Grant Thornton

Financial Statements

Save the Mothers

June 30, 2018

Contents

Independent Auditor's Report

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4

T +1 416 366 0100
F +1 905 475 8906
www.GrantThornton.ca

To the Members of
Save the Mothers

We have audited the accompanying financial statements of Save the Mothers, which comprise the statement of financial position as at June 30, 2018, and the statements of operations, changes in net assets 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 accounting standards for not-for-profit organizations. 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 the 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.

Independent Auditor's Report (continued)

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from contributions and donations from the public, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, and cash flows for the years ended June 30, 2018 and 2017, current assets as at June 30, 2018 and 2017, and net assets as at July 1, 2017 and 2016 and June 30, 2018 and 2017. Our audit opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Save the Mothers as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Markham, Canada
December 22, 2018

Chartered Professional Accountants
Licensed Public Accountants

Save the Mothers
Statement of Financial Position

June 30	2018	2017
Assets		
Current		
Cash	**$ 143,416**	$ 112,204
Accounts receivable	**3,661**	61,576
Inventory (Note 2)	**8,611**	42,676
Prepaid expenses	**-**	1,500
	155,688	217,956
Restricted cash and short-term investments - endowment (Note 3)	**21,304**	19,138
Equipment (Note 4)	**27,357**	40,193
	$ 204,349	$ 277,287
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 85,679**	$ 81,741
Deferred contributions	**50,322**	70,000
	136,001	151,741
Net assets		
Unrestricted	**19,687**	66,215
Invested in equipment	**27,357**	40,193
Restricted for endowment purpose (Note 3)	**21,304**	19,138
	68,348	125,546
	$ 204,349	$ 277,287

On behalf of the Board of Directors

______________________________ Director ______________________________ Director

Save the Mothers
Statement of Operations

Year ended June 30	**2018**	2017
Revenue		
Individual and corporate donations	**$ 244,799**	$ 303,726
Institutional contributions	**220,128**	256,193
Event contributions	**144,138**	174,013
Donations in kind (Note 5)	**49,759**	135,363
Book sales	**4,088**	11,986
Interest income	**27**	-
	662,939	881,281
Expenditures (Note 6)		
Program expenditures		
Masters program	**131,718**	288,284
Mother Friendly Hospital	**204,227**	207,500
Midwifery Mentorship	**56,078**	-
	392,023	495,784
Support services		
Administration	**170,411**	206,048
Promotion	**159,869**	243,228
	330,280	449,276
	722,303	945,060
Deficiency of revenue over expenditures	**$ (59,364)**	$ (63,779)

Save the Mothers
Statement of Changes in Net Assets

Year ended June 30

	Unrestricted	Invested in equipment	Restricted for endowment purpose	**Total 2018**	Total 2017
Balance, beginning of year	$ 66,215	$ 40,193	$ 19,138	**$ 125,546**	$ 190,321
Deficiency of revenue over expenditures	(45,321)	(14,043)	-	**(59,364)**	(63,779)
Endowment contributions	-	-	2,166	**2,166**	720
Interest income received from endowment fund	-	-	-	**-**	4
Scholarship awarded	-	-	-	**-**	(1,720)
Purchase of equipment	(1,207)	1,207	-	**-**	-
Balance, end of year	**$ 19,687**	**$ 27,357**	**$ 21,304**	**$ 68,348**	$ 125,546

Save the Mothers
Statement of Cash Flows

Year ended June 30	2018	2017
Increase (decrease) in cash and cash equivalents		
Operating		
Deficiency of revenue over expenditures	**$ (59,364)**	$ (63,779)
Item not affecting cash		
Amortization	**14,043**	11,029
	(45,321)	(52,750)
Change in non-cash working capital items		
Accounts receivable	**57,915**	192,364
Inventory	**34,065**	9,832
Prepaid expenses	**1,500**	2,339
Accounts payable and accrued liabilities	**3,938**	(45,208)
Deferred contributions	**(19,678)**	(30,000)
	32,419	76,577
Financing		
Scholarship awarded from endowment fund	**-**	(1,720)
Interest income received from endowment fund	**-**	4
Contributions received for endowment fund	**2,166**	720
	2,166	(996)
Investing		
Purchase of restricted short-term investments - endowment	**(2,166)**	-
Redemption of restricted short-term investments - endowment	**-**	996
Purchase of equipment	**(1,207)**	(20,409)
	(3,373)	(19,413)
Increase in cash	**31,212**	56,168
Cash		
Beginning of year	**112,204**	56,036
End of year	**$ 143,416**	$ 112,204

1. Nature of operations

Save the Mothers (the "Organization") exists to train local leaders to reduce maternal mortality within their own country. Effective September 3, 2010, the Organization became a registered charity within the meaning of the Income Tax Act (Canada) and, as such, is exempt from income taxes. The Organization was incorporated on January 28, 2013 under the Canada Not-for-Profit Corporations Act.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to management estimate include allowance for doubtful accounts receivable, amortization of equipment and accrual of liabilities.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions and donations are recognized as revenue in the fiscal year in which the related expenditures are made. Unrestricted contributions and donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions not yet spent are reflected as deferred contributions.

Miscellaneous revenue, book sales and interest income are recorded as earned.

