

SAFE DRINKING WATER FOUNDATION

Auditor's Report

Financial Statements

December 31, 2016

Bill Jensen, C.P.A. Prof. Corp.
Jeff Stromberg, C.P.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, 2016** 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, 2016**, 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 31, 2017


Chartered Accountants

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FINANCIAL POSITION

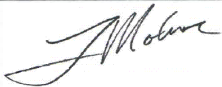
December 31, 2016
with comparative figures for 2015

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2016</u>	<u>Total</u> <u>2015</u>
<u>ASSETS</u>				
Current assets:				
Cash	\$ 26,902	-	26,902	6,443
Short-term investments	91,562	-	91,562	106,399
Accounts receivable	2,144	-	2,144	6,215
Inventory	7,177	-	7,177	3,588
Prepaid expenses	375	-	375	375
	128,160	-	128,160	123,020
Total current assets				
Capital assets (Note 3)	-	2,111	2,111	2,166
	\$ 128,160	2,111	130,271	125,186
 <u>LIABILITIES AND FUND BALANCES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,186	-	4,186	4,989
Deferred Revenue	70,605	-	70,605	45,500
	74,791	-	74,791	50,489
Total current liabilities				
Fund Balances:				
Capital fund	-	2,111	2,111	2,167
Unrestricted	53,369	-	53,369	72,530
	53,369	2,111	55,480	74,697
Total fund balances				
	\$ 128,160	2,111	130,271	125,186

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, 2016
with comparative figures for 2015

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
Revenue	\$ 92,675	-	92,675	129,915
Expenditures:				
Amortization	-	476	476	492
Computer Support	134	-	134	-
Courier and postage	3,844	-	3,844	7,369
Insurance	669	-	669	669
Interest and bank charges	597	-	597	550
Meals and entertainment	22	-	22	-
Education programs expenses	34,049	-	34,049	26,189
Presentations	18	-	18	-
Rental	8,732	-	8,732	8,610
Printing	96	-	96	436
Professional fees	5,319	-	5,319	5,012
Salaries and Wages	50,119	-	50,119	51,538
Technical	3,814	-	3,814	3,227
Telephone	1,407	-	1,407	1,476
Supplies	752	-	752	299
Travel expenses	-	-	-	14
Website	1,845	-	1,845	-
	<u>111,417</u>	<u>476</u>	<u>111,893</u>	<u>105,881</u>
Excess (deficiency) of revenues over expenditures	<u>(18,742)</u>	<u>(476)</u>	<u>(19,218)</u>	<u>24,034</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF FUND BALANCES

Year ended December 31, 2016
with comparative figures for 2015

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
Fund balances, beginning of year	72,530	2,167	74,697	50,663
Excess (deficiency) of revenues over expenses	(18,742)	(476)	(19,218)	24,034
Interfund transfers	<u>(420)</u>	<u>420</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 53,368</u>	<u>2,111</u>	<u>55,479</u>	<u>74,697</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2016
with comparative figures for 2015

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ (18,742)	(476)	(19,218)	24,034
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>476</u>	<u>476</u>	<u>492</u>
	(18,742)	-	(18,742)	24,526
Changes in non-cash working capital:				
Accounts receivable	4,073	-	4,073	(3,086)
Inventories	(3,589)	-	(3,589)	469
Prepaid expenses	-	-	-	175
Accounts payable and accrued liabilities	(805)	-	(805)	431
Deferred revenues	25,105	-	25,105	28,652
Interfund transfers	<u>(420)</u>	<u>420</u>	<u>-</u>	<u>-</u>
	<u>5,622</u>	<u>420</u>	<u>6,042</u>	<u>51,167</u>
Investing activities:				
Additions to capital assets	-	(420)	(420)	(395)
Investments	<u>14,837</u>	<u>-</u>	<u>14,837</u>	<u>(46,226)</u>
	<u>14,837</u>	<u>(420)</u>	<u>14,417</u>	<u>(46,621)</u>
Financing activities:				
Net change in cash during the year	20,459	-	20,459	4,546
Cash position, beginning of year	<u>6,443</u>	<u>-</u>	<u>6,443</u>	<u>1,897</u>
Cash position, end of year	<u>\$ 26,902</u>	<u>-</u>	<u>26,902</u>	<u>6,443</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, 2016

