

SAFE DRINKING WATER FOUNDATION

Auditor's Report

Financial Statements

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of **Safe Drinking Water Foundation**, which comprise the statement of financial position as at **December 31, 2022** 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, the accompanying financial statements present fairly, in all material respects, the financial position of **Safe Drinking Water Foundation** as at **December 31, 2022** 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 Opinion

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.

Information Other than the Financial Statements and Independent Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 26, 2023



Chartered Professional Accountants


SAFE DRINKING WATER FOUNDATION


STATEMENT OF FINANCIAL POSITION

December 31, 2022
with comparative figures for 2021

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2022</u>	<u>Total</u> <u>2021</u>
<u>ASSETS</u>				
Current assets:				
Cash	\$ 2,577	-	2,577	2,833
Short-term investments (Note 3)	203,691	-	203,691	196,000
Accounts receivable	2,026	-	2,026	6,326
Inventory	7,222	-	7,222	18,660
Deferred government assistance (Note 8)	20,000	-	20,000	-
Prepaid expenses	1,447	-	1,447	1,390
Total current assets	236,963	-	236,963	225,209
Deferred government assistance (Note 8)	-	-	-	20,000
Capital assets (Note 4)	-	829	829	1,035
	\$ 236,963	829	237,792	246,244
<u>LIABILITIES AND FUND BALANCES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,679	-	4,679	3,801
Deferred revenue (Note 5)	43,490	-	43,490	40,685
Current portion of long-term debt	57,143	-	57,143	-
Total current liabilities	105,312	-	105,312	44,486
Long-term debt (Note 8)	-	-	-	54,422
Total liabilities	105,312	-	105,312	98,908
Fund Balances:				
Capital fund	-	829	829	1,036
Operating fund	131,651	-	131,651	146,300
Total fund balances	131,651	829	132,480	147,336
	\$ 236,963	829	237,792	246,244

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, 2022
with comparative figures for 2021

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
Revenue	\$ 95,096	-	95,096	69,613
Expenditures:				
Amortization	-	207	207	259
Courier and postage	7,143	-	7,143	2,355
Education programs expenses	20,273	-	20,273	13,932
Insurance	932	-	932	980
Interest and bank charges	3,796	-	3,796	672
Printing	182	-	182	130
Professional fees	5,848	-	5,848	4,917
Rental	9,225	-	9,225	9,225
Salaries and wages	48,303	-	48,303	34,671
Supplies	190	-	190	2,274
Technical	15,770	-	15,770	4,031
Telephone	1,632	-	1,632	1,200
Travel expenses	26	-	26	-
Website	-	-	-	458
	<u>113,320</u>	<u>207</u>	<u>113,527</u>	<u>75,104</u>
Other income:				
Government assistance	-	-	-	20,897
Interest income	<u>3,575</u>	<u>-</u>	<u>3,575</u>	<u>1,221</u>
	3,575	-	3,575	22,118
Excess (deficiency) of revenues over expenditures	<u>(14,649)</u>	<u>(207)</u>	<u>(14,856)</u>	<u>16,627</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FUND BALANCES

Year ended December 31, 2022
with comparative figures for 2021

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
Fund balances, beginning of year	146,300	1,036	147,336	130,709
Excess (deficiency) of revenues over expenses	<u>(14,649)</u>	<u>(207)</u>	<u>(14,856)</u>	<u>16,627</u>
Fund balances, end of year	<u>\$ 131,651</u>	<u>829</u>	<u>132,480</u>	<u>147,336</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2022
with comparative figures for 2021

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2022</u>	<u>Total 2021</u>
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ (14,649)	(207)	(14,856)	16,627
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>207</u>	<u>207</u>	<u>259</u>
	(14,649)	-	(14,649)	16,886
Changes in non-cash working capital:				
Accounts receivable	4,302	-	4,302	(3,868)
Inventories	11,437	-	11,437	(1,773)
Prepaid expenses	(57)	-	(57)	(51)
Accounts payable and accrued liabilities	876	-	876	(1,398)
Deferred revenues	<u>2,805</u>	<u>-</u>	<u>2,805</u>	<u>(14,550)</u>
	<u>4,714</u>	<u>-</u>	<u>4,714</u>	<u>(4,754)</u>
Investing activities:				
Investments	<u>(7,691)</u>	<u>-</u>	<u>(7,691)</u>	<u>(20,000)</u>
Financing activities:				
Repayment of long-term debt	<u>2,721</u>	<u>-</u>	<u>2,721</u>	<u>-</u>
Net change in cash during the year	(256)	-	(256)	(24,754)
Cash position, beginning of year	<u>2,833</u>	<u>-</u>	<u>2,833</u>	<u>27,587</u>
Cash position, end of year	<u>\$ 2,577</u>	<u>-</u>	<u>2,577</u>	<u>2,833</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, 2022

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, 2022

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 debt are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

3. SHORT TERM INVESTMENTS

	<u>2022</u>	<u>2021</u>
Guaranteed Investment Certificates	\$ <u>203,691</u>	<u>196,000</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 at 3.00% per annum.

