

**THE S.A. (SERVANTS ANONYMOUS)
FOUNDATION-CANADA**

FINANCIAL STATEMENTS

MARCH 31, 2018

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The S.A. (Servants Anonymous) Foundation-Canada

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the The S.A. (Servants Anonymous) Foundation-Canada which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended and notes, comprising 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 generally accepted auditing standards. 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 judgement, 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the financial position of The S.A. (Servants Anonymous) Foundation-Canada as at March 31, 2018 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.

Calgary, Alberta
June 19, 2018

Chartered Professional Accountants

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Cash	\$ 24,695	\$ 60,925
Marketable securities	11,094	80,318
Goods and services tax recoverable	1,315	2,891
Prepaid expenses	<u>38,587</u>	<u>37,492</u>
	75,691	181,626
CAPITAL ASSETS (Note 3)		
	<u>10,815</u>	<u>13,722</u>
	<u>\$ 86,506</u>	<u>\$ 195,348</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 5,509</u>	<u>\$ 2,896</u>
FUND BALANCES		
Internally restricted (Note 4)	-	80,318
Invested in capital assets	10,815	13,722
Unrestricted	<u>70,182</u>	<u>98,412</u>
	<u>80,997</u>	<u>192,452</u>
	<u>\$ 86,506</u>	<u>\$ 195,348</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2018

	2018		2017	
	<u>General</u>	<u>Projects</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Donations	\$ 748,976	\$ 259,969	\$ 1,008,945	\$ 974,218
Investment income	11,368	-	11,368	1,661
	<u>760,344</u>	<u>259,969</u>	<u>1,020,313</u>	<u>975,879</u>
EXPENSES				
Project costs	-	602,691	602,691	693,127
Remuneration and benefits	12,806	238,368	251,174	261,573
Occupancy	2,939	131,795	134,734	132,183
Fundraising	85,892	-	85,892	84,828
General and administration	18,776	35,594	54,370	63,992
Amortization	2,907	-	2,907	2,678
	<u>123,320</u>	<u>1,008,448</u>	<u>1,131,768</u>	<u>1,238,381</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 637,024</u>	<u>\$ (748,479)</u>	<u>(111,455)</u>	<u>(262,502)</u>
Net Assets At Beginning Of Year			<u>192,452</u>	<u>454,954</u>
NET ASSETS AT END OF YEAR			<u>\$ 80,997</u>	<u>\$ 192,452</u>

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

STATEMENT OF PROJECT REVENUES AND EXPENSES

YEAR ENDED MARCH 31, 2018

	2018		2017	
	<u>Income</u>	<u>Expenses</u>	<u>Net Expenses</u>	<u>Net Expenses</u>
Genesis Vancouver				
House	\$ 77,281	\$ 143,249	\$ 65,968	\$ 55,399
Day programs	31,450	184,202	152,752	139,797
The SA World Services				
Training Division	27,720	219,786	192,066	105,699
Athens	3,150	116,562	113,412	156,102
Gentle Heart Foundation	32,378	114,581	82,203	119,530
Bulgaria	-	57,034	57,034	70,584
Hungary	20,560	73,417	52,857	68,254
Global Wonders	67,430	86,282	18,852	32,811
Durham Region	-	-	-	12,184
Germany	-	-	-	10,275
Cameroon	-	1,650	1,650	2,351
Atlanta	-	11,685	11,685	2,000
Victoria	-	-	-	500
	<u>\$ 259,969</u>	<u>\$ 1,008,448</u>	<u>\$ 748,479</u>	<u>\$ 775,486</u>

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (111,455)	\$ (262,502)
Adjustments for		
Amortization	<u>2,907</u>	<u>2,678</u>
	<u>(108,548)</u>	<u>(259,824)</u>
Changes in non-cash operating working capital		
Interest receivable	-	491
Goods and services tax recoverable	1,576	(5,681)
Prepaid expenses	(1,095)	(2,001)
Accounts payable and accrued liabilities	<u>2,613</u>	<u>(2,104)</u>
	<u>3,094</u>	<u>(9,295)</u>
	<u>(105,454)</u>	<u>(269,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(8,335)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) of market securities	<u>69,224</u>	<u>(80,318)</u>
INCREASE (DECREASE) IN CASH	(36,230)	(357,772)
Cash At Beginning Of Year	<u>60,925</u>	<u>418,697</u>
CASH AT END OF YEAR	<u>\$ 24,695</u>	<u>\$ 60,925</u>

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

1. PURPOSE OF THE FOUNDATION

DEFINITIONS

“**The SA Foundation**” means The S.A. Foundation (Servants Anonymous) – Canada.

