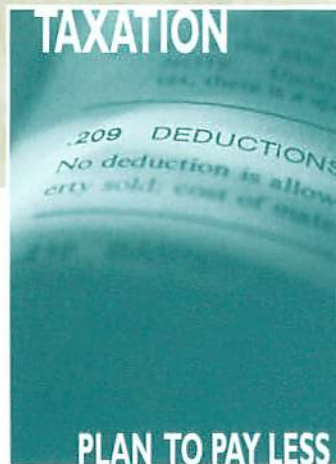
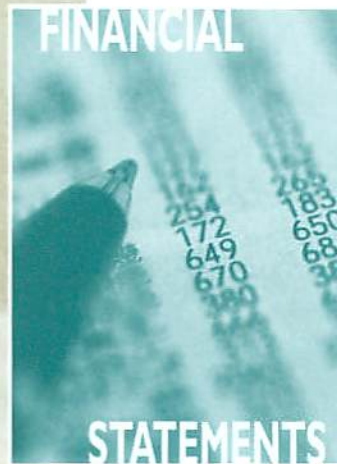




**SAFE DRINKING
WATER FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2005



SAFE DRINKING WATER FOUNDATION

DECEMBER 31, 2005

CONTENTS

	<u>Page</u>
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of receipts and expenditures and accumulated surplus	2
Statement of cash flows	3
Balance sheet	4
Notes to the financial statements	5

Hounjet • Tastad • Harpham

Certified General Accountants • Comptables Généraux Accrédités

Roseline Hounjet,
CGA Prof. Corp.

Allyn Tastad,
CGA Prof. Corp.

Dustin Harpham,
CGA Prof. Corp.

AUDITORS' REPORT

To the Members of:
Safe Drinking Water Foundation

We have audited the balance sheet of Safe Drinking Water Foundation as at December 31, 2005 and the statements of receipts and expenditures, accumulated surplus and cash flows for the period then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives part of its revenue in the form of conference fees and donations which are not susceptible to complete audit verification. Accordingly, our verification of revenue from these sources was limited to accounting for the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and surplus.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2005 and the results of its operations and the changes in its financial position for the period then ended in accordance with Canadian generally accepted accounting principles.

Saskatoon, Saskatchewan
April 11, 2006

Hounjet Tastad Harpham
CERTIFIED GENERAL ACCOUNTANTS

SAFE DRINKING WATER FOUNDATION
STATEMENT OF RECEIPTS AND EXPENDITURES AND ACCUMULATED SURPLUS
FOR THE PERIOD ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u> (184 days)
ADMINISTRATION		
Revenue (Note 5)	\$ 56,976	\$ 23,140
Expenditures	<u>(19,971)</u>	<u>(7,060)</u>
	<u>37,005</u>	<u>16,080</u>
PUBLIC EDUCATION		
Operation Water Drop		
Revenue (Note 5)	22,256	7,500
Expenditures	<u>(15,547)</u>	<u>(3,532)</u>
	<u>6,709</u>	<u>3,968</u>
Template for change		
Expenditures	<u>(5,840)</u>	<u>(9,509)</u>
	<u>(5,840)</u>	<u>(9,509)</u>
International conference		
Revenue (Note 5)	4,299	98,342
Expenditures	<u>(2,286)</u>	<u>(90,685)</u>
	2,013	7,657
Deferred revenue, beginning of year	<u>-</u>	<u>11,061</u>
	<u>2,013</u>	<u>18,718</u>
Summer students		
Revenue (Note 5)	15,290	24,804
Expenditures	<u>-</u>	<u>(1,069)</u>
	<u>15,290</u>	<u>23,735</u>
Presentations and workshops		
Expenditures	<u>(4,488)</u>	<u>(6,344)</u>
	<u>(4,488)</u>	<u>(6,344)</u>
Public education common expenditures		
Newsletter	(1,182)	-
Website	(1,820)	(3,358)
Salaries and benefits	<u>(38,637)</u>	<u>(38,821)</u>
	<u>(41,639)</u>	<u>(42,179)</u>
	<u>(27,955)</u>	<u>(11,611)</u>
NET SURPLUS	9,050	4,469
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>15,675</u>	<u>11,206</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 24,725</u>	<u>\$ 15,675</u>

