

SAFE DRINKING WATER FOUNDATION

Auditor's Report

Financial Statements

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Safe Drinking Water Foundation**

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of **Safe Drinking Water Foundation**, which comprise the statement of financial position as at **December 31, 2018** and the statements of revenue and expenditures, fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **Safe Drinking Water Foundation** as at **December 31, 2018** and the results of its revenues and expenditures, and change in its fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Qualified Opinion

In common with many not-for-profit organizations, **Safe Drinking Water Foundation** derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of **Safe Drinking Water Foundation**. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenditures, and cash flows from operations for the years ended **December 31, 2018** and **December 31, 2017**.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **Safe Drinking Water Foundation** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan
June 25, 2019


Chartered Professional Accountants

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FINANCIAL POSITION


December 31, 2018
with comparative figures for 2017

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
<u>ASSETS</u>				
Current assets:				
Cash	\$ 21,030	-	21,030	15,345
Short-term investments	177,945	-	177,945	95,881
Accounts receivable	796	-	796	548
Inventory	9,715	-	9,715	5,096
Prepaid expenses	565	-	565	529
Total current assets	210,051	-	210,051	117,399
Capital assets (Note 3)	-	2,829	2,829	1,868
	<u>\$ 210,051</u>	<u>2,829</u>	<u>212,880</u>	<u>119,267</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,616	-	4,616	4,421
Deferred revenue	109,955	-	109,955	55,152
Total current liabilities	114,571	-	114,571	59,573
 Fund Balances:				
Capital fund	-	2,829	2,829	1,867
Unrestricted	95,480	-	95,480	57,827
Total fund balances	95,480	2,829	98,309	59,694
	<u>\$ 210,051</u>	<u>2,829</u>	<u>212,880</u>	<u>119,267</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF REVENUES AND EXPENDITURES

Year ended December 31, 2018
with comparative figures for 2017

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
Revenue	\$ 162,364	-	162,364	144,421
Expenditures:				
Amortization	-	522	522	442
Courier and postage	6,676	-	6,676	5,566
Fundraising expense	-	-	-	229
Insurance	973	-	973	790
Interest and bank charges	903	-	903	750
Meals and entertainment	69	-	69	160
Education programs expenses	27,903	-	27,903	27,590
Presentations	160	-	160	907
Rental	9,037	-	9,037	7,767
Printing	944	-	944	78
Professional fees	5,402	-	5,402	4,897
Salaries and Wages	64,658	-	64,658	67,088
Technical	3,453	-	3,453	3,615
Telephone	1,061	-	1,061	1,443
Supplies	1,104	-	1,104	1,393
Travel expenses	600	-	600	549
Website	283	-	283	16,944
	<u>123,226</u>	<u>522</u>	<u>123,748</u>	<u>140,208</u>
Excess of revenues over expenditures	<u>39,138</u>	<u>(522)</u>	<u>38,616</u>	<u>4,214</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FUND BALANCES

Year ended December 31, 2018
with comparative figures for 2017

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
Fund balances, beginning of year	57,827	1,867	59,694	55,480
Excess (deficiency) of revenues over expenses	39,138	(522)	38,616	4,214
Interfund transfers	<u>(1,484)</u>	<u>1,484</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 95,481</u>	<u>2,829</u>	<u>98,310</u>	<u>59,694</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2018
with comparative figures for 2017

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ 39,138	(522)	38,616	4,214
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>522</u>	<u>522</u>	<u>442</u>
	39,138	-	39,138	4,656
Changes in non-cash working capital:				
Accounts receivable	(249)	-	(249)	1,597
Inventories	(4,618)	-	(4,618)	2,080
Prepaid expenses	(37)	-	(37)	(156)
Accounts payable and accrued liabilities	197	-	197	235
Deferred revenues	54,803	-	54,803	(15,453)
Interfund transfers	<u>(1,484)</u>	<u>1,484</u>	<u>-</u>	<u>-</u>
	<u>87,750</u>	<u>1,484</u>	<u>89,234</u>	<u>(7,041)</u>
Investing activities:				
Additions to capital assets	-	(1,484)	(1,484)	(198)
Investments	<u>(82,065)</u>	<u>-</u>	<u>(82,065)</u>	<u>(4,318)</u>
	<u>(82,065)</u>	<u>(1,484)</u>	<u>(83,549)</u>	<u>(4,516)</u>
Financing activities:				
Net change in cash during the year	5,685	-	5,685	(11,557)
Cash position, beginning of year	<u>15,345</u>	<u>-</u>	<u>15,345</u>	<u>26,902</u>
Cash position, end of year	<u>\$ 21,030</u>	<u>-</u>	<u>21,030</u>	<u>15,345</u>

Cash position is comprised of cash in bank less outstanding cheques.

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1. OPERATIONS

The Foundation was incorporated under the laws of the Province of Saskatchewan on January 1, 1998. The Foundation is a registered charitable organization. Its primary purpose is to educate the leaders of today and tomorrow about drinking water quality issues to realize its goal of safe drinking water being available to every Canadian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) **Fund Accounting**

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) **Operating Fund**

The operating fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

(ii) **Capital Fund**

The capital fund reports the assets, liabilities, revenues and expenses related to the Foundation's capital assets.

