. Certain donor-imposed restrictions may expire with the passage of time.

**Functional Expenses:** The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Allocations of these costs are based on the amount of time in terms of payroll dollars spent on each function spent by individual employees as estimated by management.

# SEED SOWER, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

## Note 2 — Summary of Significant Accounting Policies (continued)

**Donated Goods, Facilities and Services:** Contributions of donated services that create or enhance non-financial assets, or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received as donations revenues with a corresponding expense.

**Income Taxes:** The Organization is classified as “an other than private foundation” and is exempt from income taxes under Internal Revenue Code Section 501(c)(3). However, the Organization is subject to income taxes on unrelated business income, if applicable. Management believes there is no unrelated business taxable income associated with the Organization.

**Accounting for Uncertain Tax Positions:** Generally accepted accounting principles (GAAP) provide detailed guidance for the financial statement recognition, measurement and disclosures of uncertain tax positions recognized in an enterprise’s financial statements. GAAP requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Organization believes that all significant tax positions utilized by the Organization will more likely than not be sustained upon examination.

As of December 31, 2021, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the 2020 calendar year forward (with limited exceptions and given that the Organization began financial operations in 2020). Tax penalties and interest, if any, would be accrued as incurred and would be classified as expense in the statement of activities.

**Donated Services:** Volunteers have assisted management in various fundraising and administrative functions. The value of these donated services of volunteers are not recognized in the accompanying financial statements as the nature of the services received do not meet the guidelines for recognition established by the applicable accounting pronouncements.

**Compensated Absences:** Compensated absences are not provided for in the accompanying statement of financial position as the does not provide such benefits.

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### **Note 2 — Summary of Significant Accounting Policies (continued)**

**Economic Geographic and Other Dependencies:** The Organization generates a significant amount of its support and revenue (including fundraising activities) from within the state of West Virginia. Its economy is largely dependent upon the manufacturing, mineral extraction (coal), timbering, farming, and recreation/resort industries. Changes in economies of these industries could significantly influence the Organization's ability to provide its services.

For the year ended December 31, 2021, the Organization was dependent upon significant amounts of support provided by the State of West Virginia, specifically from the Department of Health and Human Resources. For the years ended December 31, 2021, this amounted to \$461,267, representing approximately 69% of total support and revenues for this year.

For the year ended December 31, 2021, the Organization was dependent upon significant amounts of support provided by the United States Federal Government, specifically from the Appalachian Regional Commission, a federal government agency. For the years ended December 31, 2021, this amounted to \$110,074, representing approximately 17% of total support and revenues for this year.

**Date of Management Review:** Subsequent events (events or transactions that have occurred which may have a material effect on the financial statements and that require adjustment to or disclosure in the financial statements) have been evaluated through June 30, 2022, which is the date the financial statements were available to be issued (**See Note 11**).

### **Note 3 — Related Parties**

During the year ended December 31, 2021, the Organization paid approximately \$107,000 to a contracting company which is solely owned by the husband of one of the Board of Directors members. The purpose of these payments was for improvements to existing buildings of the Organization. The awarding of this work was provided on a competitive bid basis, with the subject board member recusing herself from the deliberations, vote, and awarding of the contracts.

During 2021, the Organization paid to Fruits of Labor, Inc. under the terms of a grant agreement with a foundation the amount of \$30,000, which is reflected in the accompanying statement of functional expense as a grant expense (**See Note 8**).

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### **Note 4 — Loan Agreements with West Virginia Housing Development Fund**

#### **\$150,000 Loan Agreement dated July 16, 2021**

On July 16, 2021, the Organization entered into a note payable and loan agreements (**the Agreements #1**) with the West Virginia Housing Development Fund (WVHDF)<sup>2</sup>. The Agreements #1 provide for the borrowing of \$150,000 from WVHDF, the proceeds of were to be used by the Organization in “permanent gap financing”, which in general was to be used for the construction or rehabilitation of the property located at 420 Holliday Run Road, Dawson, West Virginia (the present Greenbrier County residential facility). This loan shall be forgiven 10 years from its inception if no default remains outstanding at that time. Events of default by the Organization can consist of:

- Failure to comply with the terms and conditions of the West Virginia Affordable Housing Program, the subject note or loan agreement.
- Failure to utilize the proceeds of the Loan in a manner outlined in the Loan Agreement.
- Borrower’s default under any other grant or loan from WVHDF to the Organization.
- If any representation, warranty, statement, document, or other information made or furnished to WVHDF in connection with the Loan or any other loan or grant obtained from the Lender by the Organization is found to be false, misleading, or untrue.
- If the Organization, or its successors or assigns, sells transfers, or otherwise conveys the subject property during the noted 10 year period.

