

SAFE DRINKING WATER FOUNDATION

Auditor's Report

Financial Statements

December 31, 2017

INDEPENDENT AUDITOR'S REPORT

Bill Jensen, C.P.A. Prof. Corp.
Jeff Stromberg, C.P.A. Prof. Corp.

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Safe Drinking Water Foundation**, which comprise the statement of financial position as at **December 31, 2017** and the statements of revenues and expenditures, fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the 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 the foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenditures, current assets, and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Safe Drinking Water Foundation** as at **December 31, 2017**, 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.

Saskatoon, Saskatchewan
June 22, 2018



Chartered Professional Accountants

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FINANCIAL POSITION

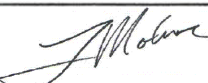
December 31, 2017

with comparative figures for 2016

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2017</u>	<u>Total</u> <u>2016</u>
<u>ASSETS</u>				
Current assets:				
Cash	\$ 15,345	-	15,345	26,902
Short-term investments	95,881	-	95,881	91,562
Accounts receivable	548	-	548	2,144
Inventory	5,096	-	5,096	7,177
Prepaid expenses	529	-	529	375
Total current assets	<u>117,399</u>	<u>-</u>	<u>117,399</u>	<u>128,160</u>
Capital assets (Note 3)	<u>-</u>	<u>1,867</u>	<u>1,867</u>	<u>2,112</u>
	<u>\$ 117,399</u>	<u>1,867</u>	<u>119,266</u>	<u>130,272</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,420	-	4,420	4,186
Deferred Revenue	<u>55,152</u>	<u>-</u>	<u>55,152</u>	<u>70,605</u>
Total current liabilities	59,572	-	59,572	74,791
Fund Balances:				
Capital fund	-	1,867	1,867	2,111
Unrestricted	<u>57,827</u>	<u>-</u>	<u>57,827</u>	<u>53,370</u>
Total fund balances	<u>57,827</u>	<u>1,867</u>	<u>59,694</u>	<u>55,481</u>
	<u>\$ 117,399</u>	<u>1,867</u>	<u>119,266</u>	<u>130,272</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, 2017
with comparative figures for 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2017</u>	<u>Total 2016</u>
Revenue	\$ 144,421	-	144,421	92,676
Expenditures:				
Amortization	-	442	442	475
Computer Support	-	-	-	134
Courier and postage	5,566	-	5,566	3,844
Fundraising expense	229	-	229	-
Insurance	790	-	790	670
Interest and bank charges	750	-	750	597
Meals and entertainment	160	-	160	22
Education programs expenses	27,590	-	27,590	34,049
Presentations	907	-	907	18
Rental	7,767	-	7,767	8,732
Printing	78	-	78	96
Professional fees	4,897	-	4,897	5,319
Salaries and Wages	67,088	-	67,088	50,119
Technical	3,615	-	3,615	3,814
Telephone	1,443	-	1,443	1,407
Supplies	1,393	-	1,393	752
Travel expenses	549	-	549	-
Website	16,944	-	16,944	1,845
	<u>139,766</u>	<u>442</u>	<u>140,208</u>	<u>111,893</u>
Excess (deficiency) of revenues over expenditures	<u>4,655</u>	<u>(442)</u>	<u>4,213</u>	<u>(19,216)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FUND BALANCES

Year ended December 31, 2017
with comparative figures for 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2017</u>	<u>Total 2016</u>
Fund balances, beginning of year	53,370	2,111	55,481	74,697
Excess (deficiency) of revenues over expenses	4,655	(442)	4,213	(19,216)
Interfund transfers	<u>(198)</u>	<u>198</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>57,827</u>	<u>1,867</u>	<u>59,694</u>	<u>55,481</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2017
with comparative figures for 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2017</u>	<u>Total 2016</u>
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ 4,655	(442)	4,213	(19,216)
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>442</u>	<u>442</u>	<u>475</u>
	4,655	-	4,655	(18,741)
Changes in non-cash working capital:				
Accounts receivable	1,597	-	1,597	4,071
Inventories	2,080	-	2,080	(3,589)
Prepaid expenses	(154)	-	(154)	-
Accounts payable and accrued liabilities	234	-	234	(804)
Deferred revenues	(15,453)	-	(15,453)	25,105
Interfund transfers	<u>(198)</u>	<u>198</u>	<u>-</u>	<u>-</u>
	<u>(7,239)</u>	<u>198</u>	<u>(7,041)</u>	<u>6,042</u>
Investing activities:				
Additions to capital assets	-	(198)	(198)	(420)
Investments	<u>(4,318)</u>	<u>-</u>	<u>(4,318)</u>	<u>14,837</u>
	<u>(4,318)</u>	<u>(198)</u>	<u>(4,516)</u>	<u>14,417</u>
Financing activities:				
Net change in cash during the year	(11,557)	-	(11,557)	20,459
Cash position, beginning of year	<u>26,902</u>	<u>-</u>	<u>26,902</u>	<u>6,443</u>
Cash position, end of year	<u>\$ 15,345</u>	<u>-</u>	<u>15,345</u>	<u>26,902</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, 2017

