

SEMILLA NUEVA
Consolidated Financial Statements
As of December 31, 2023 and 2022
With Independent Auditor's Report

AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable
Board of Directors
Semilla Nueva

Report on the audit of the consolidated financial statements

Opinion

We have audited the attached Consolidated financial statements of Asociación Semilla Nueva, Semilla Nueva, SA and Semilla Nueva 501 (c)(3), which comprise the consolidated statements of financial position as of December 31, 2023, the Consolidated statement of activities and changes in net assets and cash flows for the year then ended and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Asociación Semilla Nueva, Semilla Nueva, S.A. and Semilla Nueva 501 (c)(3), for the year ended December 31, 2023 have been prepared on the accrual basis of accounting (or accrual) in accordance with accounting principles generally accepted in the United States of America (US GAAP for non-profit organizations), indicated in Note 2. And that they reflect fairly, in all material respects, the financial condition of the three organizatios.

Basis for the opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Asociación Semilla Nueva, Semilla Nueva, SA and Semilla Nueva 501 (c)(3) in accordance with the ethical requirements that are relevant to our audit of financial statements in Guatemala, and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and provides a reasonable basis to support our opinion. The administration has stated that the Semilla Nueva Association and Semilla Nueva 501 (c)(3) will continue to operate; However, Semilla Nueva SA provisionally closed operations in 2023.

Accounting Basis

Without affecting our opinion, we draw attention to Note 2) of the accompanying consolidated financial statements that have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP for non-profit organizations). As a result, our report is intended exclusively for the Board of Directors of the Semilla Nueva Association, Semilla Nueva SA and Semilla Nueva 501 (c) (3).

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting policies of the Semilla Nueva Association, Semilla Nueva, SA and Semilla Nueva 501 (c)(3) Likewise, the Administration is responsible for the internal control that it considers necessary to allow the consolidated financial statements to be free of material error, whether due to fraud or error.

In preparing the Consolidated financial statements, management is responsible for assessing the ability of the Semilla Nueva Association, Semilla Nueva, S.A. and Semilla Nueva 501 (c)(3) to continue as going concerns, disclosing, where appropriate, matters relating to going concern and using the going concern basis of accounting unless management intends to liquidate or cease operations, or has no more realistic alternative to do it.

Those in charge of the administration of the Semilla Nueva Association, Semilla Nueva, S.A. and Semilla Nueva 501 (c)(3), are responsible for supervising the entity's financial reporting process.

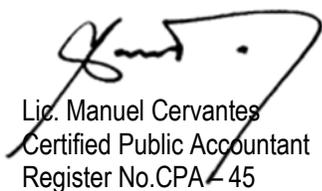
Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue the audit 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 one exists.

Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions made by users on the basis of these financial statements.

A more detailed description of our responsibilities in relation to the audit of the financial statements is included in Appendix "A" to this report. This description is an integral part of this audit report.

Our report is intended exclusively for use by the services of the Semilla Nueva Association, Semilla Nueva, S.A. and Semilla Nueva 501 (c)(3).



Lic. Manuel Cervantes
Certified Public Accountant
Register No.CPA-45

Manuel Cervantes & Asociados, S.C.
Auditores y Consultores

Guatemala, April 18, 2024

SEMILLA NUEVA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At December 31

Figures expressed in Dollars

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	4	401,521	1,262,163
Accounts receivable	5	240,355	204,747
Inventories	6	14,211	2,163
Investments	7	2,707,359	-
Total current assets		3,363,446	1,469,073
NON-CURRENT ASSET			
Property, plant and equipment	8	53,655	29,704
Intangibles	9	952	-
Total non-current assets		54,607	29,704
TOTAL ASSETS		3,418,053	1,498,777
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	10	75,920	63,479
Total current liabilities		75,920	63,479
NON-CURRENT LIABILITIES			
Labor provisions	11	85,186	54,948
Other provisions	12	33,051	17,089
Total current liabilities		118,237	72,037
TOTAL LIABILITIES		194,157	135,516
NET ASSETS			
Not restricted	13	2,756,161	1,238,785
Restricted	13	467,735	124,476
Total net assets		3,223,896	1,363,261
TOTAL LIABILITIES AND NET ASSETS		3,418,053	1,498,777

The accompanying notes are an integral part of the consolidated financial statements.