At present, no known events of default are considered to exist.

The associated note is non-interest bearing.

At December 31, 2021, the \$150,000 is presented as a component of the liability Notes Payable West Virginia Housing Development Authority. Subject to its terms and conditions as outlined above and at the end of the 10-year term, it will be included as a source of revenue in the then Statement of Activities of the Organization.

#### **\$10,000 Loan Agreement dated July 27, 2021**

On July 27, 2021, the Organization entered into a note payable and loan agreements (**the Agreements #2**) with the West Virginia Housing Development Fund (WVHDF). The Agreements #2 provide for the borrowing of \$10,000 from WVHDF, the proceeds of are to be used by the Organization in “technical assistance matters” as defined in a program application. If no event of default is outstanding, the outstanding principal balance of this Note will be forgiven upon the earlier of:

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<sup>2</sup> The West Virginia Housing Development Fund is a public body corporate and governmental instrumentality of the State of West Virginia established to increase the supply of residential housing for persons and families of low- and moderate-income, and to provide construction and permanent mortgage financing to public and private sponsors of such housing.

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### **Note 4 — Loan Agreements with West Virginia Housing Development Fund (continued)**

#### **\$10,000 Loan Agreement dated July 27, 2021 (continued)**

- The full disbursement of \$10,000 in accordance with the subject Loan Agreement and WVHDF's receipt of satisfactory evidence that all proceeds have been used in accordance with the Loan Agreement and Application; or
- 24 months from the date of the Loan Application.

Events of default are considered to be:

- WVHDF failure to comply with the terms and conditions of the applicable Program, the Note, and the applicable application.
- WVHDF failure to utilize the proceeds of the Loan in a manner outlined in the Loan Agreement and/or the applicable Application.
- The Organization's default under any other grant or loan from WVHDF to the Organization.
- If any representation, warranty, statement, document, or other information made or furnished to WVHDF in connection with the Loan or any other loan or grant obtained from the Lender by the Organization is found to be false, misleading, or untrue.

At present, no known events of default are considered to exist.

The associated note is non-interest bearing.

At December 31, 2021, the \$10,000 is presented as a component of the liability Notes Payable West Virginia Housing Development Authority. It is expected that during the 2022 year that full compliance will be maintained and the loan will be forgiven under the conditions outlined above and as a result included in revenues for that year.

#### **\$20,000 Loan Agreement dated July 27, 2021**

On July 27, 2021, the Organization entered into a note payable and loan agreements (**the Agreements #3**) with the West Virginia Housing Development Fund (WVHDF). The Agreements #2 provide for the borrowing of \$20,000 from WVHDF, the proceeds of were to be used by the Organization in "predevelopment costs" as defined in a program application.

This obligation may be repayable to WVHDF should it receive an award from WVDF's Low-Income Housing Tax Credit (**LIHTC**) Program within 36 months from the date of the subject Loan Agreement as follows:

- The outstanding principal balance, plus 2.0% per annum from the date of the final disbursement under the Loan Agreement, upon the earlier of (i) the date the Project closes its construction financing (ii) the date the Organization sells the subject project; or (iii) two years from the date the project receives its LIHTC Program award.

**SEED SOWER, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 4 — Loan Agreements with West Virginia Housing Development Fund  
(continued)**

**\$20,000 Loan Agreement dated July 27, 2021 (continued)**

- Upon the occurrence of an event of default, WVHDF shall declare a default under the Loan Agreement of this Note and shall provide the Organization notice of the right to cure said default. If the Organization shall fail to cure such default within (10) days, WVHDF thereupon demand and the Organization shall immediately repay the outstanding principal and accrued interest due on the Note.

If the Organization does not receive an award from the LIHTC Program within 24 months of the date of the Loan Agreement, the principal balance outstanding under the Note shall accrue interest at the rate of 0% per annum, and the Organization shall repay the Note as follows:

- If no default is outstanding, the outstanding principal balance of the Note shall be forgiven 36 months from the date of the Loan Agreement.
- Upon an occurrence of an event of default, the WVHDF shall declare a default under the Loan Agreement and the Note provide the Organization notice of the right to cure said default. If the Organization shall fail to cure such default with 10 days, WVHDF may thereupon demand and Organization shall repay, as required by WVHDF, either the outstanding amount of the Note or the amount which the Organization failed to use in accordance with the Loan Agreement, the Note, or application.

