

**SEMILLA NUEVA**

Consolidated Financial Statements for the Year Ended  
December 31, 2020 and 2019, and The Independent  
Auditor's Report Dated March 24, 2021.

## INDEPENDENT AUDITOR'S REPORT

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## **INDEPENDENT AUDITOR'S REPORT**

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

Report about the audit of consolidated financial statements.

### **Opinion**

We have audited the accompanying consolidated financial statements of Asociación Semilla Nueva, Semilla Nueva, S.A. y Semilla Nueva (501)(c)(3) (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2020; the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Company, as of December 31, 2020 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).

### **Basis for opinion**

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 consider that the audit evidence we have obtained is sufficient and provides a reasonable basis for our qualified opinion. The Management has stated 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 affecting our opinion to the consolidated financial statements that have been drafted, in all the material 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 other parts different to the Company or its partners.

### **Emphasis of Matter**

As described in Note 1, Semilla Nueva's consolidated financial statements as of December 31, 2019 have been restructured to amend an error due to criteria alignment of expense accounts classification in the consolidated statement of income.

### **Other Matters**

As of December 31, 2020, 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 Department.

### **Management's Responsibility for 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, as well as for the internal control to allow the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

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

Those in charge of management 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 the Company's internal control.
- We evaluated how appropriate the accounting policies are 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 Company 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 the 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 consolidated 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 dissipation prohibited to public reveal the issue, or in extremely rare circumstances, we determine that a matter should not be communicated 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.



Azucena Galvez  
CPA Register No. 6439

March 24, 2021

# SEMILLA NUEVA

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the years ended as of December 31  
(Expressed in Quetzales and US Dollars)

	2020		2019	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Banks (note 4)	5,891,170	818,218	3,530,520	490,350
Accounts Receivable (note 5)	649,764	90,245	546,242	75,867
<b>Total Current Assets</b>	<b>6,540,934</b>	<b>908,463</b>	<b>4,076,762</b>	<b>566,217</b>
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment (note 6)	72,151	10,021	137,340	19,075
<b>Total Non-Current Assets</b>	<b>72,151</b>	<b>10,021</b>	<b>137,340</b>	<b>19,075</b>
<b>TOTAL ASSETS</b>	<b>6,613,085</b>	<b>918,484</b>	<b>4,214,102</b>	<b>585,292</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payable Accounts and Documents (note 7)	63,850	8,868	16,265	2,259
<b>Total Current Liabilities</b>	<b>63,850</b>	<b>8,868</b>	<b>16,265</b>	<b>2,259</b>
<b>NON-CURRENT LIABILITIES</b>				
Provision of Compensations (note 2h)	226,530	31,462	78,336	10,880
Other Provisions (note 8)	109,642	15,228	63,216	8,780
<b>Total Non-Current Liabilities</b>	<b>336,172</b>	<b>46,690</b>	<b>141,552</b>	<b>19,660</b>
<b>TOTAL LIABILITIES</b>	<b>400,022</b>	<b>55,558</b>	<b>157,817</b>	<b>21,919</b>
<b>INSTITUTIONAL EQUITY</b>				
Net Assets	6,213,063	862,926	4,056,285	563,373
<b>TOTAL LIABILITIES AND INSTITUTIONAL EQUITY</b>	<b>6,613,085</b>	<b>918,484</b>	<b>4,214,102</b>	<b>585,292</b>

The accompanying notes are part of the consolidated financial statements.

**SEMILLA NUEVA**  
**CONSOLIDATED STATEMENTS OF INCOME**

For the years ended as of December 31  
(Expressed in Quetzales and US Dollars)

	2020		2019	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>INCOME</b>				
Donations (note 9)	9,377,376	1,302,413	7,597,514	1,055,210
Services (note 10)	1,518,689	210,929	764,381	106,164
Sales (note 10)	892,613	123,974	563,760	78,300
Other income	1,166	162	31,500	4,375
Bank interest	7,085	984	2,866	398
<b>TOTAL INCOME</b>	<b>11,796,929</b>	<b>1,638,462</b>	<b>8,960,021</b>	<b>1,244,447</b>
<b>EXPENSES</b>				
Salaries and benefits	3,465,878	481,372	2,703,708	375,515
Honoraria and benefits	2,037,672	283,010	1,519,279	211,011
General development activities	2,210,314	306,988	1,655,503	229,931
Transportation, mobilization, fuel	854,525	118,684	664,243	92,256
Rental and maintenance expenses	436,464	60,620	368,721	51,211
General office expenses	683,416	94,919	174,269	24,204
Taxes, fees and arbitration	198,590	27,582	134,192	18,638
Depreciations	65,189	9,054	49,975	6,941
Bank expenses, forex and others	(227,210)	(31,557)	(186,652)	(25,924)
<b>TOTAL EXPENSES (Note 11)</b>	<b>9,724,838</b>	<b>1,350,672</b>	<b>7,083,238</b>	<b>983,783</b>
<b>EXCESS OF INCOME OVER EXPENSES</b>	<b>2,072,091</b>	<b>287,790</b>	<b>1,876,783</b>	<b>260,664</b>

The accompanying notes are part of the consolidated financial statements.

**SEMILLA NUEVA**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the years ended as of December 31  
(Expressed in US Dollars)

<b>DESCRIPTION</b>	<b>SEN ONG</b>	<b>SEN, S.A.</b>	<b>SEN 501 (c)(3)</b>	<b>TOTAL</b>
<b>Balance as of December 31, 2018</b>	<b>142,114</b>	<b>-</b>	<b>151,466</b>	<b>293,580</b>
Contribution to future capitalizations	-	150,651	(150,651)	-
Forex effect	-	9,129	-	9,129
Net income or loss	55,318	(110,486)	315,832	260,664
<b>Balance as of December 31, 2019</b>	<b>197,432</b>	<b>49,294</b>	<b>316,647</b>	<b>563,373</b>
Contribution to future capitalizations	-	199,437	(199,437)	-
Forex effect	-	11,624	-	11,624
Shares authorized	-	139	-	139
Intercompany eliminations	654,961	-	(654,961)	-
Net income or loss	(642,461)	(196,546)	1,126,797	287,790
<b>Balance as of December 31, 2020</b>	<b>209,932</b>	<b>63,948</b>	<b>589,046</b>	<b>862,926</b>

The accompanying notes are part of the consolidated financial statements.