SEMILLA NUEVA

CONSOLIDATED STATEMENT OF ACTIVITIES

From January 1 to December 31, 2023

Figures expressed in Dollars

	Notes	Net Assets		2023
		Not restricted	Restricted	
Operating income				
Donations	14	3,734,611	915,809	4,650,420
Sales	15	138,304	-	138,304
Financial income		47,249	-	47,249
Total operating income		3,920,164	915,809	4,835,973
Net assets released from restrictions	13	572,550	(572,550)	-
Total operating income and net assets released without restrictions		4,492,714	343,259	4,835,973
Operating expenses				
Service program		2,293,865	-	2,293,865
Administration and general expenses		508,508	-	508,508
Fundraising		140,377	-	140,377
Total operating expenses		2,942,750	-	2,942,750
Change in net assets from operating activities		1,549,964	343,259	1,893,223
Non-Operational Activities				
Exchange rate differential		(14,230)	-	(14,230)
Profit (loss) financial statement conversion		(18,359)	-	(18,359)
Change in net assets from non-operating activities		(32,589)	-	(32,589)
Change in net assets		1,517,375	343,259	1,860,634
Net assets, at the beginning of the year		1,238,785	124,476	1,363,261
Net assets, at the end of the year	13	2,756,161	467,735	3,223,896

The accompanying notes are an integral part of the consolidated financial statements.

SEMILLA NUEVA

CONSOLIDATED STATEMENT OF ACTIVITIES

From January 1 to December 31, 2022

Figures expressed in Dollars

	Notas	Activo Neto		2022
		No Restringido	Restringido	
Operating income				
Donations	14	1,228,783	698,516	1,927,299
Sales	15	101,799	-	101,799
Financial income		837	-	837
Other income		94	-	94
Total operating income		1,331,513	698,516	2,030,029
Net assets released from restrictions	13	932,758	(932,758)	-
Total operating income and net assets released without restrictions		2,264,271	(234,242)	2,030,029
Operating expenses				
Service program		1,679,592	-	1,679,592
Administration and general expenses		434,763	-	434,763
Fundraising		78,860	-	78,860
Total operating expenses		2,193,215	-	2,193,215
Cambio en activo neto proveniente de actividades operativas		71,056	(234,242)	(163,186)
Actividades No Operativas				
Ganancia (pérdida) conversión de estados financieros		109,371	-	109,371
Change in net assets from non-operating activities		109,371	-	109,371
Change in net assets		180,427	(234,242)	(53,815)
Net assets, at the beginning of the year		1,058,358	358,718	1,417,076
Net assets, at the end of the year	13	1,238,785	124,476	1,363,261

The accompanying notes are an integral part of the consolidated financial statements

SEMILLA NUEVA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSE

From January 1 to December 31, 2023 and 2022

Figures expressed in Dollars

	Notes	Services program	Administration and general expenses	Fundraising	2023
Salaries and benefits	16	748,321	218,858	-	967,179
Professional services	17	143,554	57,535	139,532	340,621
General development activities	18	1,020,570	24,191	-	1,044,761
Transportation, mobilization and fuel	19	279,109	487	845	280,441
Rentals and maintenance expenses	20	27,807	90,875	-	118,682
General office expenses	21	70,598	53,754	-	124,352
Taxes, fees and excise duties	22	128	55,508	-	55,636
Depreciations	23	3,778	2,884	-	6,662
Banking expenses	24	-	4,416	-	4,416
Total operating expenses		2,293,865	508,508	140,377	2,942,750

	Notas	Services program	Administration and general expenses	Fundraising	2022
Salaries and benefits	16	507,362	156,927	270	664,559
Professional services	17	237,432	68,052	76,345	381,829
General development activities	18	682,977	60,526	-	743,503
Transportation, mobilization and fuel	19	224,207	8,438	2,245	234,890
Rentals and maintenance expenses	20	26,608	40,998	-	67,606
General office expenses	21	1,006	71,008	-	72,014
Taxes, fees and excise duties	22	-	21,432	-	21,432
Depreciations	23	-	5,974	-	5,974
Banking expenses	24	-	1,408	-	1,408
Total operating expenses		1,679,592	434,763	78,860	2,193,215

The accompanying notes are an integral part of the consolidated financial statements

