

# **SAFE DRINKING WATER FOUNDATION**

**Auditor's Report**

**Financial Statements**

**December 31, 2015**

## 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, 2015** and the statements of revenues and expenditures, 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 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 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.

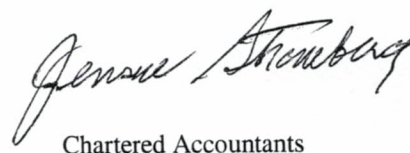
### *Basis for Qualified Opinion*

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, 2015**, the results of its revenues and expenditures, and change in its fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan  
May 6, 2016

  
Chartered Accountants

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF FINANCIAL POSITION

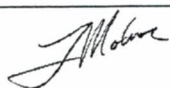
December 31, 2015  
with comparative figures for 2014

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2015</u>	<u>Total</u> <u>2014</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash	\$ 6,443	-	6,443	1,897
Short-term investments	106,399	-	106,399	60,173
Accounts receivable	6,215	-	6,215	3,130
Inventory	3,588	-	3,588	4,057
Prepaid expenses	375	-	375	550
Total current assets	123,020	-	123,020	69,807
Capital assets (Note 3)	-	2,167	2,167	2,264
	\$ 123,020	2,167	125,187	72,071
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,990	-	4,990	4,560
Deferred Revenue	45,500	-	45,500	16,848
Total current liabilities	50,490	-	50,490	21,408
 Fund Balances:				
Capital fund	-	2,167	2,167	2,264
Unrestricted	72,530	-	72,530	48,399
Total fund balances	72,530	2,167	74,697	50,663
	\$ 123,020	2,167	125,187	72,071

**APPROVED ON BEHALF OF THE BOARD:**



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF REVENUES AND EXPENDITURES

Year ended December 31, 2015  
with comparative figures for 2014

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2015</u>	<u>Total 2014 Restated</u>
Revenue	\$ 129,915	-	129,915	112,205
Expenditures:				
Amortization	-	492	492	566
Courier and postage	7,369	-	7,369	13,158
Insurance	669	-	669	656
Interest and bank charges	550	-	550	543
Memberships and licenses	-	-	-	35
Education programs expenses	26,189	-	26,189	30,824
Rental	8,610	-	8,610	8,610
Printing	436	-	436	20
Professional fees	5,012	-	5,012	4,992
Salaries and Wages	51,538	-	51,538	54,661
Technical	3,227	-	3,227	4,489
Telephone	1,476	-	1,476	1,468
Supplies	299	-	299	268
Travel expenses	14	-	14	-
	<u>105,389</u>	<u>492</u>	<u>105,881</u>	<u>120,290</u>
Excess (deficiency) of revenues over expenditures	<u>24,526</u>	<u>(492)</u>	<u>24,034</u>	<u>(8,086)</u>

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF FUND BALANCES

Year ended December 31, 2015  
with comparative figures for 2014

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>  <b>Restated</b>
Fund balances, beginning of year as previously reported	\$ 65,247	2,264	67,511	100,049
Correction of an error (Note 8)	<u>(16,848)</u>	<u>-</u>	<u>(16,848)</u>	<u>(41,300)</u>
Fund balances, beginning of year - restated	48,399	2,264	50,663	58,749
Excess (deficiency) of revenues over expenses	24,526	(492)	24,034	(8,086)
Interfund transfers	<u>(395)</u>	<u>395</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>72,530</u>	<u>2,167</u>	<u>74,697</u>	<u>50,663</u>

See accompanying notes to the financial statements.



# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF CASH FLOWS

Year ended December 31, 2015  
with comparative figures for 2014

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
<b>Cash provided by (used in):</b>				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ 24,526	(492)	24,034	(8,086)
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>492</u>	<u>492</u>	<u>566</u>
	24,526	-	24,526	(7,520)
Changes in non-cash working capital:				
Accounts receivable	(3,086)	-	(3,086)	(1,667)
Inventories	469	-	469	(801)
Prepaid expenses	175	-	175	(208)
Accounts payable and accrued liabilities	431	-	431	63
Deferred revenues	28,652	-	28,652	(24,452)
Interfund transfers	<u>(395)</u>	<u>395</u>	<u>-</u>	<u>-</u>
	<u>50,772</u>	<u>395</u>	<u>51,167</u>	<u>(34,585)</u>
Investing activities:				
Additions to capital assets	-	(395)	(395)	-
Investments	<u>(46,226)</u>	<u>-</u>	<u>(46,226)</u>	<u>35,038</u>
	<u>(46,226)</u>	<u>(395)</u>	<u>(46,621)</u>	<u>35,038</u>
Financing activities:				
Net change in cash during the year	4,546	-	4,546	453
Cash position, beginning of year	<u>1,897</u>	<u>-</u>	<u>1,897</u>	<u>1,444</u>
Cash position, end of year	<u>\$ 6,443</u>	<u>-</u>	<u>6,443</u>	<u>1,897</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, 2015

### 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards 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.

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### (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) Contributed Services

A portion of the rental payments for Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan are forgiven by the lessor as the Foundation is a charitable organization. The portion of forgiven rent has been recognized as a donation-in-kind by the Foundation.