# SEMILLA NUEVA

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended as of December 31  
(Expressed in Quetzales and US Dollars)

DESCRIPTION	2020		2019	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>Cash Flows from Operating Activities</b>				
Customer Cash Increase	(182,081)	(25,289)	(70,445)	(9,784)
Taxes payment increase	(323,543)	(44,936)	(228,859)	(31,786)
Decrease in suppliers and expense payment	(1,951,177)	(270,998)	(2,070,857)	(287,619)
Cash paid to operating expenses	(9,257,489)	(1,285,761)	(6,086,916)	(845,405)
Cash paid to personnel	(2,745,015)	(381,252)	(2,193,314)	(304,627)
Cash from donations	14,407,839	2,001,089	4,891,997	679,444
Cash from sales and services	2,411,301	334,903	7,637,530	1,060,768
Cash from other income	8,252	1,146	34,366	4,773
<b>Net cash provided by operating activities</b>	<b>2,368,087</b>	<b>328,902</b>	<b>1,913,502</b>	<b>265,764</b>
<b>Cash Flows from Investing Activities</b>				
Increase in Leasing	(92,132)	(12,797)	(54,317)	(7,544)
<b>Net cash provided by investing activities</b>	<b>(92,132)</b>	<b>(12,797)</b>	<b>(54,317)</b>	<b>(7,544)</b>
<b>Cash Flows from Financing Activities</b>				
Increase for investments SEN (501) (e)(3)	(1,435,945)	(199,437)	(1,084,687)	(150,651)
Increase in future capitalizations (SEN, S.A.)	1,520,640	211,200	1,150,416	159,780
<b>Net cash rovided by financing activities</b>	<b>84,695</b>	<b>11,763</b>	<b>65,729</b>	<b>9,129</b>
Net increase in cash and cash equivalents	2,360,650	327,868	1,924,914	267,349
Cash and cash equivalents at the beginning of the year	3,530,520	490,350	1,605,606	223,001
Cash and cash equivalents at the end of the year	<b>5,891,170</b>	<b>818,218</b>	<b>3,530,520</b>	<b>490,350</b>

The accompanying notes are part of the consolidated financial statements.

# SEMILLA NUEVA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### 1. ORGANIZATION

A) **Semilla Nueva**, was incorporated on May 19, 2010 under the Oregon laws, as a non-profit organization. On September 20, 2010, was awarded tax exempt status from Federal income tax under section 501 (c) (3) of the Internal Revenue Code (IRC). This entity is organized exclusively for charitable, religious, educational, and scientific purposes, including, the distribution to organizations that qualify as exempt organizations under section 501 (c) (3) of the IRC for such purposes.

B) **Asociación Semilla Nueva** was constituted under the laws of the Republic of Guatemala, according to testimony of the public deed number four hundred and sixty-one (461), dated August 27, 2012 for an indefinite period. It is a private, service, assistance, social benefit and agricultural local economic development entity, composed of professionals and altruistic persons belonging to civil society, non-profit, non-religious and without any political purpose.

The Association aims and objectives are:

- a) Develop projects with a focus on sustainable local economic agricultural development, which seek to raise the living standard of the Guatemalan people;
- b) Develop actions and activities to promote human development, agricultural, social, technical and administrative assistance to strengthen the functioning of the communities and groups that need it;
- c) Establish education, health, housing, agriculture, industry, production, marketing support, technical assistance and training programs, according to the needs and aspirations of the attended communities;
- d) Manage the funds coming from the contributions of its associates and those received from other entities in order to execute the services required in its communities;
- e) Accept inheritances, legacies, internal and external donations, contract loans and enter into agreements with national and international institutions for the achievement of the Association's purposes;
- f) Manage and receive technical assistance and specialized training for the realization and administration of sustainable projects, programs and plans aimed at raising the standard of living of the population.

C) **Semilla Nueva, S.A.** was constituted under the laws of the Republic of Guatemala, according to testimony of the public deed number eighty-nine (89), dated November 28, 2018 for an indefinite period. The Company's main purpose is the realization of all kinds of commercial and business activities related to lucrative activities to undertake business, creation, strengthening of individual companies and incorporation into the formal trade of evaluation, production and marketing of seeds crops. Likewise, the Company may carry out any commercial, industrial or business, lawful and lucrative activity, undertake, execute, perform or celebrate all necessary acts, operations, negotiations and contracts.

**SEMILLA NUEVA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

The consolidated financial statements include the operations of Semilla Nueva 501 (c)(3) (USA), Asociación Semilla Nueva and Semilla Nueva, S.A.

**Restructuring of Financial Statements** – Semilla Nueva's consolidated financial statements as of December 31, 2019 have been restructured to amend an error due to criteria alignment of expense accounts classification in the consolidated statement of income, as shown below:

**2019**

<b>Accounts</b>	<b>Figures previously reported</b>	<b>Adjustments</b>	<b>Restructured figures</b>
<b>EXPENSES</b>			
Salaries and benefits	301,729	73,786	375,515
Honoraria and benefits	262,890	(51,879)	211,011
General development activities	230,337	(406)	229,931
Transportation, mobilization, fuel	117,413	(25,157)	92,256
Rentals and maintenance expenses	41,555	9,656	51,211
General office expenses	30,204	(6,000)	24,204
Taxes, fees and arbitration	18,781	(143)	18,638
Depreciations	6,941	-	6,941
Bank expenses, forex an others	(26,067)	143	(25,924)
<b>Total</b>	<b>983,783</b>	<b>-</b>	<b>983,783</b>

**2. SUMMARY OF THE MAIN ACCOUNTING POLICIES**

The main accounting policies used by the Company in the preparation of the financial statements, are set out below:

On July 7, 2010, the Institute of Public Accountants and Auditors of Guatemala resolved to adopt as Generally Accepted Accounting Principles in Guatemala, the International Financial Reporting Standard for Small and Medium-Sized Entities - NIIF for PYMES (in English, International Financial Reporting Standard for Small and Medium-Sized Entities- IFRS for SMEs -), issued by the Council of International Financial Reporting Standards (in English, International Accounting Standards Board - IASB). That resolution took

# SEMILLA NUEVA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

effect for the entities in Guatemala: optional from the annual period which began on January 1, 2010 and obligatory from January 1, 2011.

Semilla Nueva is a non-profit organization. Therefore, it has not under the obligation to adopt International Financial Reporting Standard for Small and Medium-Sized Entities - NIF for PYMES, because these entities are not defined by the standard to do so, but it continues operating in accordance with the accounting practices for non-profit institutions, because the financial statements are prepared in accordance with a special purpose basis of accounting.

### a) Financial statements presentation

Asociación Semilla Nueva and Semilla Nueva, S.A., operates its accounting records according to the accrual method, as it is registered in the Unified Tax Register (UTR) issued by the Superintendencia de Administración Tributaria (SAT), both are registered as follows:

- Optional Simplified Regime on Income-generating Activities.
  - Monthly payments on the basis of the gross income obtained in each month.
  - Annual Declaration.
- Value Added Tax (VAT) 12%, between the VAT collected and VAT paid.
  - Difference between VAT collected and VAT paid (rate 12%).
- The inventory valuation system is "Estimated cost or fixed price" for Semilla Nueva, S.A.
- Its accounting period is from January 1 to December 31 each year.
- It has assigned Tax Identification Number 8110876-1 for Asociación Semilla Nueva and 10303702-0 for Semilla Nueva, S.A.

### b) Financial Instruments

Financial instruments are defined as any contract that originates an increment to a financial asset in one company and a financial liability or equity instrument in another company. Financial assets and liabilities are recognized when the Company becomes a part of the contractual provisions of the corresponding instrument.

Financial assets and financial liabilities are initially measured at fair value, plus the transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, except for those classified at fair value through profit or loss, which are initially measured at fair value and whose transaction costs directly attributable to the acquisition or issue, are recognized immediately in profit or loss of the period.

# SEMILLA NUEVA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

### *Financial Assets*

All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis, in which the following are recognized on such date: a) the asset receivable and the liability payable, and (b) the derecognition of the asset that is sold, the recognition of the eventual income from the sale or disposal by another means, and the recognition of an item receivable from the purchaser.

*Effective interest method:* The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts included in the calculation of the effective interest rate) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The financial assets held by the Company are classified as accounts receivable. These assets are measured at amortized cost using the effective interest method, less any accumulated impairment. The Company does not have financial assets that require being classified into the categories of: financial assets at fair value through profit or loss; held-to-maturity investments; or, available-for sale financial assets, nor has it entered into transactions during the period that have required such classifications.