SEMILLA NUEVA

CONSOLIDATED STATEMENTS OF CASH FLOW

At December 31

Figures expressed in Dollars

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase (decrease) in net assets	1,860,634	(53,815)
Adjustments to reconcile the increase in net assets with net cash (used in) provided by operational activities:		
Depreciation and amortization	6,662	5,972
Changes in working capital		
Accounts receivable	(35,608)	(80,246)
Inventories	(12,048)	(2,163)
Accounts payable and accrued liabilities	12,441	27,300
Compensation and other provisions	46,201	38,459
Net cash from (used) in operating activities	<u>1,878,282</u>	<u>(64,493)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(31,565)	(33,863)
Investment acquisition	(2,707,359)	-
Net cash provided (used) in investing activities	<u>(2,738,924)</u>	<u>(33,863)</u>
Cash flows from financing activities		
Contracting (cancellation) of loans payable	-	-
Net cash from (used) in financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(860,642)	(98,356)
Cash and cash equivalents at the beginning of the year	1,262,163	1,360,519
Cash and cash equivalents at the end of the year	<u>401,521</u>	<u>1,262,163</u>

The accompanying notes are an integral part of the consolidated financial statements.

SEMILLA NUEVA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022

(1) Description of the organization and purpose

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

In order to achieve our mission of improving the income of hundreds of thousands of farming families and the nutrition of millions, the Republic of Guatemala with the sixth highest rate of chronic malnutrition in the world was selected, where the following organizations were created:

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

Semilla Nueva, S.A., was incorporated under the laws of the Republic of Guatemala according to public deed number eighty-nine (89) dated November 28, 2018, with an indefinite term. The main purpose of the Company is to carry out all types of commercial and business activities to undertake business, creation, strengthening of individual companies and incorporation into the formal trade of evaluation, production and marketing of crop seeds.

(2) Most significant accounting policies

a. Presentation basis

The consolidated financial statements of the Organization have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP for non-profit organizations).

b. Consolidation Bases

The consolidation includes the operations of Semilla Nueva 501(c)(3) based in the State of Oregon, United States of America and the organizations operating in the Republic of Guatemala that are Asociación Semilla Nueva and Semilla Nueva, S.A. together, all of these entities are referred to as the "Organization".

The accompanying consolidated financial statements present the consolidated financial position and changes in the net assets, functional expenses and cash flows of the Organization. All significant accounts and transactions between entities have been eliminated in the consolidation.

SEMILLA NUEVA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022

c. Classification of Net Assets

Net assets, income, gains and losses are classified according to the existence or absence of restrictions imposed by the donor or grantor. Consequently, net assets and their changes are classified and reported as follows:

Unrestricted Net Assets: Net assets available for use in general operations and not subject to restrictions from donors (or certain grantors). Unrestricted net assets also include investment in property, plant and equipment, net of accumulated depreciation.

Restricted Net Assets: Net assets subject to donor (or certain grantor) restrictions. Some restrictions imposed by donors are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other restrictions imposed by donors are perpetual in nature and the donor stipulates that the resources will be held in perpetuity. Gifts of long-lived assets and restricted cash gifts for the acquisition of long-lived assets are recognized as restricted income when received and are released from restrictions when the assets are placed in service.

Restrictions imposed by donors are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

d. Measurement of Operations

The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of income from donations, sales of services and products of the Organization, interest and dividends obtained from investments. Also included is support for operational activities from both restricted and unrestricted donor sources. Non-operating activities are limited to resources that generate investment returns and other activities considered to be more unusual or non-recurring in nature, gains and losses resulting from foreign currency translation, impairment of long-lived assets and prior period adjustments.

e. Using estimates

The preparation of financial statements in accordance with generally accepted accounting principles (US GAAP for non-profit organizations) requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and (3) the reported amounts of income and expenses during the reporting period. Actual results could differ materially, in the short term, from the reported amounts.

