Financial Statements

Save the Mothers

June 30, 2019

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Independent Auditor's Report

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To the Members of
Save the Mothers

Opinion

We have audited the financial statements of Save the Mothers (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for 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, 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 revenues over expenditures, and cash flows from operations for the years ended June 30, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets as at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 the Organization 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 the 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

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

Auditor's responsibilities 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 Organization'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 Organization'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 Organization 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.

Grant Thornton LLP

Markham, Canada
December 7, 2019

Chartered Professional Accountants
Licensed Public Accountants

Save the Mothers
Statement of Financial Position

June 30		2019		2018
Assets				
Current				
Cash	$	**45,942**	$	143,416
Accounts receivable		**13,752**		3,661
Inventory		**3,887**		8,611
Prepaid expenses		**4,428**		-
Total current assets		**68,009**		155,688
Restricted cash and short-term investments - endowment (Note 3)		**21,304**		21,304
Equipment (Note 4)		**16,974**		27,357
Total assets	**$**	**106,287**	$	204,349
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**59,744**	$	85,679
Deferred contributions		**-**		50,322
Total liabilities		**59,744**		136,001
Net assets				
Unrestricted		**8,265**		19,687
Invested in equipment		**16,974**		27,357
Restricted for endowment purpose (Note 3)		**21,304**		21,304
Total net assets		**46,543**		68,348
Total liabilities and net assets	**$**	**106,287**	$	204,349

On behalf of the Board of Directors

_______________________ Director _______________________ Director

Save the Mothers
Statement of Operations

Year ended June 30		2019		2018
Revenue				
Individual and corporate donations	**$**	**206,297**	$	244,799
Institutional contributions		**165,027**		220,128
Event contributions		**162,876**		144,138
Donations in kind (Note 5)		**57,226**		49,759
Book sales		**2,290**		4,088
Interest income		**45**		27
		593,761		662,939
Expenditures (Note 6)				
Program expenditures				
Masters program		**112,519**		131,718
Mother Friendly Hospital		**144,324**		204,227
Midwifery Mentorship		**25,322**		56,078
		282,165		392,023
Support services				
Administration		**173,607**		170,411
Promotion		**159,794**		159,869
		333,401		330,280
		615,566		722,303
Deficiency of revenue over expenditures	**$**	**(21,805)**	$	(59,364)

Save the Mothers
Statement of Changes in Net Assets
Year ended June 30

	Unrestricted	Invested in equipment	Restricted for endowment purpose	Total 2019	Total 2018
Balance, beginning of year	$ 19,687	$ 27,357	$ 21,304	**$ 68,348**	$ 127,712
Deficiency of revenue over expenditures	(11,422)	(10,383)	-	**(21,805)**	(59,364)
Balance, end of year	**$ 8,265**	**$ 16,974**	**$ 21,304**	**$ 46,543**	$ 68,348

Save the Mothers
Statement of Cash Flows

Year ended June 30	2019	2018
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenditures	**$ (21,805)**	$ (59,364)
Item not affecting cash		
Amortization	**10,383**	14,043
	(11,422)	(45,321)
Change in non-cash working capital items		
Accounts receivable	**(10,091)**	57,915
Inventory	**4,724**	34,065
Prepaid expenses	**(4,428)**	1,500
Accounts payable and accrued liabilities	**(25,935)**	3,938
Deferred contributions	**(50,322)**	(19,678)
	(97,474)	32,419
Financing		
Contributions received for endowment fund	**-**	2,166
Investing		
Purchase of restricted short-term investments - endowment	**-**	(2,166)
Purchase of equipment	**-**	(1,207)
	-	(3,373)
(Decrease) increase in cash	**(97,474)**	31,212
Cash		
Beginning of year	**143,416**	112,204
End of year	**$ 45,942**	$ 143,416

See accompanying notes to the financial statements.

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.

Endowment contributions are recognized as direct increases in the fund balance in the statement of changes in net assets.

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.

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.

2. Summary of significant accounting policies (continued)

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.

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 2019, the Organization paid $Nil (2018 - $400) as the annual scholarship disbursement.

The balance consists of restricted cash in the amount of $15,236 and a guaranteed investment certificate in the amount of $6,068 maturing January 22, 2020, earning interest at 0.35% per annum.

4. Equipment

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Vehicle	$ 36,251	$ 27,188	**$ 9,063**	$ 16,313
Furniture and fixtures	16,206	8,697	**7,509**	10,240
Computer software	6,756	6,756	**-**	-
Office equipment	6,282	6,282	**-**	-
Computer equipment	3,500	3,098	**402**	804
	$ 68,995	$ 52,021	**$ 16,974**	$ 27,357

Amortization of $10,383 (2018 - $14,043) is included in administration expenditures.

5. Donations in kind

During the fiscal year, items for the auction valued at $57,226 (2018 - $29,193) were received and recorded as donations in kind and as a part of promotion expenditures for the fiscal year.

In addition, in the prior 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 in 2018. This amount was recorded as donations in kind and as a part of salaries and benefits expenditures of the Organization in the prior fiscal year. There were no donations in kind of this nature in the current fiscal year.

6. Allocation of expenditures

During fiscal 2019, $169,117 (2018 - $217,655) in salary and consulting expenditures were allocated as follows:

	2019	2018
Masters program	**$ 14,493**	$ 38,568
Mother Friendly Hospital	**14,493**	29,567
Administration	**106,526**	95,285
Promotion	**33,605**	54,235
	$ 169,117	$ 217,655

6. Allocation of expenditures (continued)

During fiscal 2019, $59,662 (2018 - $68,726) in general expenditures were allocated as follows:

	2019	2018
Masters program	$ 5,113	$ 12,178
Mother Friendly Hospital	5,113	9,336
Administration	37,581	30,087
Promotion	11,855	17,125
	$ 59,662	$ 68,726

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 38 (2018 - 33) Ugandan and 14 (2018 - 14) international students in the amount of $126,329 (2018 - $103,264) 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 $13,752 (2018 - $3,661). 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.

8. Financial instruments (continued)

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.