### *Financial Liabilities*

The financial liabilities and equity instruments are classified in accordance with the content of the contractual arrangements and considering the economic substance of the contract. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

*Effective interest method:* The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts included in the calculation of the effective interest rate) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The financial liabilities held by the Company are classified as Other financial liabilities. These liabilities are recorded at amortized cost, which are recorded subsequent to their initial recognition at amortized cost, using the effective interest method, recognizing the interest expense over the relevant period. The Company does not have financial liabilities that require being classified into the category of financial liabilities at fair value through profit or loss, nor has it entered into transactions during the period that have required such classification.

**SEMILLA NUEVA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

**c) Cash and cash equivalents**

It is considered as cash and cash equivalents the petty cash and bank balances, these balances can be easily converted into cash without restriction.

**d) Property and Equipment**

Property and equipment are recorded at cost, minus the depreciation and any loss recognized for impairment. The initial disbursements, as well as those subsequently incurred, related to assets whose cost may be reliably valued, and for which it is probable that future economic benefits will be obtained from them, are recognized as fixed assets. The disbursements for maintenance and repairs are recognized as an expense of the period in which they are incurred. The gains or losses resulting from the sale or disposal of an item of property and equipment are determined as the difference between the profit from the sale and the book value of the asset, which are recognized in profit or loss of the period when the sale is considered to be realized.

The depreciation is calculated under the direct method using the following estimated useful life:

	<b>Years</b>
Furniture and equipment	5
Computer equipment	3
Vehicles	5

**e) Asset Impairment**

The value in asset books is reviewed on the date of each balance, in order to determine if there is impairment. If there is such indication, the recoverable amount of this asset is estimated. The impairment loss is recognized when the carrying amount of such asset exceeds its recoverable amount or its value in use, such loss is recognized in the statement of activities for those assets recorded at cost. There are no indications that the Company shows a deterioration of its assets, due to the nature of its operations and that its assets correspond to office and computer equipment, which are depreciated on a monthly basis.

**f) Commercial Accounts Payable**

Commercial accounts payable are obligations to pay for goods or services purchased from suppliers in the normal course of business. Accounts payable are classified as Current Liabilities if the payment has to be made in the term of one year or less. Otherwise, they are presented as non-current liabilities.

**SEMILLA NUEVA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

**g) Provisions**

Provisions are recognized when the Company has a present obligation (legal or taken) as a result of a past event, it is probable that the Company will have to leave resources, that incorporate economic benefits to cancel the obligation, and a reliable estimate of the amount of the obligation can be made.

**h) Severance Compensation**

According to the decrees 1441 Labor Code, Article 82 Severance Compensation, Annual Bonus Law 42-92 for Workers in the Private and Public Sector, article 4 and 76-78 Regulating Law of the provision of the Holiday Bonus for Workers in the Private Sector Article 9. Says: Companies have the obligation to pay compensation to the employees to dismiss, under certain circumstances, at a rate of one month's salary, plus one-twelfth of Holiday Bonus and Bonus 14, for each year of service. As of December 31, 2020, the amount of this concept is Q226,530 equivalent to US\$31,462 and as of December 31, 2019, the amount of this concept is Q78,336 equivalent to US\$10,880.

**i) Net Assets**

The income surpluses over expenses originated by the activities of each period are executed according to a grant agreement, forming part of net assets. These net assets are not distributed in the form of dividends, shares or any other form of distribution.

**j) Accounting for Interests**

The interest generated by the bank accounts, are registered at the time of accreditation by the bank.

**k) Donations recognition**

Donations are registered as they have been granted to the Company. These have been originated by the funds from national or international institutions, mainly for the implementation or administration of projects. These donations are not attached to deductions of reserves of the heritage and are not distributed among its partners; however, at the end of the agreement, the funds not executed are returned to the donor.

**SEMILLA NUEVA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

**l) Foreign currency transactions**

Foreign currency transactions are recorded in national currency at the exchange rate in effect at the time of operation.

**m) Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements. If these exist, they are disclosed in the notes to the financial statements, unless the possibility of cash being disbursed is remote, in which case no disclosure is required. As of December 31, 2020, and 2019, the Company does not present contingent liabilities that require disclosure.

**n) Risk Management**

**By fluctuation in exchange rates:** The Company manages the majority of their income, expenses, assets and liabilities in local currency, so it is not exposed to risks of exchange rate fluctuation.

**By variation in interest rate and market prices:** The Company has no financial instruments that are exposed to fluctuations in interest rate.

**Liquidity:** The Company covers its operating expenses mainly through the donations made by the cooperating agencies; as well as of the lucrative activities on the sales of biofortified seeds and provision of services.

**Cash Flows:** The adequacy of the cash flows to be generated is evaluated every year to cover the obligations.

**3. MONETARY UNIT AND EXCHANGE RATE**

Every year in December, the management analyzes the fluctuation of the exchange rate of US Dollars and Quetzales during the current year, and establishes a conservative exchange rate to budget the expenses of the following year. The transactions of each of the Companies are recorded in local currency for the presentation of individual financial statements; for the purpose of presenting the consolidated financial statements, the balances in Quetzales were expressed in US Dollars for the year 2020 and 2019, applying the exchange rate of Q.7.20 Quetzales per US \$1.00.

**SEMILLA NUEVA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. CASH AND BANKS**

The integration as of December 31, is as shown below:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Foreign Banks	4,191,444	582,145	2,229,891	309,707
Local Banks	1,651,500	229,375	1,275,127	177,101
Petty Cash	48,226	6,698	25,502	3,542
	<b>5,891,170</b>	<b>818,218</b>	<b>3,530,520</b>	<b>490,350</b>

**5. ACCOUNTS RECEIVABLE**

The integration as of December 31, is as shown below:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
VAT Tax Credit	264,023	36,670	127,714	17,738
Advances to producers	244,201	33,917	159,998	22,222
Pasfesa	54,938	7,630	83,527	11,601
Employees accounts receivable	46,066	6,398	30,024	4,170
Other advances	18,994	2,638	22,205	3,084
Other accounts receivable	18,684	2,595	97,725	13,573
Advances to suppliers	2,858	397	21,787	3,026
Copavetsa	-	-	3,262	453
	<b>649,764</b>	<b>90,245</b>	<b>546,242</b>	<b>75,867</b>

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**6. PROPERTY, PLANT AND EQUIPMENT**

The integration as of December 31, 2020, is as shown below:

Amounts in Quetzales

Description	Balance as of 12-31-19	Movement of fixed assets		Balance as of 12-31-20
		Write-On	Write-Off	
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Furniture and Equipment	7,787	-	-	7,787
Computer Equipment	1,024	-	-	1,024
Vehicles	503,428	-	-	503,428
<b>Sub-total</b>	<b>512,239</b>	<b>-</b>	<b>-</b>	<b>512,239</b>
<b>ACCUMULATED DEPRECIATION</b>				
(-) Furniture and Equipment	(7,786)	-	-	(7,786)
(-) Computer Equipment	(1,024)	-	-	(1,024)
(-) Vehicles	(366,089)	65,189	-	(431,278)
<b>Sub-total</b>	<b>(374,899)</b>	<b>65,189</b>	<b>-</b>	<b>(440,088)</b>
<b>Total</b>	<b>137,340</b>	<b>65,189</b>	<b>-</b>	<b>72,151</b>

