

FINANCIAL POSITION OF AMALGAMATING PARTNERS

Category	CSGA (2020)*	CSTA (2019)	CSI (2019)	CSAAC (2018)	CPTA (2018)	Aggregate NSO
Revenue						Revenue
Membership Fees	\$ 684,350	\$ 932,792	\$ -	\$ 27,291	\$ 162,000	\$ 1,806,433
Interest & Investment Income	\$ 30,000	\$ 27,725	\$ 22,542	\$ 1,916	\$ -	\$ 82,183
Meetings, Workshops, & Training	\$ 25,000	\$ 444,620	\$ 27,000	\$ 15,250	\$ -	\$ 511,870
Services	\$ 2,534,870	\$ -	\$ 1,151,063	\$ 500	\$ 46,000	\$ 3,732,433
Other	\$ 29,000	\$ 48,398	\$ 53,540	\$ 12,105	\$ 2,404	\$ 145,447
Total Revenue	\$ 3,303,220	\$ 1,453,535	\$ 1,254,145	\$ 57,062	\$ 210,404	\$ 6,278,366
Expenses						Expenses
Meetings, Workshops, & Training	\$ 14,400	\$ 388,095	\$ 59,488	\$ 17,070	\$ 2,717	\$ 481,770
Salary & Benefits	\$ 1,661,185	\$ 464,717	\$ 607,249	\$ 29,440	\$ 126,000	\$ 2,888,591
Rent and Office Expenses	\$ 228,007	\$ 119,622	\$ 67,770	\$ 268	\$ 3,243	\$ 418,910
Travel	\$ 454,350	\$ 110,474	\$ 83,319	\$ 13,458	\$ 25,389	\$ 686,990
Membership Fees	\$ 32,902	\$ 89,587	\$ 47,265	\$ -	\$ -	\$ 169,754
Communications	\$ 37,000	\$ 201,159	\$ 33,266	\$ 1,697	\$ 14,460	\$ 287,582
Technology & Operations	\$ 1,452,266	\$ 69,797	\$ 268,390	\$ 10,809	\$ 38,672	\$ 1,839,934
Total Expenses	\$ 3,880,110	\$ 1,443,451	\$ 1,166,747	\$ 72,742	\$ 210,481	\$ 6,773,531
EBITDA	\$ (576,890)	\$ 10,084	\$ 87,398	\$ (15,680)	\$ (77)	\$ (495,165)
Total Net Assets	\$ 2,053,479	\$ 1,719,809	\$ 1,876,154	\$ 64,129	\$ 61,061	\$ 5,774,632

*May 2020 Forecast for the period of Feb 1, 2020 to Jan 31, 2021

PROJECTED FINANCIAL POSITION OF SEEDS CANADA

A pro-forma operating financial statement for Seeds Canada has been produced based on the aggregated financial statements of the amalgamating partners and conservative assumptions around revenue and cost structure of Seeds Canada post-ratification.

Aggregate of most recent financials from partner organizations

Forecasted revenue and expenses for Seeds Canada post-ratification

Category	2020 Aggregate	SC '21/'22	SC '22/'23	SC '23/'24
Revenue				
Membership Fees	\$ 1,806,433	\$ 1,625,790	\$ 1,463,211	\$ 1,536,371
Interest & Investment Income	\$ 82,183	\$ 86,619	\$ 79,192	\$ 81,836
Meetings, Workshops, & Training	\$ 511,870	\$ 511,870	\$ 537,464	\$ 564,337
Services	\$ 3,732,433	\$ 3,788,419	\$ 3,845,246	\$ 3,960,603
Other	\$ 145,447	\$ 147,629	\$ 149,843	\$ 152,091
Total Revenue	\$ 6,278,366	\$ 6,160,327	\$ 6,074,955	\$ 6,295,238
Expenses				
Meetings, Workshops, & Training	\$ 481,770	\$ 337,239	\$ 354,101	\$ 371,806
Salary & Benefits	\$ 2,888,591	\$ 2,744,161	\$ 2,744,161	\$ 2,785,324
Rent and Office Expenses	\$ 418,910	\$ 204,446	\$ 208,535	\$ 212,706
Board Travel and Expenses	\$ 410,694	\$ 154,010	\$ 158,631	\$ 163,389
Travel	\$ 276,296	\$ 207,222	\$ 213,439	\$ 219,842
Membership Fees	\$ 169,754	\$ 169,754	\$ 169,754	\$ 178,242
Communications	\$ 287,582	\$ 201,307	\$ 211,373	\$ 221,941
Integration Costs	\$ -	\$ 460,690	\$ 241,751	\$ 115,000
Technology & Operations	\$ 1,839,934	\$ 1,505,212	\$ 1,414,899	\$ 1,485,644
Total Expenses	\$ 6,773,531	\$ 5,984,042	\$ 5,716,644	\$ 5,753,895
EBITDA	\$ (495,165)	\$ 176,285	\$ 600,062	\$ 656,343
Total Net Assets	\$ 5,774,632	\$ 5,279,467	\$ 5,455,752	\$ 6,055,814

Key Takeaways

- The 2020 (pre-amalgamation) aggregate position of the amalgamating organizations is subject to head winds for both revenues and expenses due to COVID-related adjustments, contingency planning around the amalgamation vote, and updated implementation planning budgets to prepare for the transition to the new organization. This puts the pre-amalgamation aggregate position of the amalgamating organizations in a deficit position that would be covered through a draw down of reserves.
- Cost synergies and growth expectations are forecasted to more than make up for these head winds and the new organization is projected to start on a healthy financial footing (operating at a surplus in the first year of operations) and building its net asset position over the medium-term.
- The costs and revenues of Seeds Canada are forecasted using conservative assumptions about key value drivers associated with amalgamation – they do not assume any costs or revenue changes associated with strategic decisions made by management.

Caveats and Assumptions

- **Forecasted results are estimates only, and actual results will vary based on external factors, decisions by Seeds Canada management, and timelines.**
- Information on the current financial position of the amalgamation partners was provided for one of three financial years: 2018, 2019, or 2020 forecasts. Aggregated information is considered indicatively correct but is not 100% current with 2019 actuals.
- Assumptions in forecasts were made using inflation factors and estimates of key cost reductions validated by the Oversight Committee.