SEMILLA NUEVA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022

f. Adopted Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07 Nonprofit Entities (Topic 958) to improve financial reporting by providing new presentation and disclosure requirements on donated nonfinancial assets for nonprofit entities, including disclosure requirements additional to recognize donated services. The amendment in this update is to be applied retrospectively and is effective for annual periods beginning after June 15, 2021. The Organization adopted ASU 2020-07 for the fiscal year ending December 31, 2023. There was no material impact on the financial statements as a result of this adoption.

g. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 Financial Instruments – Credit Losses (Topic 326) to provide users of financial statements with more decision-useful information about expected credit losses on financial instruments and other commitments, which include the credits granted by the Organization as of the reporting date. The amendments replace the incurred loss impairment methodology in current US GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supported information to report credit loss estimates. This guidance is effective for fiscal years beginning after December 15, 2022. Although early adoption is permitted, the Organization is evaluating the impact this will have on the consolidated financial statements beginning in 2024.

h. Reclassifications

Certain reclassifications of amounts previously reported in the accompanying financial statements have been made to maintain consistency between the periods presented. The reclassifications had no impact on previously reported net assets.

i. Cash and cash equivalents

Cash and cash equivalents include bank deposits in both local and foreign currency and highly liquid, interest-bearing short-term negotiable instruments with original maturities of three months or less from their purchase date, except those amounts that are held in the investment portfolio that is invested for long-term purposes.

Management manages the risk of deposit concentration by placing cash in bank accounts and certificates of deposit in financial institutions in both the United States of America and the Republic of Guatemala, which we consider solvent. Additionally, these institutions are insured in the United States of America (USA) for \$250,000 under the Federal Deposit Insurance Corporation Law (FDICA), in the Republic of Guatemala for \$2,547 under the Savings Protection Fund law. Sometimes, the amounts deposited may exceed the insured limits in each of the countries. To date, the Organization has not experienced any losses on any of these accounts within the limits of government insurance.

j. Accounts receivable

The majority of the Organization's accounts receivable come from clients, employees and advances to producers.

The credit risk associated with accounts receivable, and pledges is considered limited due to historically high collection rates and because substantial portions of the outstanding amounts come from government agencies and foundations that support our mission.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022

k. Inventories

Inventories of materials and supplies and finished products are valued at average cost.

l. Net Property and equipment

Property and equipment are valued at cost on the date of purchase or, for donated assets, at their fair value on the date of donation, less accumulated depreciation. Expenses for additions and improvements are capitalized, while replacements, maintenance and repairs that do not improve the useful life of the assets are expensed as incurred. Gains or losses resulting from the sale or retirement of an item of property and equipment are determined as the proceeds of the sale and the carrying amount of the asset, which are recognized in the profit or loss of the period at the time the sale is considered completed.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows: 5 years for vehicles, 5 years for furniture and equipment, and 3 years for computer equipment.

m. Impairment and disposal of long-lived assets

The management of the Organization evaluates periodically and at the date of the financial statements whether events or circumstances have occurred that indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If there is such an indication, the recoverable amount of this asset is estimated. When considered impaired, an impairment loss is recognized to the extent that the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2023.

n. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are obligations for expenses incurred, payment for goods or services acquired from suppliers in the normal course of business. Accounts payable are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

o. Labor compensations

According to decrees No. 1441 Labor Code, article 82 calculation of compensation 42-92 Law of Annual Bonus for Workers in the Private and Public Sector, article 4 and 76-78 Law Regulating the Benefit of the Bonus for Workers of the Private Sector, article 9 indicates: Companies have the obligation to pay compensation to employees that they dismiss under certain circumstances at the rate of one month's salary, plus one-twelfth of the Christmas bonus and fourteenth bonus, for each year of service. As of December 31, 2023, the value of the provision amounts to US\$42,846 and as of December 31, 2022, US\$28,727.

p. Donations

Donations, including unconditional promises of donation, are recognized as income in the period in which they are received.

Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022

recorded as donation income. Provisions are made for uncollectible contributions based on management's judgment and analysis of donor creditworthiness, past collection experience, and other relevant factors.

Gifts of long-lived assets and gifts of restricted cash for the acquisition of long-lived assets are recognized as income in restricted net assets when received and are released from restrictions when the assets are placed in service.

The Organization records donations of non-financial assets at their estimated fair value on the date of the donation. The general policy regarding the disposition of non-financial donated assets is for the Organization to conduct the sale of the donation as quickly as possible, unless the Organization puts the donation to use in kind. For the years ended December 31, 2023 and 2022, no non-financial assets were received as donations.