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, 2017

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>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 1,778	986	792	767
Leasehold improvements	4,995	4,419	576	721
Computer hardware	<u>6,454</u>	<u>5,955</u>	<u>499</u>	<u>624</u>
	<u>\$ 13,227</u>	<u>11,360</u>	<u>1,867</u>	<u>2,112</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, 2017

5. LEASE COMMITMENTS

The Foundation signed a 1-year lease on July 31, 2017, to occupy the premises in the building known as Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan. The lease will expire on July 31, 2018. The lease payments due throughout the remainder of the lease are as follows:

2018	\$	3,675
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6. DEFERRED REVENUES

The Foundation receives donations to sponsor kits to be provided to schools. At December 31, 2017, \$55,152 in donations received for kits that were not shipped by December 31, 2017 has been deferred (2016 - \$70,605).

7. SHORT TERM INVESTMENTS

	<u>2017</u>	<u>2016</u>
Guaranteed Investment Certificates	\$ <u>95,881</u>	\$ <u>91,562</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, 2017.

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 fixed and floating interest rate financial instruments.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2017
with comparative figures for 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Federal employment funding	\$ 3,859	-
Fundraising income	235	-
Individual donations	934	4,586
Interest	214	2,350
Rebates	184	504
	<u>5,426</u>	<u>7,440</u>
Expenses:		
Amortization	442	476
Computer support	-	134
Courier and postage	305	211
Fundraising expense	229	-
Insurance	789	670
Interest and bank charges	742	591
Printing	78	96
Professional fees	4,897	5,319
Rent	777	873
Salaries and benefits	6,191	6,573
Supplies	1,326	752
Technical	443	572
Telephone	145	141
Travel	549	-
	<u>16,913</u>	<u>16,408</u>
Excess of revenues over expenditures	<u>\$ (11,487)</u>	<u>(8,968)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2017
with comparative figures for 2016

SDWT PROJECT

	<u>2017</u>	<u>2016</u>
Revenue:		
Corporate contributions	\$ 12,500	6,000
Individual donations	-	300
	<u>12,500</u>	<u>6,300</u>
Expenditures:		
Salaries and benefits	5,138	1,890
Interest and bank charges	8	6
Meals and entertainment	161	22
Supplies	67	-
Technical	834	1,320
Website	890	-
	<u>7,098</u>	<u>3,238</u>
Excess of revenues over expenditures	<u>\$ 5,402</u>	<u>3,062</u>

WEBSITE

	<u>2017</u>	<u>2016</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 6,046	4,517
Website	16,054	1,845
Excess of revenues over expenditures	<u>\$ (22,100)</u>	<u>(6,362)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2017
with comparative figures for 2016

SCHOOL PROGRAMS

	<u>2017</u>	<u>2016</u>
Revenue:		
Canadian school registration	\$ 12,435	4,573
Corporate contributions	98,213	47,497
Foundation Donations	15,000	25,400
Indigenous Water Forum	847	1,126
US school registrations	-	340
	<u>126,495</u>	<u>78,936</u>
Expenditures:		
Courier and postage	5,261	3,633
Education programs expenses	27,590	34,048
Presentations	907	18
Rent	6,990	7,859
Salaries and benefits	49,713	37,139
Technical	2,338	1,922
Telephone	1,298	1,266
	<u>94,097</u>	<u>85,885</u>
Excess of revenue over expenditures	<u>\$ 32,398</u>	<u>(6,949)</u>

See accompanying notes to the financial statements.