Amounts in US Dollars

Description	Balance as of 12-31-19	Movement of fixed assets		Balance as of 12-31-20
		Write-On	Write-Off	
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Furniture and Equipment	1,082	-	-	1,082
Computer Equipment	142	-	-	142
Vehicles	69,921	-	-	69,921
<b>Sub-total</b>	<b>71,145</b>	<b>-</b>	<b>-</b>	<b>71,145</b>
<b>ACCUMULATED DEPRECIATION</b>				
(-) Furniture and Equipment	(1,081)	-	-	(1,081)
(-) Computer Equipment	(142)	-	-	(142)
(-) Vehicles	(50,847)	9,055	-	(59,901)
<b>Sub-total</b>	<b>(52,070)</b>	<b>9,055</b>	<b>-</b>	<b>(61,124)</b>
<b>Total</b>	<b>19,075</b>	<b>9,055</b>	<b>-</b>	<b>10,021</b>

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The integration as of December 31, 2019, is as shown below:

**Amounts in Quetzales**

Description	Balance as of 12-31-18	Movement of fixed assets		Balance as of 12-31-19
		Write-On	Write-Off	
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Furniture and Equipment	7,787	-	-	7,787
Computer equipment	1,024	-	-	1,024
Vehicles	503,428	-	-	503,428
<b>Sub-total</b>	<b>512,239</b>	<b>-</b>	<b>-</b>	<b>512,239</b>
<b>ACCUMULATED DEPRECIATION</b>				
(-) Furniture and Equipment	(7,531)	255	-	(7,786)
(-) Computer equipment	(1,024)	-	-	(1,024)
(-) Vehicles	(316,375)	49,714	-	(366,089)
<b>Sub-total</b>	<b>(324,930)</b>	<b>49,969</b>	<b>-</b>	<b>(374,899)</b>
<b>Total</b>	<b>187,309</b>	<b>49,969</b>	<b>-</b>	<b>137,340</b>

**Amounts in US Dollars**

Description	Balance as of 12-31-18	Movement of fixed assets		Balance as of 12-31-19
		Write-On	Write-Off	
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Furniture and Equipment	1,082	-	-	1,082
Computer equipment	142	-	-	142
Vehicles	69,921	-	-	69,921
<b>Sub-total</b>	<b>71,145</b>	<b>-</b>	<b>-</b>	<b>71,145</b>
<b>ACCUMULATED DEPRECIATION</b>				
(-) Furniture and Equipment	(1,046)	35	-	(1,081)
(-) Computer equipment	(142)	-	-	(142)
(-) Vehicles	(43,941)	6,906	-	(50,847)
<b>Sub-total</b>	<b>(45,129)</b>	<b>6,941</b>	<b>-</b>	<b>(52,070)</b>
<b>Total</b>	<b>26,016</b>	<b>6,941</b>	<b>-</b>	<b>19,075</b>

**SEMILLA NUEVA**  
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**7. ACCOUNTS PAYABLE**

The integration as of December 31, is as shown below:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Other payable accounts	50,652	7,035	8,309	1,154
Taxes payables	13,198	1,833	7,934	1,102
Salaries payables	-	-	22	3
<b>TOTAL</b>	<b>63,850</b>	<b>8,868</b>	<b>16,265</b>	<b>2,259</b>

**8. OTHER PROVISIONS**

The integration as of December 31, is as shown below:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Holiday bonus	92,576	12,858	8,172	1,135
Bonus 14	17,066	2,370	55,044	7,645
<b>Total</b>	<b>109,642</b>	<b>15,228</b>	<b>63,216</b>	<b>8,780</b>

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**9. DONATIONS**

The income of the cooperation agencies is integrated as follows:

Description	2020		Status	2019	
	Quetzales	US Dollars		Quetzales	US Dollars
Light a Single Candle Foundation <i>a/</i>	1,904,400	264,500	Restricted	-	-
Mulago <i>b/</i>	1,800,000	250,000	No restricted	1,080,000	150,000
Swiss Re Foundation <i>c/</i>	1,396,800	194,000	Restricted	576,000	80,000
Cartier Philanthropy <i>d/</i>	1,368,000	190,000	No restricted	1,440,000	200,000
Miracles in Action <i>e/</i>	716,400	99,500	No restricted	324,000	45,000
Expo-2020 <i>f/</i>	360,000	50,000	Restricted	360,000	50,000
CFH <i>g/</i>	216,000	30,000	Restricted	216,000	30,000
RA5 Foundation <i>h/</i>	216,000	30,000	No restricted	-	-
Popoyan <i>i/</i>	182,280	25,317	Restricted	1,037,983	144,164
The Vitol Foundation <i>j/</i>	179,827	24,976	Restricted	-	-
The International Foundation <i>k/</i>	144,000	20,000	Restricted	-	-
GLG <i>l/</i>	72,000	10,000	No restricted	-	-
Open Road Alliance <i>m/</i>	-	-	Restricted	759,499	105,486
IAF <i>n/</i>	-	-	Restricted	642,759	89,272
One Day's Wages <i>o/</i>	-	-	Restricted	370,109	51,404
Harbourton <i>p/</i>	-	-	Restricted	360,000	50,000
Individual donations (Guatemala)	15,175	2,108	No restricted	6,400	889
Individual donations (USA)	806,494	112,013	No restricted	424,764	58,995
<b>Total</b>	<b>9,377,376</b>	<b>1,302,413</b>		<b>7,597,514</b>	<b>1,055,210</b>
<b>Summary</b>					
Restricted	47%	608,793		57%	600,326
No restricted	53%	693,621		43%	454,884
<b>Total</b>	<b>100%</b>	<b>1,302,413</b>		<b>100%</b>	<b>1,055,210</b>

**a/: Light a Single Candle Foundation**

Dated September 23, 2020, agreement number N4220 was signed for one year for the support of pilot program to incentivize companies to produce and sell biofortified seeds at reduced prices, for a total amount of \$49,500.

For the year 2020, donations for US\$264,500 were received, the funds are unrestricted.

**b/: Mulago**

On May 14, 2019, a letter from Mulago Foundation to Semilla Nueva was signed, in which they will transfer funds in the amount of US\$150,000.

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For the year 2020 and 2019 donations were received for US\$250,000 and US\$150,000 respectively; the funds correspond to an unrestricted grant to Semilla Nueva.

**c/: Swiss Re Foundation**

On April 6, 2018, a donation agreement was signed between Swiss Re Foundation and Semilla Nueva, Project number 6128, Semilla Nueva: Expanding biofortified seed to combat malnutrition (2018:2020) for an amount subject to the terms, for \$200,000 (VAT included), from January 1, 2018 to January 31, 2020.

On January 21, 2020, a grant agreement was signed between Swiss Re Foundation and Semilla Nueva, project number 6349, Semilla Nueva: Expanding a Biofortified Seed Venture to Combat Malnutrition (2019 - 2022) for an amount subject to the terms of the agreement for US\$200,000 (includes VAT), from December 1, 2019 to January 31, 2022.

On May 29, 2020, the Covid-19 relief agreement was signed between Swiss Re Foundation and Semilla Nueva, project number 6427, for an amount subject to the terms of the agreement for \$34,000 (includes VAT), from May 19, 2020 to December 31, 2020.