Income from grant agreements and contracts is recognized as revenue to the extent that expenditure is incurred in accordance with the grant agreement or contract and is shown as a net asset released from restrictions in the statement of activities.

q. Grants and Contracts

The Organization receives grants and contract income from various government and private sources. The activity may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a non-reciprocal transaction in which the resources provided are for the benefit of the Organization, the mission of the organization providing the funds, or the public at large. The Organization considers the majority of its grants and contracts from government sources and private organizations to be conditional, non-reciprocal contributions. The Organization recognizes revenue associated with these grants and contracts as the related costs are incurred in accordance with the terms of the grant agreements and are shown as net assets released from restrictions in the statement of activities. For all other grants and contracts that are considered exchange transactions, the Organization recognizes revenue as performance obligations are satisfied.

r. Functional Allocation of Expenses

The costs of program activities and support services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the details of the natural classification of expenses by function. Accordingly, certain costs have been allocated among support programs and services. Expenses that are allocated include rent, depreciation, insurance, and interest, which are allocated on the basis of square footage, as well as wages and salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

s. Income tax

Semilla Nueva is organized as a non-profit organization in the state of Idaho, United States of America and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contributions deduction and has been determined not to be a private foundation.

Uncertain tax positions. Semilla Nueva currently has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine your tax and filing obligations in the jurisdictions with which you have ties; and identify and evaluate other matters that may be considered uncertain tax positions. Semilla Nueva has determined that there are no uncertain tax positions that require recognition or disclosure in the financial statements. Annually the Organization files the "Declaration of Organization Exempt from Income Tax" (Form 990) with the IRS. Additionally, are

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022

subject to income tax on net income derived from business activities that are not related to the exempt purposes. The Organization has determined that it is not subject to unrelated corporate income tax and has not filed an "Income Tax Declaration." Asociación Semilla Nueva and Semilla Nueva, S.A. have filed their corresponding tax returns with the tax authority of the Republic. of Guatemala. As of the date of the financial statements, the statements have not been reviewed by the tax authority.

t. Conversion of financial statements

For the conversion of financial statements, the Organization considers the US dollar as its functional and reporting currency. Transactions recorded in foreign currency (GTQ Quetzales) have been translated into United States dollars (USD) as follows: a) monetary assets and liabilities at the exchange rate at the date of the financial statements; b) non-monetary assets and liabilities, such as inventories, prepaid expenses, machinery, and equipment (including accumulated depreciation) and net assets, as well as income and expense operations at the exchange rate set by the Organization.

Gains and losses resulting from foreign currency translation are recognized in the statement of activities as a non-operating activity.

u. Exchange rate

In December of each year, management analyzes the fluctuation of the exchange rate of US dollars and Quetzales during the current year and sets a conservative exchange rate to budget for the following year's expenses. As of December 31, the exchange rate of Quetzales (GTQ) per US\$1.00 was 7.8 and 7.2 for the years 2023 and 2022, respectively.

(3) Liquidity and Availability

The Organization periodically monitors liquidity to meet its operational needs and other contractual commitments, while striving to maximize the investment of its available funds. The Organization has various sources of liquidity, including cash and cash equivalents, accounts receivable from customers, inventories and short-term investments. The Organization has a liquidity and operating reserve policy that is drafted and supervised by the Finance Committee of the Board of Directors. The liquidity and operating reserves policy establishes certain minimum thresholds for cash balances and provides guidance to remedy any situation in the event that cash balances are below the established threshold.

For the purposes of analyzing the resources available to cover overhead costs over a 12-month period, the Organization considers that all costs related to its ongoing activities of its service program, as well as the provision of services to support those activities and fundraising, are operating expenses.

Financial assets available for operating expenses, that is, without donor restrictions or other restrictions limiting their use, within one year following the date of the statement of financial position, include the following:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2023 and 2022

Financial assets at the end of the year:	<u>2023</u>	<u>2022</u>
Cash and cash equivalent	401,521	1,262,163
Accounts receivable	240,355	204,747
Inventories	14,211	2,162
Short-term investments	2,707,359	-
Total financial assets	<u>3,363,446</u>	<u>1,469,072</u>
Less amounts not available to be used within a year:		
Restricted net assets	-	-
 Financial assets available for general expenses for the next twelve months	 <u>3,363,446</u>	 <u>1,469,072</u>

The goal of the Organization is to maintain financial assets to cover approximately (4) months of operating expenses.

