

# **SAFE DRINKING WATER FOUNDATION**

**Auditor's Report**

**Financial Statements**

**December 31, 2020**

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, 2020** 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, 2020** 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, 2020** and **December 31, 2019**.

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 24, 2021

  
Chartered Professional Accountants

# SAFE DRINKING WATER FOUNDATION


## STATEMENT OF FINANCIAL POSITION

December 31, 2020  
with comparative figures for 2019

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2020</u>	<u>Total</u> <u>2019</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash	\$ 27,587	-	27,587	4,999
Short-term investments (Note 3)	176,000	-	176,000	157,948
Accounts receivable	22,458	-	22,458	796
Inventory	16,887	-	16,887	9,597
Prepaid expenses	1,339	-	1,339	588
Total current assets	<u>244,271</u>	-	<u>244,271</u>	<u>173,928</u>
Capital assets (Note 4)	<u>-</u>	<u>1,295</u>	<u>1,295</u>	<u>1,618</u>
	<u>\$ 244,271</u>	<u>1,295</u>	<u>245,566</u>	<u>175,546</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,200	-	5,200	4,872
Deferred revenue (Note 5)	<u>55,235</u>	-	<u>55,235</u>	<u>62,419</u>
Total current liabilities	60,435	-	60,435	67,291
Long-term debt (Note 8)	<u>54,422</u>	-	<u>54,422</u>	<u>-</u>
	114,857	-	114,857	67,291
Fund Balances:				
Capital fund	-	1,295	1,295	1,619
Operating fund	<u>129,414</u>	-	<u>129,414</u>	<u>106,636</u>
Total fund balances	<u>129,414</u>	<u>1,295</u>	<u>130,709</u>	<u>108,255</u>
	<u>\$ 244,271</u>	<u>1,295</u>	<u>245,566</u>	<u>175,546</u>

**APPROVED ON BEHALF OF THE BOARD:**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF REVENUES AND EXPENDITURES

Year ended December 31, 2020  
with comparative figures for 2019

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
Revenue	\$ 77,238	-	77,238	162,318
Expenditures:				
Amortization	-	324	324	405
Courier and postage	5,066	-	5,066	9,986
Education programs expenses	24,598	-	24,598	44,690
Fundraising expense	233	-	233	-
Honorariums	-	-	-	214
Insurance	1,004	-	1,004	1,009
Interest and bank charges	1,187	-	1,187	869
Meals and entertainment	36	-	36	1,041
Memberships and licenses	-	-	-	999
Presentations	-	-	-	514
Printing	269	-	269	268
Professional fees	4,982	-	4,982	5,214
Rental	9,225	-	9,225	9,225
Salaries and Wages	54,674	-	54,674	72,592
Supplies	170	-	170	902
Technical	3,625	-	3,625	3,410
Telephone	1,281	-	1,281	1,274
Travel expenses	-	-	-	288
Website	313	-	313	297
	<u>106,663</u>	<u>324</u>	<u>106,987</u>	<u>153,197</u>
Other income:				
Gain on disposal of capital assets	-	-	-	(806)
Government assistance	50,545	-	50,545	-
Interest Income	1,658	-	1,658	824
	<u>52,203</u>	<u>-</u>	<u>52,203</u>	<u>18</u>
Excess (deficiency) of revenues over expenditures	<u>22,778</u>	<u>(324)</u>	<u>22,454</u>	<u>9,946</u>

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF FUND BALANCES

Year ended December 31, 2020  
with comparative figures for 2019

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
Fund balances, beginning of year	106,636	1,619	108,255	98,309
Excess (deficiency) of revenues over expenses	<u>22,778</u>	<u>(324)</u>	<u>22,454</u>	<u>9,946</u>
Fund balances, end of year	<u>\$ 129,414</u>	<u>1,295</u>	<u>130,709</u>	<u>108,255</u>