Restricted for endowment purpose

Restricted for endowment purpose includes net assets subject to restrictions established by donors to be used for specific purposes.

2. Summary of significant accounting policies (continued)

Inventory

Inventory consists of books and is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Inventory is written down to net realizable value when the cost of inventories is not estimated to be recoverable. During the year, inventory was written down as follows:

(a) The development costs for book 2 "Game Changers" has been written down by 100% in the amount of $25,350 since a reprint is not anticipated in the foreseeable future.

(b) The physical book inventory has been written down by 50% in the amount of $8,611 to reflect the expectation that 50% of the book inventory will be sold and 50% will be given away for promotion.

Equipment

Equipment is recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the equipment over its estimated useful life. The annual amortization rates are as follows:

Vehicle	5 years
Furniture and fixtures	5 years
Computer software	2 years
Office equipment	5 years
Computer equipment	3 years

Donated goods and services

Donated goods and services are recognized in the financial statements when the goods and services are consumed by the Organization in the normal course of operations and would otherwise have been purchased, and when a fair value can be reasonably estimated.

A substantial number of volunteers make significant contributions of their time to the Organization's program and support services. The value of this contributed time is not reflected in these financial statements due to the difficulty in assigning a fair value to the time.

Allocation of expenditures

Certain employees and consultants perform a combination of program activities and support services. As a result, the Organization allocates salary and consulting expenditures based on time dedicated to each activity. Certain general expenditures are allocated on the same basis as the allocation of salaries. Expense allocations are applied on a consistent basis from year to year.

2. Summary of significant accounting policies (continued)

Financial instruments

The Organization's financial instruments are comprised of cash, accounts receivable, restricted cash - endowment and accounts payable. Financial instruments are initially recorded at fair value and subsequently measured at amortized cost.

3. Restricted cash and short-term investments - endowment

During fiscal 2013, the Organization received $15,351 representing an initial donation from the Estate of Leonard A. Kelton to set up an endowment for scholarships. The original contribution and any further contributions are to be maintained in an endowment fund. Annual interest will be applied to the $1,000 annual scholarship disbursements which started January 1, 2014. During fiscal 2018, the Organization paid $400 (2017 - $1,000) as the annual scholarship disbursement.

The balance consists of restricted cash in the amount of $1,162 and a guaranteed investment certificate in the amount of $20,142 maturing January 22, 2019, earning interest at 0.96% per annum.

4. Equipment

			2018	2017
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Vehicle	$ 36,251	$ 19,938	**$ 16,313**	$ 23,563
Furniture and fixtures	16,206	5,966	**10,240**	12,970
Computer software	6,756	6,756	**-**	3,660
Office equipment	6,282	6,282	**-**	-
Computer equipment	3,500	2,696	**804**	-
	$ 68,995	$ 41,638	**$ 27,357**	$ 40,193

Amortization of $14,043 (2017 - $11,029) is included in administration expenditures.

5. Donations in kind

During the fiscal year, the services of program staff were donated to the Organization by SIM Canada. The fair value of the services for which a fair value could be established amounted to $20,566 (2017 - $88,354). This amount is recorded as donations in kind and as a part of salaries and benefits expenditures of the Organization for the fiscal year.

In addition, items for the auction valued at 2018 - $29,193 (2017 - $47,009) were received and recorded as donations in kind and as a part of promotion expenditures for the fiscal year.

6. Allocation of expenditures

During fiscal 2018 $217,655 (2017 - $417,847) in salary and consulting expenditures were allocated as follows:

	2018	2017
Masters program	**$ 38,568**	$ 104,604
Mother Friendly Hospital	**29,567**	77,605
Administration	**95,285**	148,675
Promotion	**54,235**	86,963
	$ 217,655	$ 417,847

During fiscal 2018 $68,726 (2017 - $75,125) in general expenditures were allocated as follows:

	2018	2017
Masters program	**$ 12,178**	$ 18,811
Mother Friendly Hospital	**9,336**	13,957
Administration	**30,087**	26,694
Promotion	**17,125**	15,663
	$ 68,726	$ 75,125

7. Uganda Christian University

The Organization operates a Masters in Public Health Leadership program through a memorandum of understanding with the Uganda Christian University. Tuition for 33 (2017 - 26) Ugandan and 14 (2017 - 16) international students in the amount of $103,264 (2017 - $106,898) is retained by the University in partial payment for the costs associated with the program. These costs include faculty salaries, administrative support, library services, buildings, registration, marketing and recruitment. The University's net contribution to running the program cannot be quantified and is not recorded. The Organization augments faculty salaries and provides scholarships to students from funds collected in Canada.

8. Financial instruments

The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from financial instruments include market, credit, and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the Organization is not exposed to significant market risk.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization is subject to credit risk associated with its accounts receivable of $3,661 (2017 - $61,576). The Organization reduces its exposure to credit risk by creating an allowance for doubtful accounts receivable when applicable. At year end, it was determined that no allowance for doubtful accounts receivable is necessary. In the opinion of management, the credit risk exposure to the Organization is low and is not material.

Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization is subject to liquidity risk associated with its accounts payable. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. The amount of government remittances payable at year end is not significant. In the opinion of management, the liquidity risk exposure to the Organization is low and is not material.