4. CAPITAL ASSETS

		<u>2022</u>		<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware	\$ 6,483	6,214	269	335
Furniture and fixtures	2,081	1,710	371	464
Leasehold improvements	<u>4,995</u>	<u>4,806</u>	<u>189</u>	<u>236</u>
	<u>\$ 13,559</u>	<u>12,730</u>	<u>829</u>	<u>1,035</u>

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

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:			2022	2021
	<u>Donation received</u>	<u>Deferred revenue adjustment</u>	<u>Donation revenue</u>	<u>Donation revenue</u>
Mosaic	20,000	-	20,000	19,660
Pembina Pipeline	-	-	-	3,995
Sasktel	2,000	(980)	1,020	-
City of Saskatoon	1,700	(170)	1,530	-
Thomas Sill Foundation	10,000	(7,450)	2,550	18,470
W. Garfield Foundation	-	-	-	3,700
Other corporate donors	34,983	4,520	39,503	12,762
Other foundation donors	8,540	1,275	9,815	3,815
Other individual donors	<u>5,188</u>	<u>-</u>	<u>5,188</u>	<u>2,766</u>
	<u>\$ 82,411</u>	<u>(2,805)</u>	<u>79,606</u>	<u>65,168</u>

Balance, beginning of year	\$ 40,685
Plus: amount received in year	82,411
Less: amount recognized as revenue in the current year	<u>(79,606)</u>
Balance, end of year	<u>\$ 43,490</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 expired during the year and the Foundation is paying month-to-month rent at the same rate as the previous lease.

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

8. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Canada Emergency Business Account loan, interest-free until December 31, 2023. \$20,000 forgivable if \$40,000 repaid by December 31, 2023.		
After December 31, 2023, repayable in monthly interest only installments at 5.0% per annum, principal must be fully repaid by December 31, 2025.	\$ 60,000	60,000
Deferred contribution for interest on long-term debt	<u>(2,857)</u>	<u>(5,578)</u>
	57,143	54,422
Less: current portion	<u>57,143</u>	<u>-</u>
Carrying amount	<u>\$ -</u>	<u>54,422</u>

The non-interest bearing loan has been valued using an effective interest rate of 5.0%. This resulted in \$2,857 of government contribution being recognized as income and deferred contribution in the prior year. This amount is being amortized to offset the notional interest expense accreted on the long-term debt. During 2022, \$2,721 of deferred contributions have been included in interest on long-term debt.

Principal payments due within the next year is as follows:

2023	\$ 57,143
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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 Foundation's risk exposure and concentrations at December 31, 2022.

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
SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Canadian school registrations	\$ 357	-
Corporate donations	148	9,973
Foundation donations	-	295
Fundraising income	-	165
Individual donations	2,148	1,988
Interest	3,575	1,221
Government assistance	-	2,533
Miscellaneous	332	-
Rebates	-	278
	<u>6,560</u>	<u>16,453</u>
Expenses:		
Amortization	207	259
Courier and postage	120	-
Insurance	932	980
Interest and bank charges	3,796	672
Printing	182	130
Professional fees	727	4,628
Salaries and benefits	2,703	1,951
Supplies	68	-
Technical	3,098	-
	<u>11,833</u>	<u>8,620</u>
Excess of revenues over expenditures	\$ <u>(5,273)</u>	<u>7,833</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION**SCHEDULE OF PROJECTS****REVENUES AND EXPENDITURES****Year ended December 31, 2022**

with comparative figures for 2021

SDWT PROJECT

	<u>2022</u>	<u>2021</u>
Revenue:		
Expenditures:		
Salaries and benefits	697	1,774
Technical	<u>1,017</u>	<u>765</u>
	<u>1,714</u>	<u>2,539</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(1,714)</u>	<u>(2,539)</u>

WEBSITE

	<u>2022</u>	<u>2021</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 6,634	2,000
Technical	707	303
Website	<u>-</u>	<u>458</u>
	<u>7,341</u>	<u>2,761</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(7,341)</u>	<u>(2,761)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2022

with comparative figures for 2021

SCHOOL PROGRAMS

	<u>2022</u>	<u>2021</u>
Revenue:		
Canadian school registration	\$ 6,416	3,876
Corporate contributions	65,730	26,444
Foundation donations	8,540	25,690
Government assistance	7,000	18,365
Individual donation	3,040	778
Presentations	-	125
US school registrations	<u>1,385</u>	<u>-</u>
	<u>92,111</u>	<u>75,278</u>
Expenditures:		
Courier and postage	7,024	2,355
Education programs expenses	20,273	13,932
Professional fee	5,121	289
Rent	9,225	9,225
Salaries and benefits	38,269	28,946
Supplies	121	2,274
Technical	10,948	2,963
Telephone	1,632	<u>1,200</u>
Travel	<u>26</u>	<u>-</u>
	<u>92,639</u>	<u>61,184</u>
Excess of revenue over expenditures	<u>\$ (528)</u>	<u>14,094</u>

See accompanying notes to the financial statements.