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, 2016

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 Idwyld 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>2016</u>		<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 1,579	813	766	486
Leasehold improvements	4,995	4,274	721	901
Computer hardware	<u>6,454</u>	<u>5,830</u>	<u>624</u>	<u>779</u>
	<u>\$ 13,028</u>	<u>10,917</u>	<u>2,111</u>	<u>2,166</u>

4. ALLOCATED EXPENSES

Certain overhead expenses are allocated to the projects of the Foundation. These expenses are allocated based on the percentage of each expense that is related to each project.

SAFE DRINKING WATER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

5. LEASE COMMITMENTS

The Foundation signed a 1-year lease on July 29, 2016, to occupy the premises in the building known as Unit 1 - 912 Idywyld Drive North Saskatoon, Saskatchewan. The lease will expire on July 31, 2017. The lease payments due throughout the remainder of the lease, excluding the amount forgiven in the amount of 1,645, are as follows:

2017	\$	3,675
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6. DEFERRED REVENUES

The Foundation receives donations to sponsor kits to be provided to schools. At December 31, 2016, \$70,605 in donations received for kits that were not shipped by December 31, 2016 has been deferred (2015 - \$45,500).

7. SHORT TERM INVESTMENTS

	<u>2016</u>	<u>2015</u>
Guaranteed Investment Certificates	\$ <u>91,562</u>	\$ <u>106,399</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 0.50% per annum.

8. 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, 2016.

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.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES

Year ended December 31, 2016
with comparative figures for 2015

	<u>2016</u>	<u>2015</u>
Revenue:		
Individual donations	\$ 4,586	2,921
Interest	2,350	413
Rebates	<u>504</u>	<u>-</u>
	<u>7,440</u>	<u>3,334</u>
Expenses:		
Amortization	475	493
Computer support	134	-
Courier and postage	211	368
Insurance	669	669
Interest and bank charges	591	550
Printing	96	436
Professional fees	5,319	5,012
Rent	873	861
Salaries and benefits	6,573	9,133
Supplies	752	299
Technical	572	484
Telephone	141	147
Travel	<u>-</u>	<u>14</u>
	<u>16,406</u>	<u>18,466</u>
Excess of revenues over expenditures	<u>\$ (8,966)</u>	<u>(15,132)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2016
with comparative figures for 2015

SDWT PROJECT

	<u>2016</u>	<u>2015</u>
Revenue:		
Corporate contributions	\$ 6,000	-
Individual donations	<u>300</u>	<u>-</u>
	<u>6,300</u>	<u>-</u>
Expenditures:		
Salaries and benefits	1,890	-
Meals and entertainment	23	-
Technical	1,320	-
Interest and bank charges	<u>6</u>	<u>-</u>
	<u>3,239</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>3,061</u>	<u>-</u>

WEBSITE

	<u>2016</u>	<u>2015</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 4,517	4,567
Website	<u>1,845</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>(6,362)</u>	<u>(4,567)</u>

See accompanying notes to the financial statements.

SAFE DRINKING WATER FOUNDATION

SCHEDULE OF PROJECTS

REVENUES AND EXPENDITURES

Year ended December 31, 2016
with comparative figures for 2015

SCHOOL PROGRAMS

	<u>2016</u>	<u>2015</u>
Revenue:		
Canadian school registration	\$ 4,572	13,885
Corporate contributions	47,497	107,421
Foundation Donations	25,400	4,850
Individual donations	-	425
Indigenous Water Forum	1,126	-
US school registrations	340	-
	<u>78,935</u>	<u>126,581</u>
Expenditures:		
Courier and postage	3,633	7,001
Education programs expenses	34,049	26,188
Presentations	18	-
Rent	7,859	7,749
Salaries and benefits	37,139	37,838
Technical	1,922	2,743
Telephone	1,266	1,329
	<u>85,886</u>	<u>82,848</u>
Excess of revenue over expenditures	\$ <u>(6,951)</u>	<u>43,733</u>

See accompanying notes to the financial statements.