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF CASH FLOWS

Year ended December 31, 2020  
with comparative figures for 2019

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
<b>Cash provided by (used in):</b>				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ 22,778	(324)	22,454	9,946
Items not involving an outlay of cash:				
Amortization	-	324	324	405
Loss on disposal of capital assets	-	-	-	806
	<u>22,778</u>	<u>-</u>	<u>22,778</u>	<u>11,157</u>
Changes in non-cash working capital:				
Accounts receivable	(21,663)	-	(21,663)	1
Inventories	(7,290)	-	(7,290)	117
Prepaid expenses	(752)	-	(752)	(24)
Accounts payable and accrued liabilities	329	-	329	256
Deferred revenues	(7,184)	-	(7,184)	(47,536)
	<u>(13,782)</u>	<u>-</u>	<u>(13,782)</u>	<u>(36,029)</u>
Investing activities:				
Investments	<u>(18,052)</u>	<u>-</u>	<u>(18,052)</u>	<u>19,998</u>
Financing activities:				
Advance of long-term debt	53,693	-	53,693	-
Repayment of long-term debt	<u>729</u>	<u>-</u>	<u>729</u>	<u>-</u>
	<u>54,422</u>	<u>-</u>	<u>54,422</u>	<u>-</u>
Net change in cash during the year	22,588	-	22,588	(16,031)
Cash position, beginning of year	<u>4,999</u>	<u>-</u>	<u>4,999</u>	<u>21,030</u>
Cash position, end of year	<u>\$ 27,587</u>	<u>-</u>	<u>27,587</u>	<u>4,999</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, 2020

### 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. The Foundation is exempt from tax as it is a non-profit organization.

### 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**

The Foundation follows the deferral method of accounting for contributions. 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.

Government grants are recognized as revenue in the period in which they relate to, when all required conditions for the funding have been met.

#### (c) **Inventory**

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

#### (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:

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



# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Contributed Services

Directors volunteer their time to assist in the Foundation's activities. While their services benefit the Foundation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in these financial statements.

#### (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, accounts payable and accrued liabilities and long-term liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

#### (h) New accounting standards

##### Revenue Recognition

CPA Canada Handbook Part II Section 3400 Revenue has been amended to provide additional guidance on the recognition of revenue related to identifying the units of account, multiple-element arrangements, the percentage of completion method, reporting revenue gross or net, bill and hold arrangements, and upfront non-refundable fees or payments.

This amendment is effective for fiscal year beginning on or after January 1, 2021. The Foundation has not determined the impact of this amendment.

### 3. SHORT TERM INVESTMENTS

	<u>2020</u>	<u>2019</u>
Guaranteed Investment Certificates	\$ <u>176,000</u>	\$ <u>157,948</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 range from 0.20 to 1.25% per annum.

### 4. CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware	\$ 6,483	6,063	420	524
Furniture and fixtures	2,081	1,501	580	725
Leasehold improvements	<u>4,995</u>	<u>4,700</u>	<u>295</u>	<u>369</u>
	<u>\$ 13,559</u>	<u>12,264</u>	<u>1,295</u>	<u>1,618</u>

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

### 5. DEFERRED REVENUE

The Foundation receives donations to sponsor kits and other programs to be provided to schools. Funds are deferred until school kits are acquired and programs are completed. Changes in the deferred revenue balance are as follows:

Program funds:			2020	2019
	<u>Donation received</u>	<u>Deferred revenue adjustment</u>	<u>Donation revenue</u>	<u>Donation revenue</u>
Dakota Dunes CDC	-	2,550	2,550	6,707
Gibson Energy	-	4,420	4,420	935
Mosaic	20,000	(25)	19,975	40,365
National Indian Brotherhood	-	-	-	(9,000)
Pembina Pipeline	26,180	(3,995)	22,185	-
RBC	-	-	-	(1,435)
Thomas Sill Foundation	-	(7,620)	(7,620)	4,250
W. Garfield Foundation	-	11,854	11,854	7,711
Other corporate donors	18,663	-	18,663	53,217
Other foundation donors	-	-	-	3,343
Other individual donors	<u>1,345</u>	<u>-</u>	<u>1,345</u>	<u>41,643</u>
	<u>\$ 66,188</u>	<u>7,184</u>	<u>73,372</u>	<u>147,736</u>

Balance, beginning of year	\$ 62,419
Plus: amount received in year	47,455
Less: amount recognized as revenue in the current year	<u>(54,639)</u>
Balance, end of year	<u>\$ 55,235</u>

### 6. 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.

### 7. LEASE COMMITMENTS

The Foundation signed a 2-year lease on July 28, 2020, to occupy the premises in the building known as Unit 1 - 912 Idylwyld Drive North Saskatoon, Saskatchewan. The lease payments due throughout the remainder of the lease until expiry are as follows:

2021	\$ 9,450
2022	5,513

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

### 8. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Canada Emergency Business Account loan, interest-free until December 31, 2022. \$20,000 forgivable if \$40,000 repaid by December 31, 2022.		
After December 31, 2022, repayable in monthly interest only installments at 5.0% per annum, principal must be fully repaid by December 31, 2025.		
The loan has been valued at 5.0%.	\$ 60,000	-
Deferred contribution for interest on long-term debt	<u>(5,578)</u>	<u>-</u>
Carrying amount	<u>\$ 54,422</u>	<u>-</u>

The non-interest bearing loan has been valued using an effective interest rate of 5.0%. This resulted in \$5,578 of government contribution being recognized as income and deferred contribution in the current year. This amount is being amortized to offset the notional interest expense accreted on the long-term debt. During 2020, \$729 of deferred contributions have been included in interest on long-term debt.