On June 23, 2020, an addendum was signed between the Swiss Re Foundation and Semilla Nueva, project number 6349 (Addendum no. 6353) Global Atlas Challenge – Semilla Nueva, during the year 2020.

For the year 2020 and 2019, donations for US\$194,000 and US\$80,000 were received respectively.

**d/: Cartier Philanthropy**

On November 28, 2018, the grant agreement between the private foundation Cartier Philanthropy and Semilla Nueva was signed. Cartier Philanthropy will contribute for a maximum amount of US\$400,000, for a period of two years (January 1, 2019 to December 31, 2020).

The objective of the Project named “Fighting Malnutrition in Guatemala” is to focus on the direct selling of biofortified seeds through existing distribution channels without advertising their nutritional qualities, and to sell seeds at price points that allow the long-term growth of Semilla Nueva while providing better financial returns for farmers, distributors and agrodealers resulting in scale adoption.

For the year 2020 and 2019, donations of US\$190,000 and US\$200,000 were received respectively.

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**e/: Miracles in action**

There is no formal agreement, however, the communication and approval of the grant was made through email.

For the year 2020 and 2019, donations were received for US\$99,500 and US\$45,000 respectively, the funds are destined for the fulfillment of the mission, investment in communications and public relations of Semilla Nueva.

**f/: Expo 2020**

On August 1, 2019, a donation agreement was signed between Expo Dubai 2020 LLC - SO and Semilla Nueva, Project number EL-GA-110 titled "Scaling Biofortified Maize to Combat Malnutrition through a Social Enterprise Model". Expo 2020 will pay the Grantee in accordance with the following:

- a) An advance payment of US\$50,000 for the submission and approval of the documents set out in Article 4(b).
- b) Final payment of US\$50,000 after the submission of milestones 1 and 2, Estimated Date: January 2020.

For the year 2020 and 2019, donations for US\$50,000 and US\$50,000 were received.

**g/: Conservation, Food & Health Foundation, Inc. (CFH)**

On November 20, 2019, a letter from Conservation, Food & Health Foundation, Inc to Semilla Nueva, in which a donation for US\$30,000 was approved, to support the project "Combat chronic malnutrition in Guatemala: Production, promotion and sale of biofortified seeds".

On November 6, 2020, a letter from Conservation, Food & Health Foundation, Inc. to Semilla Nueva was signed, in which a donation for US\$30,000 was approved, to support the project titled "Semilla Nueva's COVID-19 Recovery: Adaptative Farmer Engagement & Seed Distribution".

For the year 2020 and 2019, donations for US\$30,000 were received.

**h/: RA5 Foundation**

There is no formal agreement, however, the communication and approval of the financing was made through a letter dated November 15, 2020.

For the year 2020, donations for US\$30,000 were received, the funds are unrestricted.

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### **i/: Agropecuaria Popoyán, S.A.**

On March 25, 2019, the fixed price sub contract between Agropecuaria Popoyán, S.A. and Asociación Semilla Nueva was established. As part of the PRO-INNOVA project and through its ProCompite fund, they will be contributing funds for the project execution through partial disbursements given to the Association for the fulfillment of 15 Milestones. The amount contributed by the Pro-Innova project will be Q2,025,331.90. Payments will be made in accordance with the payment schedule of performance goals, as long as the milestone is fully accomplished.

The subcontract will be valid from February 26, 2019 to September 30, 2021, and could be extended for the period that the contractor considers necessary to achieve the main objective of the PRO-INNOVA project. The end date may not exceed August 6, 2022.

On September 2, 2019, the fixed price subcontract suffered the first modification, in which the project expanded its areas of intervention and milestones 6, 8, 9, 10, 11, 12, 13, 14 and 15 were modified.

For the year 2020 and 2019, donations for Q182,280 were received, equivalent to US\$25,317 and Q1,037,983 equivalent to US\$144,164 respectively.

### **j/: The Vitol Foundation**

For the year 2020, a donation of US\$25,000 was received for the Semilla Nueva program for the period from May 8 to November 30, 2020.

### **k/: The International Foundation**

There is no formal agreement, however, the communication and approval of the financing was made through email.

For the year 2020, donations for US\$20,000 were received, the funds are restricted.

### **l/: GLG**

There is no formal agreement, however, the communication and approval of the financing was made through email.

For the year 2020, donations for US\$10,000 were received, the funds are not restricted.

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**m/: Open Road Alliance**

On November 4, 2019, a grant recommendation letter from Open Road Alliance to Semilla Nueva was signed, in which they will transfer funds for the amount of US\$105,486.04, with the following conditions:

- a) All grant funds and income earned may be spend only for charitable purposes, as defined by U.S. IRC section 501(c)(3).
- b) Individuals connected with this grant recommendation will not receive benefits, goods or services in exchange.
- c) Any funds not used for the purposes specified will be returned to Silicon Valley Community Foundation.

For the year 2019, donations were received for US\$105,486.

**n/: Interamerican Foundation (IAF)**

On July 8, 2014, the Inter-American Foundation (IAF) signed the Grant Agreement No. GT-317 to grant a contribution of US\$272,500 to Asociación Semilla Nueva, for the implementation of the project “Farmer to Farmer Development and Capacity Building in Retalhuleu and Suchitepéquez” for a period of thirty-six months from July 16, 2014 to July 16, 2017.

On February 28, 2017, the Amendment number 1 was signed, in which the following modifications were made:

- a) The amount of the donation increased to US\$532,200;
- b) The expiration date of the donation is extended until July 16, 2020;
- c) The following report delivery dates are added: January 31, 2018; July 31, 2018; January 31, 2019; July 31, 2019; January 31, 2020; and July 31, 2020;
- d) All annexes are eliminated in their entirety and replaced by new annexes;

For the year 2019, donations were received for US\$89,272.

**o/: One Day’s Wages**

On December 31, 2018, a letter from One Day’s Wages was signed to Semilla Nueva, in which they will transfer funds for the amount of US\$51,404, to help fight chronic malnutrition in Guatemala. 100% of the grant will be used to empower local farmers through the production and distribution of biofortified corn seed.

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For the year 2019, donations were received for US\$51,404.

**p/: Harbourton Foundation**

On September 23, 2019, a letter from the Harbourton Foundation was signed to Semilla Nueva, in which they approved a grant for US\$50,000, in support of the Scaling Biofortified Corn to Reduce Malnutrition in Guatemala. The period is from October 1, 2019 to September 30, 2020.

For the year 2019, donations were received for US\$50,000.

**10. SALES AND SERVICES**

These correspond to the sale of biofortified seeds, local services and services abroad, billed by the Asociación Semilla Nueva and Semilla Nueva, S.A.