Additionally, the Organization also maintains an operating reserve designated by the Board of Directors for US\$727,131 accumulated as of December 31, 2023. These represent unrestricted operating funds that have been designated internally by the Organization. These could be settled over the period if necessary to support operations.

(4) CASH AND CASH EQUIVALENTS

The integration as of December 31 is as shown below:

<u>Descripción</u>	<u>2023</u>	<u>2022</u>
Foreign banks	316,395	1,111,706
Local banks	83,601	149,231
Petty cash	1,525	1,226
Total US\$	<u>401,521</u>	<u>1,262,163</u>

(5) ACCOUNTS RECEIVABLE

The integration as of December 31 is as shown below:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Advances to producers	84,570	80,000
VAT credit	66,386	54,188
Miscellaneous accounts receivable	45,995	35,483
Accounts receivable from employees	14,272	6,472
Costumers	196	5,922
VAT withholdings	1,938	1,500
Field Day Advances	3,266	392
Other advances	23,732	20,790
Total US\$	<u>240,355</u>	<u>204,747</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2023 and 2022

(6) INVENTORIES

The integration as of December 31 is as shown below:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Raw material	588	504
Packing Material	13,623	1,659
Total US\$	<u>14,211</u>	<u>2,163</u>

(7) INVESTMENTS

As of December 31, 2023, new seed investments are as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Chase investment	2,623,650	-
Banco Industrial, S.A. Investment	83,709	-
Total US\$	<u>2,707,359</u>	<u>-</u>

(8) PROPERTY, PLANT AND EQUIPMENT

Integration as of December 31It is as shown below:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Vehicles	61,401	66,518
Computer equipment	15,209	16,662
Furniture and equipment	998	1,082
Machinery	49,078	17,344
Total property and equipment	<u>126,686</u>	<u>101,606</u>
Less accumulated depreciation	- 73,031	- 71,902
Book value in US\$	<u>53,655</u>	<u>29,704</u>

The Organization periodically conducts inventories of fixed assets to confirm that the assets recorded in the fixed asset subsidiary book physically exist, are maintained and are properly used as intended. The results of the inventories and subsequent cancellation of unused or deteriorated assets are as detailed above.

(9) INTAGIBLE

The integration as of December 31, 2023 is made up of a registration of Trademarks and Patents worth US\$951.

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(10) ACCOUNTS PAYABLE

Integration as of December 31It is as shown below:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Suppliers	641	3,054
Miscellaneous accounts payable	16,427	51,160
Other accounts payable	10,334	5,640
Taxes to pay	1,826	1,851
Employees	46,692	1,774
Total US\$	<u>75,920</u>	<u>63,479</u>

(11) LABOR PROVISIONS

According to decrees No. 1441 Labor Code, article 82 calculation of compensation 42-92 Law of Annual Bonus for Workers in the Private and Public Sector, article 4 and 76-78 Law Regulating the Benefit of the Bonus for Workers of the Private Sector, article 9 indicates: Companies have the obligation to pay compensation to employees that they dismiss under certain circumstances at the rate of one month's salary, plus one-twelfth of the Christmas bonus and fourteenth bonus, for each year of service.

The integration as of December 31 is as shown below:

c. Compensation	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	54,947	33,580
Provision	42,846	28,727
Applications	(12,607)	(7,360)
Total	<u>85,186</u>	<u>54,947</u>

(12) OTHER PROVISIONS

The integration as of December 31 is as shown below:

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	<u>2023</u>	<u>2022</u>
Annual bonus	(a) 27,594	14,301
Christmas bonus	(b) 5,458	2,788
	<u>33,052</u>	<u>17,089</u>

The activity of	<u>2023</u>	<u>2022</u>
(a) Annual bonus		
Balance at the beginning of the year:	14,301	33,580
Provision	42,846	28,727
Applications	(29,553)	(48,006)
	<u>27,594</u>	<u>14,301</u>

	<u>2023</u>	<u>2022</u>
(b) Christma Bonus		
Balance at the beginning of the year:	2,788	33580
Provision	42,846	28727
Applications	(40,176)	(59,519)
	<u>5,458</u>	<u>2,788</u>

(13) NET ASSETS

Net assets with time and purpose restrictions imposed by donors, are integrated as of December 31 as shown below:

	<u>2023</u>	<u>2022</u>
Specific purpose		
Contributions available for the service program	467,735	124,476
	<u>467,735</u>	<u>124,476</u>

