

TWIGG & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

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SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Financial Statements

For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Association of Rural Water Pipelines Inc.

Opinion

We have audited the financial statements of Saskatchewan Association of Rural Water Pipelines Inc. (the Association), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures and 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 Association as at December 31, 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.

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 the Association 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 those 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to

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Independent Auditor's Report to the Members of Saskatchewan Association of Rural Water Pipelines Inc.
(continued)

cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association to cease to continue as a going concern.

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Independent Auditor's Report to the Members of Saskatchewan Association of Rural Water Pipelines Inc.
(continued)

- 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
October 9, 2019


Chartered Professional Accountants



SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Statement of Financial Position

As at December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 12,966	\$ 11,271
Prepaid expenses	976	958
	\$ 13,942	\$ 12,229
LIABILITIES		
CURRENT		
Accounts payable	\$ -	\$ 63
Prepaid memberships	100	-
	100	63
NET ASSETS		
UNRESTRICTED NET ASSETS	13,842	12,166
	\$ 13,942	\$ 12,229

APPROVED BY THE BOARD:

 Director
 Director

SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Statement of Revenues and Expenditures and Changes in Net Assets

For the Year Ended December 31, 2018

	2018	2017
REVENUE		
Membership fees	\$ 2,700	\$ 2,800
Seminar registrations	12,186	13,338
Sponsorships	10,501	10,256
Interest	4	4
	25,391	26,398
EXPENSES		
Administrative honorariums	6,095	6,095
Bank charges	31	54
Board	3,031	2,930
Insurance	1,278	1,218
Office	217	299
Professional fees	1,221	1,221
Seminars	10,827	10,385
Telephone	765	802
Website	250	722
	23,715	23,726
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,676	2,672
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	12,166	9,494
UNRESTRICTED NET ASSETS - END OF YEAR	\$ 13,842	\$ 12,166

SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,676	\$ 2,672
Changes in non-cash working capital:		
Prepaid expenses	(19)	(54)
Accounts receivable	-	500
Accounts payable	(62)	(154)
Prepaid memberships	100	-
	19	292
INCREASE IN CASH AND EQUIVALENTS FOR THE YEAR	1,695	2,964
CASH AND EQUIVALENTS - BEGINNING OF YEAR	11,271	8,307
CASH AND EQUIVALENTS - END OF YEAR	\$ 12,966	\$ 11,271
CASH CONSISTS OF:		
Cash	\$ 12,966	\$ 11,271

SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Notes to the Financial Statements

For the Year Ended December 31, 2018

1. DESCRIPTION OF OPERATIONS

The Saskatchewan Association of Rural Water Pipelines Inc. ("the Association") was incorporated on November 18, 1999 under the *Saskatchewan Non-Profit Corporation Act*. The Association was established by rural water pipeline groups to collaborate with government and non-government organizations. The Association focuses on improvements with the design and operation of pipelines, quality of rural water, education of members and providing a focal point for government agencies to work with on policy issues. This Association is exempt from Canadian federal and provincial taxes in accordance with Section 149 of the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the responsibility of the Association's management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Handbook* and include the following significant accounting policies:

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

The average annual revenue of the Association is less than \$500,000 and is accordingly considered a small organization under section 4433 *Tangible capital assets held by not-for-profit organizations*. Capital asset purchases are charged to expenditures in the year of acquisition. During the current year the Association did not purchase any capital assets.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales revenues are recognized when goods or services are provided to purchasers.

Sponsorship revenues relating to current year activities are recognized when the sponsor has committed to the sponsorship.

Interest is recognized as it is earned with references to interest rates and maturities of related deposits and investments.

All other revenues are recognized as received.

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SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Notes to the Financial Statements

For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials and services

The Association benefits from the donation of materials and services. These financial statements do not reflect the value of donations-in-kind received in the year.

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable. The fair value of the cash, accounts receivable, and accounts payable approximates their carrying value due to their short-term nature.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Association to make estimates and assumptions that affect the reported amount of assets and liabilities, any disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Cash and equivalents

Cash and equivalents consist of balances with banks and short-term investments with maturities of three months or less.

SASKATCHEWAN ASSOCIATION OF RURAL WATER PIPELINES INC.

Notes to the Financial Statements

For the Year Ended December 31, 2018

3. FINANCIAL INSTRUMENTS

The Association as part of its operations carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association enters into transactions to purchase goods and services on credit and lease office equipment and office space from creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Association's future net cash flows for the possibility of a negative net cash flow. The Association manages liquidity risk resulting from accounts payable and accrued liabilities by investing in liquid assets such as cash and short-term investments which can be readily available to repay accounts payable and accrued liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Association is not exposed to significant interest rate risk on its investments.