**11. EXPENSES**

A) Wages and labor benefits as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Salaries	1,950,544	270,909	1,356,215	188,364
Mileage Reimbursement	445,705	61,903	300,881	41,789
IGSS, IRTRA and INTECAP fees	226,905	31,515	140,465	19,509
Severance	165,419	22,975	146,081	20,289
Holiday bonus	158,830	22,060	120,522	16,739
Bonus 14	156,754	21,771	162,915	22,627
Sales bonus	154,152	21,410	31,004	4,306
Insurances	114,667	15,926	138,658	19,258
Telephone & Internet	75,169	10,440	66,370	9,218
Bonus 37-2001	59,088	8,207	46,333	6,435
Fringe	49,911	6,932	189,454	26,313
Vacations	2,572	357	4,810	668
<b>TOTAL</b>	<b>3,559,716</b>	<b>494,405</b>	<b>2,703,708</b>	<b>375,515</b>

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B) The Honoraria as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Honoraria and benefits	1,943,837	269,977	1,519,279	211,011
Training and development	15,575	4,351	-	-
Mileage reimbursement	31,324	3,477	-	-
Telephone	25,033	3,042	-	-
Health insurance	21,903	2,163	-	-
<b>TOTAL</b>	<b>2,037,672</b>	<b>283,010</b>	<b>1,519,279</b>	<b>211,011</b>

C) The general development activities as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Commercial Seed Production	878,166	121,967	743,018	103,197
Project 1: Breeding (Backcrossing)	613,404	85,195	-	-
Professional Services	158,438	22,005	212,119	29,461
Advertising and Promotion	144,992	20,138	177,257	24,619
Project 5: Demo Plots	128,766	17,884	-	-
Project 4: Evaluation Trials	110,341	15,325	-	-
Country Promotional Day (CPD)	105,615	14,669	112,860	15,675
Project 2: Other Projects (Agrobiofortifications, Aflotoxins)	35,472	4,927	-	-
Project 3: Parental Seed Production	35,120	4,878	-	-
Field Materials	-	-	248,839	34,561
Wages	-	-	161,410	22,418
<b>TOTAL</b>	<b>2,210,314</b>	<b>306,988</b>	<b>1,655,503</b>	<b>229,931</b>

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D) Transportation, mobilization, fuel as of December 31, is integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Oil and Gas	258,820	35,947	255,340	35,464
Vehicles / Maintenance / Insurance / Leasing	253,978	35,275	147,802	20,528
Hotel	149,504	20,765	62,985	8,748
Per diems	149,490	20,763	126,655	17,591
Flights	17,239	2,394	41,170	5,718
Taxi Service	16,045	2,228	16,351	2,271
Toll and Ferry	7,590	1,054	5,501	764
Public Transportation	1,859	258	5,098	708
Travel Parking	-	-	3,341	464
<b>TOTAL</b>	<b>854,525</b>	<b>118,684</b>	<b>664,243</b>	<b>92,256</b>

E) Rentals and maintenance expenses as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Rent	281,270	39,065	113,430	15,754
General services	83,076	11,538	-	-
Utilities	72,120	10,017	123,840	17,200
Other Rental Expenses	-	-	96,055	13,341
Other Repair and Maintenance	-	-	34,150	4,743
Furniture Repair and Maintenance	-	-	1,246	173
<b>TOTAL</b>	<b>436,466</b>	<b>60,620</b>	<b>368,721</b>	<b>51,211</b>

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F) General office expenses as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
General Supplies	528,593	73,416	22,153	3,077
General Services	154,821	21,503	-	-
Other general expenses	-	-	48,965	6,800
Books and subscriptions	-	-	31,954	4,438
Shipping costs	-	-	25,652	3,563
Telephone and Internet	-	-	24,653	3,424
Prints and copies	-	-	20,892	2,902
<b>TOTAL</b>	<b>683,414</b>	<b>94,919</b>	<b>174,269</b>	<b>24,204</b>

G) Taxes, fees and arbitration as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Income Tax on Sales	169,111	23,488	110,088	15,290
United States Taxes	12,816	1,780	-	-
Fines, Surcharges and Other SAT	6,337	880	7,855	1,091
VAT Special Invoice	5,650	785	11,750	1,632
Income Tax Special Invoice	2,354	327	4,421	614
Vehicle Traffic Tax	2,322	322	-	-
Other Fines	-	-	50	7
VAT Fiscal Debit	-	-	29	4
<b>TOTAL</b>	<b>198,590</b>	<b>27,582</b>	<b>134,193</b>	<b>18,638</b>

H) Depreciations as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Vehicle Depreciation	65,189	9,054	49,716	6,905
Furniture and Equipment Depreciation	-	-	259	36
<b>TOTAL</b>	<b>65,189</b>	<b>9,054</b>	<b>49,975</b>	<b>6,941</b>

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I) Bank expenses, forex and others as of December 31, are integrated as follows:

Description	2020		2019	
	Quetzales	US Dollars	Quetzales	US Dollars
Uncollectible accounts	80,600	11,194	-	-
Banking fees	6,941	964	3,774	524
Exchange rate differential (forex)	(314,751)	(43,715)	(190,426)	(26,448)
<b>TOTAL</b>	<b>(227,210)</b>	<b>(31,557)</b>	<b>(186,652)</b>	<b>(25,924)</b>

**12. COMMITMENTS**

a) On June 12, 2019, Semilla Nueva, S.A., as lessee and Asociación Semilla Nueva as joint guarantor and jointly obligated, signed a mandatory term lease agreement of an operational nature with Comercial Administradora, S.A. The contract establishes the rental of the Nissan Pick Up Vehicle, model 2019, silver color, NP300 style, for a period of 48 months or 200,000 km, the annual rent is Q89,807.28 plus VAT equivalent to US\$12,473.23.

b) On June 27, 2019, Semilla Nueva, S.A. signed contract number 266 of lease and guarantee with El Kiosco, S.A. The contract establishes the rent of location number 35, first level, building "La Galería" for one year from May 1, 2019, which expires on April 30, 2020. The term can be extended for equal or shorter terms by crossing letters. The monthly rent is US\$1,167.00 plus VAT.

On May 21, 2020, by crossing letters, an extension of the contract term was made, for the period from May 1, 2020 to April 30, 2021, it is also established that Semilla Nueva S.A. will cover 70% of the value of the contract and Asociación Semilla Nueva will cover the remaining 30%.

c) On June 27, 2019, Semilla Nueva, S.A. signed contract number 265 of lease and guarantee with Edificaciones Comerciales, S.A. The contract establishes the rental of parking 5.5A and warehouse 5.5B of the basement of building "La Galería", one year from May 1, 2019, to April 30, 2020. The term can be extended for equal or shorter terms by crossing letters. The monthly rent is US\$435.00 plus VAT.

d) On September 24, 2019, Asociación Semilla Nueva signed a lease contract number 57 with Ambitto Arquitectura, S.A. The contract establishes the rental of warehouse number four of the condominium of Cinco Ofibodegas, Residenciales El Paraíso, Aldea La Libertad, in the municipality of Santa Lucia Milpas Altas in the department of Sacatepéquez, for one year from October 1, 2019, to September 30, 2020. The term can be extended for equal or shorter terms by crossing letters. The monthly rent is Q11,200.00 equivalent to US\$1,555.55 VAT included.

# SEMILLA NUEVA

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

On September 22, 2020, through crossing of letters, the lease term is extended for one year, maintaining the rental value until December 2020 and for the period from January 1 to September 30, 2021 the rent is Q11,760 equivalent to US\$1,633.33 VAT included.

- e) On November 9, 2020 Asociación Semilla Nueva as tenant and Semilla Nueva, S.A. as joint guarantor and jointly obligated, signed a compulsory operating term lease with Comercial Administradora, S.A. The contract establishes the rental of a Toyota Pick Up Vehicle, model 2021, metallic gray color, Hilux style for a term of 48 months or 200,000 km, the annual rent is Q101,009.04 plus VAT equivalent to US\$14,029.03.