Net assets without donor restrictions, are integrated as of December 31 as shown below

	<u>2023</u>	<u>2022</u>
Net assets without designation	2,029,030	1,238,785
Board-designated net assets	727,131	
	<u>2,756,161</u>	<u>1,238,785</u>

The funds designated by the Board of Directors are for the purpose of covering operating expenses for up to 4 months in emergency case

The net assets released from restrictions are detailed below:

	<u>2023</u>	<u>2022</u>
Specific Purpose Compliance	572,550	932,758
	<u>572,550</u>	<u>932,758</u>

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(14) DONATIONS

The integration as of December 31 is as shown below (Figures in US\$):

	<u>2023</u>	<u>2022</u>
Individual	180,002	155,312
Fundaciones	4,470,418	1,771,987
	<u>4,650,420</u>	<u>1,927,299</u>

Unrestricted donations as of December 31st are as shown below(Figures in US\$):

	<u>2023</u>	<u>2022</u>
American Online Giving Foundation	-	4,425
Bridges Trust / Matthew 6:3	250,000	-
Carson Foundation	-	10,000
Cartier Foundation	195,000	200,000
Dovetail Impact Foundation	350,000	100,000
Eric Martin	100,000	45,000
Focus Central America	30,260	25,000
Greater Washington Community Foundation	-	1,000
Guido & Elizabeth Binda	-	1,250
Harburton	-	75,000
Jewish Community Federation	100,000	-
MIA	11,000	-
Mulago	500,000	501,295
Praxis	50,000	-
Pulte Family	40,000	20,000
RA5 Foundation	-	40,000
Rippleworks	1,500,000	-
Rotary	5,000	-
Shockwave	100,000	-
The Value in Giving	-	500
Van Auker (Arvy Foundation)	30,000	50,000
Vitol	249,979	-
	<u>3,511,239</u>	<u>1,073,470</u>
Unrestricted	<u>223,372</u>	<u>155,312</u>
	<u>3,734,611</u>	<u>1,228,782</u>

Donations with restrictions as of December 31st are as shown below(Figures in US\$):

	<u>2023</u>	<u>2022</u>
Club Rotario de la Hermita	84,926	102,204
Community Foundation of the Quincy Area (LASC)	400,000	-
FSB-TC (Farmers State Bank & Trust Co. LASC)	100,000	-
INCAP	71,065	-
International Foundation	-	20,000
Light and Single Candle (LASC)	47,993	460,336
Light and Single Candle (LASC) II	200,000	-
Open Value Foundation	-	25,000
Swiss Re Foundation	-	20,000
The Innocent Foundation	11,825	70,976
	<u>915,809</u>	<u>698,516</u>

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(15) SALE OF PRODUCTS AND SERVICES

Sales during the period from January 1 to December 31 are integrated as follows:

<u>Descripción</u>	<u>2023</u>	<u>2022</u>
Sales	138,304	102,364
(-) Returns and discounts	-	(565)
Total in US\$	<u>138,304</u>	<u>101,799</u>

(16) SALARIES AND LABOR BENEFITS

Salaries and benefits during the period from January 1 to December 31, 2023 and 2022, are integrated as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Salaries	526,419	358,008
Bonus 37-2001	12,986	10,594
Sales bonus	54,958	26,665
Christmas bonus 76-78	44,892	29,728
Bonus 14	48,134	29,785
Compensation	46,773	31,121
Insurance	21,392	17,500
Vacation	1,285	2,007
IGSS and IRTRA fee	57,078	38,180
Mileage	114,398	84,014
Telephone and Internet	12,464	10,981
Training and development	26,400	25,976
Total in US\$	<u>967,179</u>	<u>664,559</u>

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(17) PROFESSIONAL SERVICES

The fees during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

<u>Description</u>	<u>2023</u>	<u>2022</u>
Professional services	319,511	370,256
Professional services - medical insurance	19,565	4,787
Professional services - phone and internet	1,545	1,257
Professional services - mileage	-	5,529
Total	<u>340,621</u>	<u>381,829</u>

(18) GENERAL DEVELOPMENT ACTIVITIES

The general development activities during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