#### (f) Measurement Uncertainty

The preparation of the financial statements in conformity with accounting standards for not-for-profit organizations 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.

#### (g) Financial Instruments

Financial instruments, including cash, short term investments, accounts receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

### 3. CAPITAL ASSETS

		<u>2015</u>		<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 1,161	674	487	164
Leasehold improvements	4,995	4,094	901	1,126
Computer hardware	<u>6,454</u>	<u>5,675</u>	<u>779</u>	<u>974</u>
	<u>\$ 12,610</u>	<u>10,443</u>	<u>2,167</u>	<u>2,264</u>



# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

### 4. LEASE COMMITMENTS

The Foundation signed a 3-year lease on 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 throughout the remainder of the lease are as follows:

2016	\$	5,145
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### 5. DEFERRED REVENUES

The Foundation receives donations to sponsor kits to be provided to schools. At December 31, 2015, \$32,500 in donations received for kits that were not shipped by December 31, 2015 has been deferred (2014 - \$16,848).

The Foundation received \$35,000 for the Blue Water Project Leadership Program. At December 31, 2015, \$13,000 had not been spent and has been deferred.

### 6. SHORT TERM INVESTMENTS

	<u>2015</u>	<u>2014</u>
Guaranteed Investment Certificates	\$ <u>106,399</u>	\$ <u>60,173</u>

All Guaranteed Investment Certificates (GICs) are 1-year term investments with a maturity date within 1 year.

All GICs include an early redemption option with no penalty. Interest rates on GICs are 0.65% per annum.

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

### 7. FINANCIAL INSTRUMENTS

#### Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at December 31, 2015.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable.

#### Credit Risk

The Foundation is exposed to minimal credit risk on its accounts receivable. Accounts receivable are due from major funders and government agencies.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risk : currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

### 8. CORRECTION OF AN ERROR

In prior years, the Foundation recognized donation and grant revenue in the period that it was received. The Foundation has since determined that revenue that is for a specific purpose should be deferred until the related expenses have been incurred.

As a result of this restatement, 2014 excess of revenues over expenditures increased by \$24,452, 2014 deferred revenue increased by \$16,848, and 2014 opening net assets decreased by \$41,300.

# SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2015  
with comparative figures for 2014

	<u>2015</u>	<u>2014</u>
Revenue:		
Individual donations	\$ 2,921	3,002
Interest	413	554
Miscellaneous	-	37
Rebates	-	87
	<u>3,334</u>	<u>3,680</u>
Expenses:		
Amortization	492	567
Courier and postage	368	249
Insurance	669	656
Interest and bank charges	550	543
Memberships and subscriptions	-	35
Printing	436	20
Professional fees	5,012	4,992
Rent	861	861
Salaries and benefits	9,133	4,273
Supplies	299	268
Technical	484	714
Telephone	147	147
Travel	14	-
	<u>18,465</u>	<u>13,325</u>
Excess of revenues over expenditures	<u>(15,131)</u>	<u>(9,645)</u>

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

### REVENUES AND EXPENDITURES

Year ended December 31, 2015  
with comparative figures for 2014

#### WEBSITE

	<u>2015</u>	<u>2014</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ <u>4,567</u>	<u>8,539</u>
Excess of revenues over expenditures	\$ <u>(4,567)</u>	<u>(8,539)</u>

See accompanying notes to the financial statements.



## SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

## REVENUES AND EXPENDITURES

Year ended December 31, 2015  
with comparative figures for 2014

	<u>2015</u>	<u>2014</u>
<b><u>SCHOOL PROGRAMS</u></b>		
Revenue:		
Canadian school registration	\$ 13,885	6,108
Corporate contributions	107,421	97,820
Foundation Donations	4,850	4,000
Individual donations	425	597
	<u>126,581</u>	<u>108,525</u>
Expenditures:		
Courier and postage	\$ 7,001	12,909
Education programs expenses	26,189	30,823
Rent	7,749	7,749
Salaries and benefits	37,838	41,849
Technical	2,743	3,775
Telephone	1,329	1,321
	<u>82,849</u>	<u>98,426</u>
Excess of revenue over expenditures	<u>\$ 43,732</u>	<u>10,099</u>

See accompanying notes to the financial statements.