### 13. TAX ASPECTS

According to the laws of Guatemala, the Company has the following tax obligations:

- a) Perform income tax withholdings to officials and employees when appropriate and refer them to the Superintendencia de Administración Tributaria (SAT) within ten working days after the end of the month.
- b) Perform withholdings of 5% for services rendered, when the invoice is obtained and for special invoices when they are services and purchase of goods, and present them to the fiscal entity within 10 business days of the following month.
- c) Submit an annual affidavit of Income Tax on March 31 of each year.
- d) Issue special invoices when the suppliers do not extend sales invoices, withhold them the Value Added Tax and report to the fiscal entity in the following calendar month.
- e) Enable and authorize accounting, journal, mayor, inventory and balance books in the Superintendencia de Administración Tributaria (SAT).
- f) Authorize the wage book and internal work regulations (When they have more than 10 employees).
- g) Report employees to the Instituto Guatemalteco de Seguridad Social (IGSS).
- h) Issue cash receipts authorized by the Superintendencia de Administración Tributaria (SAT).
- i) Pay work benefits.

**SEMILLA NUEVA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
As of December 31, 2020 and 2019

**14. IMPLICATIONS OF SARS-CoV-2**

In December 2019, the appearance in China of a new coronavirus SARS-CoV-2 (known as “COVID-19”) was announced, which after December 31, 2019 spread throughout the world. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 as a pandemic. This emergency situation and the measures adopted in the different countries to deal with it have significantly affected routine, local and international economic activities with different impacts in each affected country. Semilla Nueva Guatemala was affected by different regulations of the Government of Guatemala through the Ministry of Public Health and Social Assistance (MSPAS) that ordered the suspension of non-essential activities and services, with gradual easing. As of the date of approval of these financial statements, Semilla Nueva indicates that these events after the reporting date do not require adjustment in the Financial Statements. The uncertainties regarding the effects, extent and duration of this matter do not allow a reasonable estimate of that impact as of the date of approval of these financial statements, which will depend on the severity of the health emergency and the success of the measures taken and that are taken in the future by the Government of Guatemala, and of those taken by the Management of Semilla Nueva Guatemala.

**15. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events as of December 31, 2020 to determine the need for potential records or disclosures in the financial statements. Such events were evaluated until March 3, 2021, date on which these financial statements are considered available for issuance. Based on this evaluation, there is no knowledge of subsequent events that occurred between the closing date of these financial statements and the date of issuance, which may significantly affect them.

**16. FINANCIAL STATEMENTS APPROVAL**

The consolidated financial statements for the ended year December 31, 2020, have been approved by management for issuance on February 11, 2021.

**Annex I**  
“Financial Statements  
Semilla Nueva 501 (c)(3)”

# SEMILLA NUEVA

## ANNEX I: STATEMENTS OF FINANCIAL POSITION OF SEMILLA NUEVA 501 (c)(3)

### BALANCE SHEET

For the year ended as of December 31, 2020

	INITIAL FINANCIAL STATEMENTS		ADJUSTMENTS AND RECLASSIFICATIONS		FINAL FINANCIAL STATEMENTS	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and banks	4,226,081	586,956	-	-	4,226,081	586,956
Accounts receivable	15,061	2,092	-	-	15,061	2,092
<b>Total current assets</b>	<b>4,241,142</b>	<b>589,048</b>	<b>-</b>	<b>-</b>	<b>4,241,142</b>	<b>589,048</b>
<b>NON-CURRENT ASSETS</b>						
Investments	2,520,632	350,088	(2,520,632)	(350,088) a/	-	-
Property, plant and equipment	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>2,520,632</b>	<b>350,088</b>	<b>(2,520,632)</b>	<b>(350,088)</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>6,761,774</b>	<b>939,136</b>	<b>(2,520,632)</b>	<b>(350,088)</b>	<b>4,241,142</b>	<b>589,048</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts and documents payable	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>						
Severance	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INSTITUTIONAL EQUITY</b>						
Net assets	6,761,774	939,136	(2,520,632)	(350,088) a/	4,241,142	589,048
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,761,774</b>	<b>939,136</b>	<b>(2,520,632)</b>	<b>(350,088)</b>	<b>4,241,142</b>	<b>589,048</b>

a/: This corresponds to the investment made in Semilla Nueva, S.A. as of December 31, 2020.

# SEMILLA NUEVA

## ANNEX I: STATEMENTS OF FINANCIAL POSITION OF SEMILLA NUEVA 501 (c)(3)

### STATEMENT OF INCOME

For the year ended as of December 31, 2020

	INITIAL FINANCIAL STATEMENTS		ADJUSTMENTS AND RECLASSIFICATIONS		FINAL FINANCIAL STATEMENTS	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>INCOME</b>						
Donations	9,089,920	1,262,489	-	-	9,089,920	1,262,489
Services	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Bank interest	40	6	-	-	40	6
<b>TOTAL INCOME</b>	<b>9,089,960</b>	<b>1,262,495</b>	<b>-</b>	<b>-</b>	<b>9,089,960</b>	<b>1,262,495</b>
<b>EXPENSES</b>						
Salaries and benefits	33,984	4,720	-	-	33,984	4,720
Honoraria and benefits	158,114	21,960	-	-	158,114	21,960
General development activities	549,317	76,294	-	-	549,317	76,294
Transportation, mobilization, fuel	35,613	4,946	-	-	35,613	4,946
Rent and maintenance expenses	17,233	2,394	-	-	17,233	2,394
General office expenses	161,857	22,480	-	-	161,857	22,480
Taxes, fees and duties	15,719	2,183	-	-	15,719	2,183
Depreciations	-	-	-	-	-	-
Bank charges, differential and others	4,720,902	655,681	(4,715,712)	(654,960) a/	5,190	721
<b>TOTAL EXPENSES</b>	<b>5,692,739</b>	<b>790,658</b>	<b>(4,715,712)</b>	<b>(654,960)</b>	<b>977,027</b>	<b>135,698</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>	<b>3,397,221</b>	<b>471,837</b>	<b>4,715,712</b>	<b>654,960</b>	<b>8,112,933</b>	<b>1,126,797</b>

a/: This corresponds to the disbursements made to Asociación Semilla Nueva NGO for operation in 2020.

**Annex II**  
“Financial Statements  
Semilla Nueva, S.A.”

# SEMILLA NUEVA

## ANNEX II: STATEMENTS OF FINANCIAL POSITION OF SEMILLA NUEVA, S.A.

### BALANCE SHEET

For the year ended as of December 31, 2020

	INITIAL FINANCIAL STATEMENTS		ADJUSTMENTS AND RECLASSIFICATIONS		FINAL FINANCIAL STATEMENTS	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and banks	414,542	57,575	-	-	414,542	57,575
Accounts receivable	253,734	35,241	-	-	253,734	35,241
<b>Total current assets</b>	<b>668,276</b>	<b>92,816</b>	<b>-</b>	<b>-</b>	<b>668,276</b>	<b>92,816</b>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>668,276</b>	<b>92,816</b>	<b>-</b>	<b>-</b>	<b>668,276</b>	<b>92,816</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts and documents payable	51,043	7,089	-	-	51,043	7,089
<b>Total current liabilities</b>	<b>51,043</b>	<b>7,089</b>	<b>-</b>	<b>-</b>	<b>51,043</b>	<b>7,089</b>
<b>NON-CURRENT LIABILITIES</b>						
Severance	107,333	14,907	-	-	107,333	14,907
Other provisions	49,477	6,872	-	-	49,478	6,872
<b>Total non-current liabilities</b>	<b>156,810</b>	<b>21,779</b>	<b>-</b>	<b>-</b>	<b>156,811</b>	<b>21,779</b>
<b>TOTAL LIABILITIES</b>	<b>207,853</b>	<b>28,868</b>	<b>-</b>	<b>-</b>	<b>207,854</b>	<b>28,868</b>
<b>INSTITUTIONAL EQUITY</b>						
Net assets	460,423	63,948	-	-	460,422	63,948
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>668,276</b>	<b>92,816</b>	<b>-</b>	<b>-</b>	<b>668,276</b>	<b>92,816</b>

