

## INDEPENDENT AUDITORS' REPORT

Sirs:  
Board of Directors  
**Semilla Nueva**  
Guatemala

Report about the audit of consolidated financial statements.

### *Opinion*

We have audited the accompanying financial statements of Asociación Semilla Nueva, Semilla Nueva, S.A. y Semilla Nueva (the "Company"), which comprise the balance sheets as of December 31, 2019, the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Company, as of December 31, 2019 have been prepared, in all material respects, in accordance with the accounting policies and practices adopted by non-profit institutions, as described in Note 2).

### *Opinion Basis*

We conducted our audit in accordance with International Standards on Auditing (ISAS). Our responsibilities in accordance with these rules are described in the section Responsibilities of the Auditor for the audit of the financial statements of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guatemala, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and provides a reasonable basis for our unqualified opinion. The administration has said that the Company will continue in operation.

### *Basis of Accounting and use of the Independent Auditor's Report*

We draw the attention to Note 2, without that affect our opinion: to the consolidated financial statements that have been drafted, in all the important aspects, in accordance to accounting practices and policies adopted by the Company's management, as described in Note 2), which have their basis in accounting practices for non-profit institutions, because the financial statements are drafted according to a special purpose accounting basis. As a result, our report is made only for the Company and must not be distributed or used by different parts of the Company or its partners.

### **Other Issues**

As of December 31, 2019, Asociación Semilla Nueva hasn't any inventory and cost of sales record for transactions derived from the purchase and sale of biofortified seeds; inventory control and cost of sales are carried out by operations.

### **Responsibility of the administration on the financial statements**

The Company's Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting Company policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of Consolidated Financial Statements**

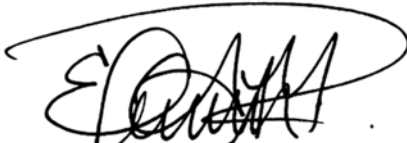
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Among the other responsibilities we have as auditors, we mention the following:

- We identified and assessed the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, we designed and conducted the audit procedures that responded to these risks; we obtained sufficient and appropriate audit evidence to provide a basis for our opinion, the risk of not detecting a material misstatement resulting from fraud is greater than that resulting from an error, since the fraud involves collusion, forgery, intentional omissions, distortion, or annulment of internal control.

- We gained a knowledge of relevant internal control to the audit, in order to design audit procedures that are appropriate in base of the circumstances and not with the purpose of expressing an opinion on effectiveness of internal control of the Company.
- We evaluated the appropriate of accounting policies and the rationality of accounting estimates and related disclosures made by management.
- We concluded on the appropriate use of the accounting principle's administration of the Company in operation, on the basis of the obtained evidence, there is a material uncertainty related to events or conditions that might cause a significant doubt on the ability of the Association to continue as an entity in operation. If we conclude that there is a material uncertainty, we have to call the attention in our audit report on the relevant information to be disclosed in the financial statements or, if disclosure is insufficient, to change our opinion. Our conclusions were based on audit evidence obtained to date of our audit report. However, facts or future conditions can cause the Company ceases being an entity in operation.
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that these be faithful.
- We communicated those in charge of the Company in relation to the intended scope and timing of the audit, and the important audit results, including possible significant deficiencies in internal control that we identified during our audit.
- We also provided those responsible for the management of the Company a statement that we have met the requirements of ethics applicable according to the independence and communicated with them about all relationships and other issues that can be reasonably expected may affect our independence and, in this case, the appropriate safeguards.
- Among the issues that have been subject of communication with those responsible for the Company, we determined which have been of great significance in the audit of the financial statements for the current period and which are the audit key issues. We described these issues in our audit report, unless the legal or regulatory dissipations prohibited to public reveal the issue, or in extremely rare circumstances, we determine that a matter should not communicate in our report because it can expect adverse consequences of doing so, would outweigh the benefits of public interest in the same.

This report is intended exclusively for use of the Company's services and must not be provided to third parties, unless written authorization.

A handwritten signature in black ink, appearing to read 'E. Galvez', enclosed within a large, loopy oval stroke.

Azucena Galvez  
CPA Register No. 6439

March 3, 2020

# SEMILLA NUEVA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended, December 31, 2019

(Expressed in Quetzales and US Dollars)

	<u>QUETZALES</u>	<u>US DOLLARS</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Banks (note 4)	3,530,520	490,350
Accounts Receivable (note 5)	546,242	75,867
<b>Total Current Assets</b>	<b><u>4,076,762</u></b>	<b><u>566,217</u></b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment (note 6)	137,340	19,075
<b>Total Non-Current Assets</b>	<b><u>137,340</u></b>	<b><u>19,075</u></b>
<b>TOTAL ASSETS</b>	<b><u>4,214,102</u></b>	<b><u>585,292</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable (note 7)	16,265	2,259
<b>Total Current Liabilities</b>	<b><u>16,265</u></b>	<b><u>2,259</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Provision of Compensations (note 2h)	78,336	10,880
Other Provisions (note 8)	63,216	8,780
<b>Total Non-Current Liabilities</b>	<b><u>141,552</u></b>	<b><u>19,660</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>157,817</u></b>	<b><u>21,919</u></b>
<b>INSTITUTIONAL EQUITY</b>		
Net Assets	4,056,285	563,373
<b>TOTAL LIABILITIES AND INSTITUTIONAL EQUITY</b>	<b><u>4,214,102</u></b>	<b><u>585,292</u></b>

The attached notes are part of the consolidated financial statements.

# SEMILLA NUEVA

## CONSOLIDATED STATEMENT OF INCOME RESULT

For the year ended, December 31, 2019

(Expressed in Quetzales and US Dollars)

	<u>QUETZALES</u>	<u>US DOLLARS</u>
<b>INCOME</b>		
Donations (note 9)	7,597,514	1,055,210
Services (note 10)	764,381	106,164
Sales (note 10)	563,760	78,300
Other Income	31,500	4,375
Bank Interest	2,866	398
<b>TOTAL INCOME</b>	<u><b>8,960,021</b></u>	<u><b>1,244,447</b></u>
<b>EXPENSES</b>		
Wages and Labor Benefits	2,172,449	301,729
Honoraria	1,892,808	262,890
General Development Activities	1,658,426	230,337
Transportation, Mobilization, Fuel	845,374	117,413
Rentals and Maintenance Expenses	299,196	41,555
General Office Expenses	217,469	30,204
Taxes, Fees and Arbitration	135,223	18,781
Depreciations	49,975	6,941
Bank Expenses, Differential and Others	(187,682)	(26,067)
<b>TOTAL EXPENSES (note 11)</b>	<u><b>7,083,238</b></u>	<u><b>983,783</b></u>
<b>EXCESS OF INCOME OVER EXPENSES</b>	<u><b>1,876,783</b></u>	<u><b>260,664</b></u>

The attached notes are part of the consolidated financial statements.