

SAFE DRINKING WATER FOUNDATION

Auditor's Report

Financial Statements

December 31, 2012

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, 2012** 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, 2012**, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that **Safe Drinking Water Foundation** adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparatives information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



SAFE DRINKING WATER FOUNDATION

BALANCE SHEET

December 31, 2012
with comparative figures for 2011

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2012</u>	<u>Total 2011</u>	<u>January 1, 2011</u>
<u>ASSETS</u>					
Current assets:					
Cash	\$ 13,918	-	13,918	58,860	23,060
Short-term investments	54,350	-	54,350	6,158	6,097
Accounts receivable	1,357	-	1,357	672	2,343
Inventory	5,142	-	5,142	12,537	30,930
Prepaid expenses	411	-	411	206	109
Total current assets	75,178	-	75,178	78,433	62,539
Capital assets (Note 4)	-	3,537	3,537	4,421	5,527
	\$ 75,178	3,537	78,715	82,854	68,066
 <u>LIABILITIES AND FUND BALANCES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 6,584	-	6,584	5,928	3,913
Fund Balances:					
Invested in capital assets	-	3,537	3,537	4,422	5,527
Unrestricted	68,594	-	68,594	72,504	58,626
Total fund balances	68,594	3,537	72,131	76,926	64,153
	\$ 75,178	3,537	78,715	82,854	68,066

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, 2012
with comparative figures for 2011

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2012</u>	<u>Total 2011</u>
Revenue	\$ 129,285	-	129,285	125,894
Expenditures:				
Amortization	-	885	885	1,105
Computer Support	-	-	-	85
Courier and postage	14,548	-	14,548	9,530
Fundraising expense	240	-	240	82
Insurance	765	-	765	750
Interest and bank charges	624	-	624	642
Meals and entertainment	143	-	143	-
Memberships and licenses	-	-	-	75
Education programs expenses	30,899	-	30,899	19,301
Presentations	412	-	412	498
Rental	8,610	-	8,610	8,610
Printing	71	-	71	-
Professional fees	5,226	-	5,226	8,119
Salaries and Wages	62,491	-	62,491	54,219
Technical	5,838	-	5,838	6,757
Telephone	1,677	-	1,677	2,684
Supplies	1,426	-	1,426	377
Travel expenses	36	-	36	288
Website	191	-	191	-
	<u>133,197</u>	<u>885</u>	<u>134,082</u>	<u>113,122</u>
Excess (deficiency) of revenues over expenditures	(3,910)	(885)	(4,795)	12,773
Fund balances, beginning of year	<u>72,504</u>	<u>4,422</u>	<u>76,926</u>	<u>64,153</u>
Fund balances, end of year	<u>\$ 68,594</u>	<u>3,537</u>	<u>72,131</u>	<u>76,926</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2012
with comparative figures for 2011

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2012</u>	<u>Total 2011</u>
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ (3,910)	(885)	(4,795)	12,773
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>885</u>	<u>885</u>	<u>1,105</u>
	(3,910)	-	(3,910)	13,878
Changes in non-cash working capital:				
Accounts receivable	(685)	-	(685)	1,671
Inventories	7,395	-	7,395	18,393
Prepaid expenses	(206)	-	(206)	(96)
Accounts payable and accrued liabilities	<u>657</u>	<u>-</u>	<u>657</u>	<u>2,015</u>
	<u>3,251</u>	<u>-</u>	<u>3,251</u>	<u>35,861</u>
Investing activities:				
Investments	<u>(48,193)</u>	<u>-</u>	<u>(48,193)</u>	<u>(61)</u>
Financing activities:				
Net change in cash during the year	(44,942)	-	(44,942)	35,800
Cash position, beginning of year	<u>58,860</u>	<u>-</u>	<u>58,860</u>	<u>23,060</u>
Cash position, end of year	<u>\$ 13,918</u>	<u>-</u>	<u>13,918</u>	<u>58,860</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, 2012

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 educate the leaders of today and tomorrow about drinking water quality issues to realize its goal of safe drinking water being available to every Canadian.

2. ADOPTING ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements were prepared in accordance with Part III of the CICA Handbook—Accounting (“Part III”).

The **Safe Drinking Water Foundation**’s first reporting period using Part III is for the year ended December 31, 2012. As a result, the date of transition to Part III is January 1, 2011. The **Safe Drinking Water Foundation** presented financial statements under its previous Canadian generally accepted accounting principles (“CGAAP”) annually to December 31st of each fiscal year up to, and including, December 31, 2011.

As these financial statements are the first financial statements for which the **Safe Drinking Water Foundation** has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations.