# SEMILLA NUEVA

## ANNEX II: STATEMENTS OF FINANCIAL POSITION OF SEMILLA NUEVA, S.A.

### STATEMENT OF INCOME RESULT

For the year ended as of December 31, 2020

	INITIAL FINANCIAL STATEMENTS		ADJUSTMENTS AND RECLASSIFICATIONS		FINAL FINANCIAL STATEMENTS	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>INCOME</b>						
Donations	-	-	-	-	-	-
Services	1,518,688	210,929	-	-	1,518,688	210,929
Sales	-	-	-	-	-	-
Other income	300	42	-	-	300	42
Bank interest	6,961	967	-	-	6,961	967
<b>TOTAL INCOME</b>	<b>1,525,949</b>	<b>211,938</b>	<b>-</b>	<b>-</b>	<b>1,525,949</b>	<b>211,938</b>
<b>EXPENSES</b>						
Salaries and benefits	1,472,667	204,537	-	-	1,472,667	204,537
Honoraria and benefits	454,578	63,136	-	-	454,578	63,136
General development activities	216,804	30,112	-	-	216,804	30,112
Transportation, mobilization, fuel	412,620	57,308	-	-	412,620	57,308
Rent and maintenance expenses	129,067	17,926	-	-	129,067	17,926
General office expenses	149,381	20,747	-	-	149,381	20,747
Taxes, fees and duties	105,765	14,690	-	-	105,765	14,690
Depreciations	-	-	-	-	-	-
Bank charges, differential and others	200	28	-	-	200	28
<b>TOTAL EXPENSES</b>	<b>2,941,082</b>	<b>408,484</b>	<b>-</b>	<b>-</b>	<b>2,941,082</b>	<b>408,484</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>	<b>(1,415,133)</b>	<b>(196,546)</b>	<b>-</b>	<b>-</b>	<b>(1,415,133)</b>	<b>(196,546)</b>

**Annex III**  
“Financial Statements  
Asociación Semilla Nueva”

# SEMILLA NUEVA

## ANNEX III: STATEMENTS OF FINANCIAL POSITION OF ASOCIACIÓN SEMILLA NUEVA

### BALANCE SHEET

For the year ended as of December 31,2020

	INITIAL FINANCIAL STATEMENTS		ADJUSTMENTS AND RECLASSIFICATIONS		FINAL FINANCIAL STATEMENTS	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and banks	1,250,547	173,687	-	-	1,250,547	173,687
Accounts receivable	620,747	86,215	(239,778)	(33,302) a/	380,969	52,912
<b>Total current assets</b>	<b>1,871,294</b>	<b>259,902</b>	<b>(239,778)</b>	<b>(33,302)</b>	<b>1,631,516</b>	<b>226,599</b>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	72,151	10,021	-	-	72,151	10,021
<b>Total non-current assets</b>	<b>72,151</b>	<b>10,021</b>	<b>-</b>	<b>-</b>	<b>72,151</b>	<b>10,021</b>
<b>TOTAL ASSETS</b>	<b>1,943,445</b>	<b>269,923</b>	<b>(239,778)</b>	<b>(33,302)</b>	<b>1,703,667</b>	<b>236,620</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts and documents payable	252,585	35,081	(239,778)	(33,302) a/	12,807	1,779
<b>Total current liabilities</b>	<b>252,585</b>	<b>35,081</b>	<b>(239,778)</b>	<b>(33,302)</b>	<b>12,807</b>	<b>1,779</b>
<b>NON-CURRENT LIABILITIES</b>						
Severance	119,197	16,555	-	-	119,197	16,555
Other provisions	60,164	8,356	-	-	60,164	8,356
<b>Total non-current liabilities</b>	<b>179,361</b>	<b>24,911</b>	<b>-</b>	<b>-</b>	<b>179,361</b>	<b>24,911</b>
<b>TOTAL LIABILITIES</b>	<b>431,946</b>	<b>59,992</b>	<b>(239,778)</b>	<b>(33,302)</b>	<b>192,168</b>	<b>26,690</b>
<b>INSTITUTIONAL EQUITY</b>						
Net assets	1,511,499	209,931	-	-	1,511,499	209,930
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,943,445</b>	<b>269,923</b>	<b>(239,778)</b>	<b>(33,302)</b>	<b>1,703,667</b>	<b>236,620</b>

a/: This corresponds to expenses pending settlement for the Popoyán and Commercial Venture project, for this cause the obligations are recorded in assets and liabilities.

# SEMILLA NUEVA

## ANNEX III: STATEMENTS OF FINANCIAL POSITION OF ASOCIACIÓN SEMILLA NUEVA

### STATEMENT OF INCOME RESULT

For the year ended as of December 31, 2020

	INITIAL FINANCIAL STATEMENTS		ADJUSTMENTS AND RECLASSIFICATIONS		FINAL FINANCIAL STATEMENTS	
	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS	QUETZALES	US DOLLARS
<b>INCOME</b>						
Donations	5,317,919	738,600	(5,030,464)	(698,676) <i>a/</i>	287,455	39,924
Services	-	-	-	-	-	-
Sales	892,612	123,974	-	-	892,612	123,974
Other income	867	120	-	-	867	120
Bank interest	83	12	-	-	83	12
<b>TOTAL INCOME</b>	<b>6,211,481</b>	<b>862,706</b>	<b>(5,030,464)</b>	<b>(698,676)</b>	<b>1,181,017</b>	<b>164,030</b>
<b>EXPENSES</b>						
Salaries and benefits	2,053,069	285,148	-	-	2,053,069	285,148
Honoraria and benefits	1,331,146	184,881	-	-	1,331,146	184,881
General development activities	1,444,190	200,582	-	-	1,444,190	200,582
Transportation, mobilization, fuel	406,294	56,430	-	-	406,294	56,430
Rent and maintenance expenses	207,091	28,763	-	-	207,091	28,763
General office expenses	455,255	63,230	-	-	455,255	63,230
Taxes, fees and duties	77,105	10,709	-	-	77,105	10,709
Depreciations	65,186	9,054	-	-	65,186	9,054
Bank charges, differential and others	82,151	11,410	(314,752)	(43,716) <i>a/</i>	(232,602)	(32,306)
<b>TOTAL EXPENSES</b>	<b>6,121,487</b>	<b>850,207</b>	<b>(314,752)</b>	<b>(43,716)</b>	<b>5,806,734</b>	<b>806,491</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>	<b>89,994</b>	<b>12,499</b>	<b>(4,715,712)</b>	<b>(654,960) <i>a/</i></b>	<b>(4,625,717)</b>	<b>(642,461)</b>

*a/*: This corresponds to the disbursements made by Semilla Nueva 501 (c) (3), for the 2020 operation of Asociación Semilla Nueva.