<u>Description</u>	<u>2023</u>	<u>2022</u>
Commercial seed production	29,995	23,681
Project 1: Hybrid development	126,813	147,653
Project 3: Production of parental seeds	40,743	39,211
Project 4: Evaluation Essay	42,800	34,969
Project 5 Collaborations	117,013	69,618
Professional services	232,088	98,550
Counter incentives	27,883	20,916
Demonstration plots	79,789	56,092
Publicity and promotion	23,089	35,452
Country promotional day (DDC)	25,995	20,465
Direct cost of seed production	273,733	192,033
Indirect costs of seed production	24,820	4,863
Total	<u>1,044,761</u>	<u>743,503</u>

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(19) TRANSPORTATION, MOBILIZATION AND FUEL

Transportation, mobilization and fuel during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

<u>Description</u>	<u>2023</u>	<u>2022</u>
Vehicles	50,272	58,670
Fuels and lubricants	69,655	70,000
Feeding	68,144	51,320
Lodging	92,370	54,900
Total	<u>280,441</u>	<u>234,890</u>

(20) RENTS AND MAINTENANCE EXPENSES

The rents and maintenance expenses during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

<u>Description</u>	<u>2023</u>	<u>2022</u>
Rent	53,387	42,786
General services	19,593	17,079
Supplies	45,702	7,741
	<u>118,682</u>	<u>67,606</u>

(21) GENERAL OFFICE EXPENSES

General office expenses during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

<u>Description</u>	<u>2023</u>	<u>2022</u>
General expenses	83,714	61,485
General supplies	40,638	10,529
Total	<u>124,352</u>	<u>72,014</u>

(22) TAXES, FEES AND ARBITRATIONS

Taxes, fees and excise duties during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

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	<u>2023</u>	<u>2022</u>
Description		
ISR on sales	9,223	6,735
United States Taxes	44,634	14,196
Vehicle circulation taxes	126	183
VAT special invoice	43	27
Fines, surcharges and other SAT	1,528	123
ISR special invoice	18	11
VAT tax debit	64	157
Total	<u>55,636</u>	<u>21,432</u>

(23) DEPRECIATIONS

The depreciations during the period from January 1 to December 31, 2023 and 2022, are integrated as follows (Figures in US\$):

	<u>2023</u>	<u>2022</u>
Description		
Vehicle depreciation		1,815
Computer equipment depreciation	2,884	1,461
Machinery depreciation	3,778	2,698
Total	<u>6,662</u>	<u>5,974</u>

(24) BANKING EXPENSES

Banking expenses, exchange rate differential and others as of December 31 are integrated as follows (Figures in US\$):

	<u>2023</u>	<u>2022</u>
Description		
Uncollectible accounts	443	521
Paypal commissions	58	111
Bank fees	3,915	776
Total	<u>4,416</u>	<u>1,408</u>

(25) CONTINGENCIES

In the opinion of management and legal counsel, there are no labor, tax, civil or any other type of contingencies that could affect the consolidated financial statements.

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(26) SUBSEQUENT EVENTS

The Organization has evaluated subsequent events as of December 31, 2023 to determine the need for potential records or disclosures in the financial statements. Such events were evaluated until January 31, 2024, the date on which these consolidated 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 issue that could significantly affect them.

(27) APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements corresponding to the year ended December 31, 2023, have been approved for issuance by management on January 31, 2024.

SEMILLA NUEVA

Appendix “A” Audit Procedures”

As of December 31, 2023 and 2022

As part of an audit in accordance with International Standards on Auditing (ISA), the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- We identified and assessed the risks of material misstatements of the Consolidated financial statements, whether due to fraud or error, we design and perform audit procedures that respond to those risks; and we obtained sufficient audit evidence and appropriate to provide the basis for our opinion.
- We obtained knowledge of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of internal control.the Semilla Nueva Association, Semilla Nueva SA and Semilla Nueva 501 (c)(3).
- We evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates and of related disclosures made by management.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those in charge of the government of the Semilla Nueva Association, Semilla Nueva S.A. and Semilla Nueva 501 (c)(3) in relation to other matters, the planned scope and timing of the audit and the results, especially in aspects of internal control.
- We also provide those responsible for the government of the Semilla Nueva Association, Semilla Nueva S.A. and Semilla Nueva 501 (c)(3) a statement that we have complied with the applicable ethical requirements regarding independence and communicated with them about all relationships and other matters that could reasonably be expected to affect our independence and, where applicable, the corresponding safeguards.