Principal payments due within each of the next two (2) years are as follows:

2021	\$ -
2022	40,000

### 9. FINANCIAL INSTRUMENTS

#### Risks and concentrations

The Foundation 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, 2020.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation 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 Foundation 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 Foundation is exposed to interest rate risk on its short-term investments.

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

### 10. GOVERNMENT ASSISTANCE

#### Canada Emergency Business Account (CEBA)

The Foundation is participating in the CEBA program where eligible small businesses and not-for-profit organizations receive an interest-free loan of up to \$60,000 from the Government of Canada. Up to \$20,000 may be forgiven if the remainder is repaid in full by December 31, 2022. In the current year, \$20,000 has been recorded as revenue relating to this Government Assistance.

#### Canada Emergency Wage Subsidy (CEWS)

The Foundation is participating in the CEWS where eligible businesses and not-for-profit organizations receive a subsidy from the Government of Canada of up to 75% of employee wages. This has allowed the Foundation to re-hire or retain workers and thereby preventing further job losses as a result of COVID-19.

The CEWS has been extended until June 2021.

**SAFE DRINKING WATER FOUNDATION****SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES**

Year ended December 31, 2020  
with comparative figures for 2019

	<u>2020</u>	<u>2019</u>
Revenue:		
Federal employment funding	\$ 3,610	-
Fundraising income	258	258
Individual donations	3,045	1,268
Interest	1,658	824
Government assistance	46,935	-
Miscellaneous	220	3,097
Rebates	<u>25</u>	<u>2,056</u>
	<u>55,751</u>	<u>7,503</u>
Expenses:		
Amortization	324	406
Courier and postage	241	476
Fundraising expense	233	-
Honorariums	-	214
Insurance	1,003	1,009
Interest and bank charges	1,173	859
Memberships and subscriptions	-	999
Printing	269	268
Professional fees	4,982	5,214
Rent	923	923
Salaries and benefits	9,973	6,698
Supplies	24	121
Technical	594	369
Telephone	128	127
Travel	<u>-</u>	<u>288</u>
	<u>19,867</u>	<u>17,971</u>
Excess of revenues over expenditures	\$ <u>35,884</u>	<u>(10,468)</u>

See accompanying notes to the financial statements.

## SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

## REVENUES AND EXPENDITURES

Year ended December 31, 2020  
with comparative figures for 2019

SDWT PROJECT

	<u>2020</u>	<u>2019</u>
Revenue:		
Corporate contributions	\$ -	3,000
	<u>-</u>	<u>3,000</u>
Expenditures:		
Salaries and benefits	5,763	5,144
Courier and postage	12	24
Interest and bank charges	14	10
Meals and entertainment	36	1,041
Supplies	8	45
Technical	<u>618</u>	<u>581</u>
	<u>6,451</u>	<u>6,845</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(6,451)</u>	<u>(3,845)</u>

WEBSITE

	<u>2020</u>	<u>2019</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 4,927	6,542
Technical	202	190
Website	<u>313</u>	<u>297</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(5,442)</u>	<u>(7,029)</u>

See accompanying notes to the financial statements.

## SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

## REVENUES AND EXPENDITURES

Year ended December 31, 2020  
with comparative figures for 2019

SCHOOL PROGRAMS

	<u>2020</u>	<u>2019</u>
Revenue:		
Canadian school registration	\$ 3,513	6,978
Corporate contributions	67,643	90,703
Foundation Donations	<u>2,534</u>	<u>55,764</u>
	<u>73,690</u>	<u>153,445</u>
Expenditures:		
Courier and postage	4,813	9,486
Education programs expenses	24,598	44,689
Presentations	-	514
Rent	8,302	8,302
Salaries and benefits	34,012	54,208
Supplies	138	736
Technical	2,211	2,270
Telephone	<u>1,153</u>	<u>1,147</u>
	<u>75,227</u>	<u>121,352</u>
Excess of revenue over expenditures	<u>\$ (1,537)</u>	<u>32,093</u>

See accompanying notes to the financial statements.