This “**Population**” means children, women and youth with or without children who are either sexually exploited/trafficked or who are at high risk of becoming victims of sexual exploitation/trafficking.

“**The SA World Services Division (SAWS)**” means an integral part of the SA Foundation’s organizational structure created to facilitate the delivery of its programs and services, training, production and retailing charitable activities.

OBJECTS OF THE SA FOUNDATION

- a) To ethically raise funds in any way to fulfil the SA Foundation’s objects and charitable activities and to use the SA Foundation’s funds according to and in pursuit of its objects and charitable activities.
- b) To directly assist this “*population*” in their re-integration into society.
- c) To assist this “population” in their re-integration into society by co-operating with local organizations abroad.
- d) To assist this “population” in their re-integration into society by gifting organizations that are “qualified donees” as defined in subsection 149.1(1) of the Income Tax Act and that deliver programs and services to this “population”.
- e) To provide qualified donees in Canada or through co-operating with local organizations abroad, with the needed assistance and training to give them the expertise to deliver necessary programs and services to this “*population*”.
- f) To produce and retail through related business activities as defined under the Income Tax Act, SA religious publications, educational and marketing materials and items such as handicrafts as a means to achieve the SA Foundation’s charitable programs.

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit organizations. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies described below.

REVENUE RECOGNITION

The SA Foundation follows the restricted method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

INCOME TAXES

The SA Foundation is a not-for-profit Foundation under the Income Tax Act and, therefore, is not subject to either Federal or Provincial income taxes.

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided at the following annual rates:

Furniture and fixtures	20%	Declining balance
Computer equipment	30%	Declining balance
Video	20%	Declining balance
Automotive	30%	Declining balance

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

MARKETABLE SECURITIES

Marketable securities are recorded at fair value based on published trading data. Realized and unrealized gains and losses are reported in the statement of operations.

CASH

Cash is on deposit with major financial institutions and is, therefore, not subject to significant credit risk.

FOREIGN CURRENCY TRANSLATION

Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect as of the date of the balance sheet. Foreign currency denominated non-monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect on the transaction date. Revenue and expense items are translated at the average exchange rates for the period. Gains or losses in translation have been charged to income of the current period.

FINANCIAL INSTRUMENTS

Financial instruments included in these financial statements include cash, marketable securities, goods and services tax recoverable and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in revenue. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

THE S.A. (SERVANTS ANONYMOUS) FOUNDATION-CANADA

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2018

3. CAPITAL ASSETS

	2018		2017	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 57,509	\$ 47,981	\$ 9,528	\$ 11,909
Computer equipment	20,863	20,526	337	482
Video	11,180	11,029	151	189
Automotive	<u>8,000</u>	<u>7,201</u>	<u>799</u>	<u>1,142</u>
	<u>\$ 97,552</u>	<u>\$ 86,737</u>	<u>\$ 10,815</u>	<u>\$ 13,722</u>

4. FINANCIAL INSTRUMENTS

Fair Values

The carrying values of cash, marketable securities, goods and services tax recoverable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items.

Interest Rate Risk

The Foundation is not exposed to interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Foundation cannot fund its obligations as they come due. The Foundation prepares annual budgets and actively monitors its cash flows from operating, investing and financing activities. The Foundation is exposed to liquidity risk by being dependent on continued donations for cash inflows.

Risk Management

It is management's opinion that the Foundation is not significantly exposed to any credit, market, or foreign exchange risk.