The **Safe Drinking Water Foundation** is required to apply Part III effective for periods ending on December 31, 2012 in:

- a) preparing and presenting its opening statement of financial position at January 1, 2011; and
- b) preparing and presenting its statement of financial position for December 31, 2012 (including comparative amounts for 2011), statement of operations, statement of changes in net assets, and statement of cash flows for the year ended December 31, 2012 (including comparative amounts for 2011) and disclosures (including comparative information for 2011).

Section 1501 provides organizations with certain exemptions to the principle that an organization’s opening statement of financial position shall comply with Part III.

The **Safe Drinking Water Foundation** has not elected to use any exemptions upon adoption of Part III.

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

3. 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 accounts of the foundation are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) **Operating Fund**

The operating fund accounts for the foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

(ii) **Capital Fund**

The capital fund reports the assets, liabilities, revenues and expenses related to the foundation's capital assets.

(b) **Revenue Recognition**

Unrestricted contributions are recognized as revenue in the operating fund in the year received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred.

(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, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) **Financial Instruments**

The foundation's financial instruments comprise cash, short-term investments, accounts receivable and accounts payable. Cash, accounts receivable and accounts payable are reported at their fair values on the balance sheet. The fair values are the same as the carrying values due to their short-term nature.

Short-term investments

The foundation has designated all of its short-term investments as held for trading upon initial recognition. Held for trading investments are recognized at fair value with related gains and losses recognized immediately in the statement of revenues and expenditures.

4. CAPITAL ASSETS

		<u>2012</u>		<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 766	510	256	319
Leasehold improvements	4,995	3,236	1,759	2,199
Computer hardware	<u>6,454</u>	<u>4,932</u>	<u>1,522</u>	<u>1,903</u>
	<u>\$ 12,215</u>	<u>8,678</u>	<u>3,537</u>	<u>4,421</u>

5. LEASE COMMITMENTS

The foundation has signed a new 3-year lease March 12, 2013, to occupy the premises in the building known as Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan. The lease will expire on July 31, 2016. The lease payments due each of the next four years are as follows:

2013	\$ 8,820
2014	8,820
2015	8,820
2016	5,145

SAFE DRINKING WATER FOUNDATION
SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2012
with comparative figures for 2011

	<u>2012</u>	<u>2011</u>
Revenue:		
Corporate contributions	\$ 285	11,365
Corporate memberships	-	295
Foundation donations	-	2,500
Fundraising income	90	-
Individual donations	3,773	4,259
Individual memberships	280	100
Interest	193	61
Student subsidy	<u>5,156</u>	<u>-</u>
	<u>9,777</u>	<u>18,580</u>
Expenses:		
Amortization	885	1,105
Computer support	-	85
Courier and postage	208	953
Fundraising expense	240	82
Insurance	765	750
Interest and bank charges	605	597
Meals and entertainment	143	-
Memberships and subscriptions	-	75
Printing	71	-
Professional fees	5,226	8,119
Rent	861	861
Salaries and benefits	4,369	3,795
Supplies	596	38
Telephone	<u>234</u>	<u>269</u>
	<u>14,203</u>	<u>16,729</u>
Excess of revenues over expenditures	<u>(4,426)</u>	<u>1,851</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2012

with comparative figures for 2011

ADVANCED ABORIGINAL WATER TREATMENT TEAM

	<u>2012</u>	<u>2011</u>
Revenue:		
Individual donations	\$ 30	180
Expenditures:		
	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>30</u>	<u>180</u>

ALBERTA CHAPTER PROJECT

	<u>2012</u>	<u>2011</u>
Revenue:	-	-
Expenditures:		
Interest and bank charges	\$ <u>19</u>	<u>45</u>
Excess of revenues over expenditures	\$ <u>(19)</u>	<u>(45)</u>

WEBSITE

	<u>2012</u>	<u>2011</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 1,872	1,627
Technical	5,838	6,757
Website	191	-
	<u>7,901</u>	<u>8,384</u>
Excess of revenues over expenditures	\$ <u>(7,901)</u>	<u>(8,384)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2012
with comparative figures for 2011

<u>SCHOOL PROGRAMS</u>	<u>2012</u>	<u>2011</u>
Revenue:		
Canadian school registration	\$ 2,916	3,329
Corporate contributions	28,670	-
Foundation Donations	9,000	30,000
Individual donations	155	50
Specified donations	3,737	-
TD Friends of the Environment	75,000	73,615
US school registrations	-	140
	<u>119,478</u>	<u>107,134</u>
Expenditures:		
Courier and postage	\$ 14,340	8,577
Lab supplies	21	-
Education programs expenses	30,899	19,301
Presentations	412	498
Rent	7,749	7,749
Salaries and benefits	56,250	48,797
Supplies	809	339
Telephone	1,443	2,415
Travel	36	288
	<u>111,959</u>	<u>87,964</u>
Deficiency of revenue over expenditures	<u>\$ 7,519</u>	<u>19,170</u>

See accompanying notes to the financial statements.