Events of default are considered to be:

- WVHDF failure to comply with the terms and conditions of the applicable Program, the Note, and the applicable application.
- WVHDF failure to utilize the proceeds of the Loan in a manner outlined in the Loan Agreement and/or the applicable Application.
- The Organization's default under any other grant or loan from WVHDF to the Organization.
- If any representation, warranty, statement, document, or other information made or furnished to WVHDF in connection with the Loan or any other loan or grant obtained from the Lender by the Organization is found to be false, misleading, or untrue.

At present, no known events of default are considered to exist.

The associated note is non-interest bearing.

On May 16, 2022, the Organization received a notification from WVHDF indicating they had forgiven the loan. As a result, at December 31, 2021, this loan is presented as a component of the liability Notes Payable West Virginia Housing Development Authority. Given the forgiveness, it is expected it will be presented as a component of revenues for the year ended December 31, 2022.

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### Note 4 — Loan Agreements with West Virginia Housing Development Fund (continued)

A summary of the liability Notes Payable West Virginia Housing Development Authority as presented in the accompanying Statement of Financial Position as of December 31, 2021, as described above is as follows:

	<u>Amount</u>
\$150,000 Loan Agreement dated July 16, 2021	\$150,000
\$10,000 Loan Agreement dated July 27, 2021	10,000
\$20,000 Loan Agreement dated July 27, 2021	<u>20,000</u>
<b>Total</b>	<b><u>\$180,000</u></b>

### Note 5 — Fair Value Measurements

The Organization has adopted the applicable provisions of **Topic 820-10 of the FASB Accounting Standards Codification**. Topic 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Topic 820-10 defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Topic 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
  
- Level 2:** Significant other observable inputs other than **Level 1** prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.
  
- Level 3:** Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.



# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### **Note 5 — Fair Value Measurements (continued)**

#### **Fair Value Measurements**

##### ***Assets and Liabilities Recorded at Fair Value on a Recurring Basis***

The Organization has no assets or liabilities that are recorded at fair value on a recurring basis.

##### ***Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis***

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. These include assets that are measured at the lower of carrying or fair value that were recognized at fair value below carrying value as of the end of an accounting period. As of December 31, 2020, and 2019, the Company does not have any assets or liabilities that are valued at fair value on a nonrecurring basis.

### **Note 6 — Accounting for Contributions and Exchange Transactions**

During June 2018, the Financial Accounting Board Issue Accounting Standards Update Topic 958, clarifying the Scope of Guidance for Contributions Received and Made was issued. In substance it clarifies the determination and accounting treatment of what may be considered to be contributions versus exchange contracts. This is important relative to the Organization in that it receives numerous grants from a variety of resource providers/grantors. The accounting treatment for each is very different in that if an item of funding is judged to be an exchange transaction it is treated as if there is a sale of goods or services. If funding is received in advance of the provision of the services, then an element of deferred revenue, a liability could exist. Converse to this, if it is judged to be a contribution then the entirety of the amount received from the resource provider is treated as revenue when received or in substance is an “unconditional promise to give. Necessary restrictions on these revenues are taken into consideration and ultimately its net asset classification is determined based on the period in which the resource provider wishes or specifies its funding should benefit the public. Management has reviewed all such arrangements/grants of significance and has determined that all in effect as of and for the year ended December 31, 2021, fit the guidelines as contributions and have accounted for them accordingly (See Note 8).

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### Note 7 — Net Assets With Donor Restrictions

Net assets with grantor/donor restrictions reported in the accompanying statement of financial position consist of the following and are available for the following purposes as of December 31, 2021:

<u>Grantor or Other Description</u>	<u>Purpose</u>	<u>Amount</u>
One Foundation	Technology	\$ 8,150
State of West Virginia Department of Health and Human Services	Personnel	45,633
<b>Total</b>		<b>\$53,783</b>

### Note 8 — Contingencies

The Organization receives substantial amounts of support from grants, forgivable loans, sponsorships, and contributions. A significant reduction of these could have a material adverse impact on the Organization's ability to operate. Provisions of grants forgivable loans and other funding arrangements may provide for review by the funding entities and could result in these not being available in the future or demand for reimbursement. Management believes that it has and will continue to operate within the appropriate criteria of these funding arrangements.

