

# **SAFE DRINKING WATER FOUNDATION**

**Auditor's Report**

**Financial Statements**

**December 31, 2011**



CHARTERED ACCOUNTANTS

Bill Jensen, C.A. Prof. Corp.  
Jeff Stromberg, C.A. Prof. Corp.

INDEPENDENT AUDITOR'S REPORT

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

*Report on the Financial Statements*

We have audited the accompanying financial statements of **Safe Drinking Water Foundation**, which comprise the statement of financial position as at **December 31, 2011** and the statements of revenues, expenditures and fund balances 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 generally accepted accounting principles, 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 judgment, including the assessment of 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.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the foundation derives revenue from cash donations, 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 foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenditures, current assets, and net assets.

*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 **Safe Drinking Water Foundation** as at **December 31, 2011**, and the results of its financial activities, change in its net financial assets, and change in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan

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Chartered Accountants

## SAFE DRINKING WATER FOUNDATION

## BALANCE SHEET

December 31, 2011

with comparative figures for 2010

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2011</u>	<u>Total</u> <u>2010</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash	\$ 58,860	-	58,860	23,060
Short-term investments	6,158	-	6,158	6,097
Accounts receivable	672	-	672	2,343
Inventory	12,537	-	12,537	30,930
Prepaid expenses	206	-	206	109
Total current assets	<u>78,433</u>	-	<u>78,433</u>	<u>62,539</u>
Capital assets (Note 3)	<u>-</u>	<u>4,422</u>	<u>4,422</u>	<u>5,526</u>
	<u>\$ 78,433</u>	<u>4,422</u>	<u>82,855</u>	<u>68,065</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 5,929	-	5,929	3,912
Fund Balances:				
Invested in capital assets	-	4,422	4,422	5,527
Unrestricted	<u>72,504</u>	<u>-</u>	<u>72,504</u>	<u>58,626</u>
Total fund balances	<u>72,504</u>	<u>4,422</u>	<u>76,926</u>	<u>64,153</u>
	<u>\$ 78,433</u>	<u>4,422</u>	<u>82,855</u>	<u>68,065</u>

**APPROVED ON BEHALF OF THE BOARD:**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES

**Year ended December 31, 2011**  
with comparative figures for 2010

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2011</u>	<u>Total 2010</u>
Revenue	\$ 125,894	-	125,894	84,688
Expenditures:				
Amortization	-	1,105	1,105	1,382
Computer Support	85	-	85	512
Courier and postage	9,530	-	9,530	10,166
Fundraising expense	82	-	82	620
Honorariums	-	-	-	2,800
Insurance	750	-	750	750
Interest and bank charges	642	-	642	671
Memberships and licenses	75	-	75	80
Operation water biology	4,916	-	4,916	4,412
Operation water drop	8,345	-	8,345	7,910
Operation water pollution	6,040	-	6,040	11,873
Presentations	498	-	498	20
Rental	8,610	-	8,610	8,610
Printing	-	-	-	813
Professional fees	8,119	-	8,119	5,750
Salaries and Wages	54,219	-	54,219	61,442
Technical	6,757	-	6,757	8,122
Telephone	2,684	-	2,684	3,200
Supplies	377	-	377	703
Travel expenses	288	-	288	1,919
Website	-	-	-	2,444
Workshops	-	-	-	1,000
	<u>112,017</u>	<u>1,105</u>	<u>113,122</u>	<u>135,199</u>
Excess (deficiency) of revenues over expenditures	13,878	(1,105)	12,773	(50,511)
Fund balances, beginning of year	<u>58,626</u>	<u>5,527</u>	<u>64,153</u>	<u>114,664</u>
Fund balances, end of year	<u>\$ 72,504</u>	<u>4,422</u>	<u>76,926</u>	<u>64,153</u>

See accompanying notes to the financial statements.

## STATEMENT OF CASH FLOWS

Year ended December 31, 2011  
with comparative figures for 2010

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2011</u>	<u>Total 2010</u>
<b>Cash provided by (used in):</b>				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ 13,878	(1,105)	12,773	(50,511)
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>1,105</u>	<u>1,105</u>	<u>1,382</u>
	13,878	-	13,878	(49,129)
Changes in non-cash working capital:				
Accounts receivable	(13)	-	(13)	-
Inventories	18,393	-	18,393	(90)
Prepaid expenses	(96)	-	(96)	(109)
Accounts payable and accrued liabilities	<u>3,699</u>	<u>-</u>	<u>3,699</u>	<u>(489)</u>
	<u>35,861</u>	<u>-</u>	<u>35,861</u>	<u>(49,817)</u>
Investing activities:				
Investments	<u>(61)</u>	<u>-</u>	<u>(61)</u>	<u>(19)</u>
Financing activities:				
Net change in cash during the year	35,800	-	35,800	(49,836)
Cash position, beginning of year	<u>23,060</u>	<u>-</u>	<u>23,060</u>	<u>72,896</u>
Cash position, end of year	<u>\$ 58,860</u>	<u>-</u>	<u>58,860</u>	<u>23,060</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, 2011

### 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 promote safe drinking water through supporting innovative research and development, increase awareness of health concerns from consumption of poor quality water, and act as a catalyst to ensure that appropriate action is taken to enable the provision of safe drinking water to rural residents.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

#### (a) **Fund Accounting**

The foundation maintains its accounts on a fund accounting basis whereby separate funds are established for the purpose of accounting and reporting based on specific activities.

#### (b) **Revenue Recognition**

Pledges are recognized as revenue when the amount can be reasonably estimated and collection of the pledge is reasonably certain.