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION

STATEMENT OF CASH FLOWS

DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u> (184 days)
CASH PROVIDED BY OPERATING ACTIVITIES (USED IN):		
OPERATING ACTIVITIES		
Net surplus	\$ 9,050	\$ 4,469
Items not requiring an outlay of cash:		
Amortization	<u>430</u>	<u>239</u>
	9,480	4,708
Changes in operating working capital:		
Accounts receivable	(551)	6,327
GST receivable	430	(199)
Prepaid expenses	-	17,134
Accounts payable	1,717	(4)
Deferred revenue	<u>-</u>	<u>(11,061)</u>
	11,076	16,905
INVESTING ACTIVITIES		
Additions to property, plant and equipment	<u>-</u>	<u>(2,387)</u>
INCREASE IN CASH	11,076	14,518
CASH, beginning of year	<u>14,877</u>	<u>359</u>
CASH, end of year	<u>\$ 25,953</u>	<u>\$ 14,877</u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 25,953	\$ 15,372
Operating loan	<u>-</u>	<u>(495)</u>
	<u>\$ 25,953</u>	<u>\$ 14,877</u>

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT		
Cash	\$ 25,953	\$ 15,372
Accounts receivable	551	-
GST receivable	<u>558</u>	<u>988</u>
	27,062	16,360
PROPERTY, PLANT AND EQUIPMENT (Note 3)	<u>1,719</u>	<u>2,148</u>
	<u>\$ 28,781</u>	<u>\$ 18,508</u>
LIABILITIES		
CURRENT		
Operating loan (Note 4)	\$ -	\$ 495
Accounts payable and accrued liabilities	<u>4,056</u>	<u>2,338</u>
	<u>4,056</u>	<u>2,833</u>
MEMBERS' EQUITY		
ACCUMULATED SURPLUS	<u>24,725</u>	<u>15,675</u>
	<u>\$ 28,781</u>	<u>\$ 18,508</u>

APPROVED ON BEHALF OF THE BOARD:

 _____, Director

_____, Director

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

The Foundation was incorporated under the laws of the Province of Saskatchewan on January 1, 1998.

1. PURPOSE OF THE ORGANIZATION

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

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Amortization is provided using the declining balance method at a rate intended to amortize the cost of the asset over its estimated useful life. The annual rate is 20%.

(b) Revenue recognition

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

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Amortization</u>	<u>Net 2005</u>	<u>Net 2004</u>
Computer equipment	\$ <u>2,387</u>	\$ <u>668</u>	\$ <u>1,719</u>	\$ <u>2,148</u>

4. OPERATING LOAN

The operating loan consists of a line of credit authorized to \$15,000 and a Visa credit card authorized to \$10,000. Interest on the line of credit is charged monthly at a rate of prime plus 2.5%. Prime at December 31, 2005 was 5.00%. Interest on the Visa is charged monthly at a rate of 18.5%.

SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005

5. REVENUE

	<u>2005</u>	<u>2004</u> (184 days)
ADMINISTRATION		
Community memberships	\$ 100	\$ 520
Corporate contributions	17,500	13,150
Corporate memberships	100	700
Foundation donations	6,000	3,000
Individual donations	15,000	69
Individual memberships	-	1,701
Interest	1	-
Specified donations	<u>18,275</u>	<u>4,000</u>
	<u>56,976</u>	<u>23,140</u>
PUBLIC EDUCATION		
Operation Water Drop		
Green Street	22,000	7,500
Specific income	<u>256</u>	<u>-</u>
	<u>22,256</u>	<u>7,500</u>
International conference		
First Nations registrations	4,105	57,608
Professional registrations	-	29,193
Rural registrations	-	1,560
Human Resources Development Canada - Alberta	-	6,924
Suzuki breakfast	194	377
Alcohol sales	-	1,720
DVD sales	<u>-</u>	<u>960</u>
	<u>4,299</u>	<u>98,342</u>
Summer students		
Human Resources Development Canada - Alberta	-	9,750
Human Resources Development Canada - Manitoba	-	3,882
Human Resources Development Canada - Saskatchewan	<u>15,290</u>	<u>11,172</u>
	<u>15,290</u>	<u>24,804</u>
	<u>\$ 98,821</u>	<u>\$ 153,786</u>