### Note 9 — Memorandum of Agreement with Fruits of Labor, Inc.

On November 3, 2021, the Organization entered into a Memorandum of Agreement with Fruits of Labor, Inc. (FOL) a for-profit social enterprise<sup>3</sup>. FOL is an American Culinary Federation Certified Culinary and Agricultural Training organization that at present is located in Greenbrier County, West Virginia. This agreement is central to the operation of the Organization. In connection with this agreement, FOL agrees to:

- Refer individuals who need recovery support services to the Organization.
- Provide a minimum of 24 weeks of paid training, certification, and employment for Organization residents in collaboration with WorkForce West Virginia<sup>4</sup> and other government agencies.
- Provide adequate space and facility for the conduct of Recovery Dynamics curriculum (See Note 1) 2 days per week in each FOL location.

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<sup>3</sup> Social enterprises are those businesses that aim to make a profit, but different than traditional for-profit enterprises, they attempt with profits earned to reinvest or donate back into the communities they operate in to create positive social change.

<sup>4</sup> WorkForce West Virginia a Division of the State of West Virginia Department of Commerce and is funded through the U.S. Department of Labor and oversees the state unemployment insurance program as well as a network of workforce development services.

## SEED SOWER, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

#### **Note 9 — Memorandum of Agreement with Fruits of Labor, Inc. (continued)**

- Provide time and adequate space for FOL staff who are in active recovery to enroll in, and participate in Advanced Recovery Management System (ARMS) recovery
- management navigation sessions for up to 30 minutes per week with an Organization Recovery Support Specialist.
- Participate in the applicant review process for referrals to the Organization to determine program fit for individuals who are unknown to FOL and or the Organization.

The Organization agrees to:

- Perform intake screening and interview to determine initial program fit for applicants for both the Seed Sower peer-led social modeling recovery program and the FOL training program.
- Enroll all applicable FOL staff in active recovery into the ARMS Recovery Management Platform and provide consistent, reliable recovery support services as needed.
- Provide Recovery Dynamics group sessions 2 days per week for applicable FOL staff in recovery as well as the general public in the served communities.
- Ensure continuous sobriety from admission to beginning of training program, excluding approved/clinically monitored Medication-Assisted Treatment program (MAT)<sup>5</sup>, for all Organization residents.
- Accept appropriately vetted referrals for individuals who need supported housing inn recovery.
- Involve FOL leadership in admission and discharge planning as appropriate.

The Organization and FOL will work collaboratively to meet the needs of women with substance use disorders, contributing to the continuum of care necessary to support recovery ecosystems.

#### **Note 10 – Liquidity and Availability**

As part of the Organization'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.

The following table reflects the Organization's financial assets as of December 31, 2021 reduced by amounts unavailable for expenditures within one year. Financial assets are considered unavailable when they are illiquid, unable to be converted to cash within one year, accounts payable, accrued, and withheld payroll taxes, accrued expenses, deferred revenue and short-term notes payable.

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<sup>5</sup> Medication-Assisted combines the use of medications and behavioral therapy to treat people who have substance use disorder.

# SEED SOWER, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

### Note 10 – Liquidity and Availability (continued)

Financial assets are as follows at December 31, 2021:

Cash	\$ 28,180
Grants receivable	15,530
Total financial assets	43,710

Less amounts not available to be used within one year:

Accounts payable	5,306
Accrued and withheld payroll, payroll taxes, etc	11,283
Accrued expenses	4,000
Total subtractive items	20,589

Financial assets available to meet operating Expenditures over the next twelve month	\$ 23,121
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### Note 11 – Subsequent Events

#### Coronavirus

During January 30, 2020, the World Health Organization recognized the novel strain of Coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. The pandemic has significantly impacted both the global and U.S. economies. During March 2020, governmental jurisdictions around the globe have reacted to the pandemic, creating significant uncertainties in the U.S. and global economies. In response to this coronavirus outbreak, countries have taken preventative and protective measures, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. In the area where the Organization operates, temporary closures of businesses have been ordered or suggested and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses. While it is unknown how long these conditions will last and what the ultimate financial effect will be to the Organization's financial condition and operational performance, management believes the Organization is in a position to withstand potential economic hardships that may result from these circumstances.

**SEED SOWER, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Note 11 – Subsequent Events (continued)**

**Purchase of Operational Facility**

On February 17, 2022, the Organization purchased certain land, buildings and improvements located in the City of Montgomery, Fayette County, West Virginia in consideration for \$200,000. This was funded with certain ARC grant funds. The purpose of this acquisition is to provide a housing facility in the upper Kanawha Valley of West Virginia in alignment with the stated mission/objectives of the Organization (**See Note 1**).

**Forgiveness of West Virginia Housing Development Authority Loan**

On May 16, 2022, a loan in the amount of \$20,000 was forgiven by the West Virginia Housing Development Authority (**See Note 4**).