Sales of inventory are recognized at the time of shipment of the product.

#### (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:

Furniture and fixtures	20% - declining balance
Computer hardware	20% - declining balance
Leasehold improvements	20% - declining balance

#### (e) **Measurement uncertainty**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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.

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

### 3. CAPITAL ASSETS

		<u>2011</u>		<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 1	-	1	-
Furniture and fixtures	765	446	319	399
Leasehold improvements	4,995	2,796	2,199	2,749
Computer hardware	<u>6,454</u>	<u>4,551</u>	<u>1,903</u>	<u>2,378</u>
	<u>\$ 12,215</u>	<u>7,793</u>	<u>4,422</u>	<u>5,526</u>

### 4. FINANCIAL INSTRUMENTS

- The company's financial instruments comprise cash, accounts receivable and accounts payable. The fair values of cash, accounts receivable and accounts payable approximate the carrying values due to their short-term nature.
- Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

- Investments

All investments are classified as held-to-maturity and are recognized at fair market value.

### 5. COMPARATIVE FIGURES

The prior year's comparative figures, which were audited by another firm of Chartered Accountants, have been reclassified to conform to the current year's method of presentation. Excess of revenues over expenses was not affected by the change in method of presentation.

### 6. FUND PURPOSES

The purpose of the capital asset fund is to maintain a reserve to fund the organization's capital asset purchases, disposals and amortization.

The purpose of the operating fund is for day to day operations.

### 7. LEASE COMMITMENTS

The foundation has signed a 5-year lease to occupy the premises in the building known as Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan. The lease will expire on July 31, 2013. The lease payments due each of the next two years are as follows:

2012	\$ 6,000
2013	3,500

# SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2011  
with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
Revenue:		
Corporate contributions	\$ 11,365	10,332
Corporate memberships	295	526
Foundation donations	2,500	4,000
Green Street	-	1,100
Individual donations	4,259	8,246
Individual memberships	100	653
Interest	61	18
Rebates	-	34
Student subsidy	-	4,440
	<u>18,580</u>	<u>29,349</u>
Expenses:		
Amortization	1,105	1,382
Computer support	85	512
Courier and postage	953	231
Fundraising expense	82	620
Insurance	750	750
Interest and bank charges	597	637
Memberships and subscriptions	75	80
Printing	-	664
Professional fees	8,119	5,750
Rent	861	-
Salaries and benefits	3,795	13,748
Supplies	38	108
Telephone	269	2
Travel	-	21
	<u>16,729</u>	<u>24,505</u>
Excess of revenues over expenditures	<u>1,851</u>	<u>4,844</u>

See accompanying notes to the financial statements.



# SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

### REVENUES AND EXPENDITURES

Year ended December 31, 2011  
with comparative figures for 2010

#### ADVANCED ABORIGINAL WATER TREATMENT TEAM

	<u>2011</u>	<u>2010</u>
Revenue:		
Individual donations	\$ <u>180</u>	<u>115</u>
Expenditures:		
Honorariums	\$ -	2,800
Rent	-	861
Salaries and benefits	-	1,675
Supplies	-	50
Telephone	-	378
Travel	-	1,898
	<u>-</u>	<u>7,662</u>
Excess of revenues over expenditures	\$ <u>180</u>	<u>(7,547)</u>

#### ALBERTA CHAPTER PROJECT

	<u>2011</u>	<u>2010</u>
Revenue:		
Expenditures:		
Interest and bank charges	\$ 45	34
Workshops	<u>-</u>	<u>1,000</u>
	<u>45</u>	<u>1,034</u>
Excess of revenues over expenditures	\$ <u>(45)</u>	<u>(1,034)</u>

#### WEBSITE

	<u>2011</u>	<u>2010</u>
Revenue:		
Expenditures:		
Salaries and benefits	\$ 1,627	1,675
Technical	6,757	8,122
Website	<u>-</u>	<u>2,444</u>
	<u>8,384</u>	<u>12,241</u>
Excess of revenues over expenditures	\$ <u>(8,384)</u>	<u>(12,241)</u>

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

### REVENUES AND EXPENDITURES

Year ended December 31, 2011  
with comparative figures for 2010

	<u>2011</u>	<u>2010</u>
<b><u>POLICY PROGRAMS</u></b>		
Revenue:		
Expenditures:		
Courier and postage	\$ -	38
Printing	-	149
Salaries and benefits	-	1,675
	<u>-</u>	<u>1,862</u>
Excess of revenue over expenditures	\$ <u>-</u>	<u>(1,862)</u>

	<u>2011</u>	<u>2010</u>
<b><u>SCHOOL PROGRAMS</u></b>		
Revenue:		
Canadian school registration	\$ 3,329	1,479
Corporate contributions	-	6,000
Foundation Donations	30,000	-
Individual donations	50	1,732
Program revenue	-	50
Rebates	-	23
TD Friends of the Environment	73,615	45,620
US school registrations	140	320
	<u>107,134</u>	<u>55,224</u>
Expenditures:		
Courier and postage	\$ 8,577	9,897
Operation water biology	4,916	4,412
Operation water drop	6,040	11,873
Operation water pollution	8,345	7,910
Presentations	498	20
Rent	7,749	7,749
Salaries and benefits	48,797	42,669
Supplies	339	545
Telephone	2,415	2,820
Travel	288	-
	<u>87,964</u>	<u>87,895</u>
Deficiency of revenue over expenditures	\$ <u>19,170</u>	<u>(32,671)</u>

See accompanying notes to the financial statements.