(b) **Revenue Recognition**

Unrestricted contributions are recognized as revenue in the operating fund in the year received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred.

(c) **Inventory**

Inventory is carried at the lesser of cost and net realizable value. Cost is determined using the first in, first out method.

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Capital Assets

Capital assets are recorded at cost. Amortization is calculated using the following annual rates and methods and is designed to amortize the assets over their useful lives:

Furniture and fixtures	20% - declining balance
Computer hardware	20% - declining balance
Leasehold improvements	20% - declining balance

(e) Contributed Services

A portion of the rental payments for Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan are forgiven by the lessor as the Foundation is a charitable organization. The portion of forgiven rent has been recognized as a donation-in-kind by the Foundation.

(f) Measurement Uncertainty

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

(g) Financial Instruments

Financial instruments, including cash, short term investments, accounts receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

3. CAPITAL ASSETS

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 2,082	1,175	907	792
Leasehold improvements	4,995	4,534	461	577
Computer hardware	<u>7,634</u>	<u>6,173</u>	<u>1,461</u>	<u>499</u>
	<u>\$ 14,711</u>	<u>11,882</u>	<u>2,829</u>	<u>1,868</u>

4. ALLOCATED EXPENSES

Certain overhead expenses are allocated to the projects of the Foundation. These expenses are allocated based on the percentage of each expense that is related to each project.

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

5. LEASE COMMITMENTS

The Foundation signed a 2-year lease on May 12, 2018, to occupy the premises in the building known as Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan. The lease will expire on July 31, 2020. The lease payments due throughout the remainder of the lease are as follows:

2019	\$	9,450
2020		5,513

6. DEFERRED REVENUES

The Foundation receives donations to sponsor kits to be provided to schools. At December 31, 2018, \$109,955 in donations received for kits that were not shipped by December 31, 2018 has been deferred (2017 - \$55,152).

7. SHORT TERM INVESTMENTS

	<u>2018</u>	<u>2017</u>
Guaranteed Investment Certificates	\$ <u>177,945</u>	\$ <u>95,881</u>

All Guaranteed Investment Certificates (GICs) are 1-year term investments with a maturity date within 1 year. All GICs include an early redemption option with no penalty. Interest rates on GICs are 0.50% per annum.

8. FINANCIAL INSTRUMENTS

Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at December 31, 2018.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable.

Credit Risk

The Foundation is exposed to minimal credit risk on its accounts receivable. Accounts receivable are due from major funders and government agencies.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity is exposed to interest rate risk on its short-term investments.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2018
with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Federal employment funding	\$ 2,631	3,859
Fundraising income	15	235
Individual donations	3,697	934
Interest	626	214
Rebates	166	184
	<u>7,135</u>	<u>5,426</u>
Expenses:		
Amortization	522	443
Courier and postage	318	305
Fundraising expense	-	229
Insurance	972	790
Interest and bank charges	893	742
Printing	944	78
Professional fees	5,402	4,897
Rent	904	777
Salaries and benefits	5,967	6,191
Supplies	148	1,326
Technical	374	443
Telephone	106	145
Travel	600	549
	<u>17,150</u>	<u>16,915</u>
Excess of revenues over expenditures	<u>\$ (10,015)</u>	<u>(11,489)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2018
with comparative figures for 2017

SDWT PROJECT

	<u>2018</u>	<u>2017</u>
Revenue:		
Corporate contributions	\$ 12,000	12,500
Individual donations	1,033	-
	<u>13,033</u>	<u>12,500</u>
Expenditures:		
Salaries and benefits	4,582	5,138
Courier and postage	16	-
Interest and bank charges	10	8
Meals and entertainment	69	160
Supplies	55	67
Technical	588	834
Website	283	890
	<u>5,603</u>	<u>7,097</u>
Excess of revenues over expenditures	<u>\$ 7,430</u>	<u>5,403</u>

WEBSITE

	<u>2018</u>	<u>2017</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 5,827	6,046
Technical	192	-
Website	-	16,054
	<u>-</u>	<u>16,054</u>
Excess of revenues over expenditures	<u>\$ (6,019)</u>	<u>(22,100)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2018
with comparative figures for 2017

SCHOOL PROGRAMS

	<u>2018</u>	<u>2017</u>
Revenue:		
Canadian school registration	\$ 7,637	12,435
Corporate contributions	70,199	98,213
Foundation Donations	40,685	15,000
Indigenous Water Forum	-	847
National Indian Brotherhood	23,675	-
	<u>142,196</u>	<u>126,495</u>
Expenditures:		
Courier and postage	6,342	5,261
Education programs expenses	27,903	27,589
Presentations	160	907
Rent	8,133	6,990
Salaries and benefits	48,283	49,713
Supplies	901	-
Technical	2,299	2,338
Telephone	955	1,298
	<u>94,976</u>	<u>94,096</u>
Excess of revenue over expenditures	<u>\$ 47,220</u>	<u>32,399</u>

See accompanying notes to the financial statements.