

Safe Drinking Water Foundation
Financial Statements
December 31, 2007



Hounjet/Tastad/Harpham

Certified General Accountants | Comptables Généraux Accrédités

SAFE DRINKING WATER FOUNDATION

DECEMBER 31, 2007

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Certified General Accountants | Comptables Généraux Accrédités

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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, 2007 and the statement of receipts and expenditures and accumulated surplus and statement of cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Hounjet Tastad Harpham

Saskatoon, Saskatchewan
April 28, 2008

CERTIFIED GENERAL ACCOUNTANTS

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SAFE DRINKING WATER FOUNDATION
STATEMENT OF RECEIPTS AND EXPENDITURES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
REVENUE	\$ <u>280,441</u>	\$ <u>102,109</u>
EXPENDITURES		
Analysis	9,168	-
Advertising and promotion	1,709	1,967
Amortization	769	428
Clothing	1,203	-
Community development	2,500	1,206
Computer support	691	716
Courier and postage	7,469	192
DVD recordings	2,378	-
Honorariums	150	720
Interest and bank charges	1,410	1,179
Lab supplies	24,543	7,959
Meals and entertainment	-	3,878
Newsletter	525	-
Operation water drop	17,558	-
Operation water pollution	5,512	-
Operation water spirit	7,338	-
Presentations	6,076	1,398
Printing	5,151	-
Professional fees	3,980	3,407
Recognition	150	-
Rent	5,340	-
Research reports	21	-
Repairs and maintenance	-	451
RO unit expense	955	-
Salaries and benefits	107,419	34,925
Supplies	1,996	1,035
Technical	9,854	-
Telephone	3,357	2,033
Template for change	-	53
Travel	2,841	-
Website	2,276	-
	<u>232,339</u>	<u>61,547</u>
NET SURPLUS	48,102	40,562
ACCUMULATED SURPLUS, beginning of year	<u>65,286</u>	<u>24,724</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 113,388</u>	<u>\$ 65,286</u>

(see accompanying notes)



SAFE DRINKING WATER FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net surplus	\$ 48,102	\$ 40,562
Items not involving cash:		
Amortization	<u>769</u>	<u>428</u>
	48,871	40,990
Net change in working capital:		
Accounts receivable	(8,243)	(17,053)
GST receivable	(881)	(1,192)
Inventory	5,230	(48,880)
Accrued interest receivable	(94)	-
Prepaid expenses	873	(1,062)
Accounts payable	5,916	(1,141)
Unearned revenue	<u>(10,560)</u>	<u>10,560</u>
	<u>41,112</u>	<u>(17,778)</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	<u>(3,429)</u>	<u>(838)</u>
INCREASE (DECREASE) IN CASH	37,683	(18,616)
CASH, beginning of year	<u>7,337</u>	<u>25,953</u>
CASH, end of year	<u>\$ 45,020</u>	<u>\$ 7,337</u>
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 11,559	\$ 7,912
Investments	35,000	-
Bank indebtedness	<u>(1,539)</u>	<u>(575)</u>
	<u>\$ 45,020</u>	<u>\$ 7,337</u>

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT		
Cash	\$ 11,559	\$ 7,912
Investments	35,000	-
Accounts receivable (Note 3)	25,847	17,604
GST receivable	2,631	1,750
Inventory (Note 4)	43,650	48,880
Accrued interest receivable	94	-
Prepaid expenses	<u>189</u>	<u>1,062</u>
	118,970	77,208
PROPERTY, PLANT AND EQUIPMENT (Note 5)	<u>4,789</u>	<u>2,129</u>
	<u>\$ 123,759</u>	<u>\$ 79,337</u>
LIABILITIES		
CURRENT		
Bank indebtedness (Note 6)	\$ 1,539	\$ 575
Accounts payable	8,832	2,916
Unearned revenue	<u>-</u>	<u>10,560</u>
	<u>10,371</u>	<u>14,051</u>
MEMBERS' EQUITY		
ACCUMULATED SURPLUS	<u>113,388</u>	<u>65,286</u>
	<u>113,388</u>	<u>65,286</u>
	<u>\$ 123,759</u>	<u>\$ 79,337</u>

APPROVED ON BEHALF OF THE BOARD:


, Director

, Director

(see accompanying notes)



SAFE DRINKING WATER FOUNDATION
SCHEDULE OF PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
ADMINISTRATION		
Revenue		
Corporate contributions	\$ 5,000	\$ 10,100
Corporate memberships	100	-
Foundation donations	8,800	-
Individual donations	4,422	620
Individual memberships	276	25
Interest	831	-
Miscellaneous	436	75
	<u>19,865</u>	<u>10,820</u>
Expenditures		
Amortization	769	428
Computer support	-	716
Courier and postage	662	192
Fundraising expense	-	370
Honorariums	150	350
Interest and bank charges	570	1,179
Professional fees	3,068	3,407
Recognition	150	-
Rent	2,136	-
Repairs and maintenance	-	451
Supplies	1,996	1,035
Telephone	1,343	2,033
Wages and salaries	3,911	34,346
Workers compensation	248	579
	<u>15,003</u>	<u>45,086</u>
PROJECT SURPLUS (DEFICIT)	<u>\$ 4,862</u>	<u>\$ (34,266)</u>

ADVANCED ABORIGINAL WATER TREATMENT TEAM

Revenue		
RBC Foundation	\$ 25,000	\$ -
Sponsorship	15,000	-
	<u>40,000</u>	<u>-</u>
Expenditures		
Clothing	1,203	-
Printing	258	-
	<u>1,461</u>	<u>-</u>
PROJECT SURPLUS	<u>\$ 38,539</u>	<u>\$ -</u>

(see accompanying notes)



SAFE DRINKING WATER FOUNDATION
SCHEDULE OF PROJECTS CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
COMMUNITY DEVELOPMENT		
Revenue		
HRDC - AB	\$ 48	\$ 4,374
HRDC - SK	<u>3,671</u>	<u>11,872</u>
	<u>3,719</u>	<u>16,246</u>
Expenditures		
Community development	2,500	1,206
Research reports	21	-
Wages and salaries	<u>6,000</u>	<u>-</u>
	<u>8,521</u>	<u>1,206</u>
PROJECT (DEFICIT) SURPLUS	<u>\$ (4,802)</u>	<u>\$ 15,040</u>
<hr/>		
INTERNATIONAL CONFERENCE		
Revenue	\$ -	\$ -
Expenditures		
Advertising	1,709	-
Courier and postage	835	-
DVD recordings	2,378	53
Printing	4,894	-
Travel and accommodations	42	-
Wages and salaries	<u>6,000</u>	<u>-</u>
	<u>15,858</u>	<u>53</u>
PROJECT DEFICIT	<u>\$ (15,858)</u>	<u>\$ (53)</u>
<hr/>		
NEWSLETTER		
Revenue	\$ -	\$ -
Expenditures		
Newsletter	<u>525</u>	<u>-</u>
PROJECT DEFICIT	<u>\$ (525)</u>	<u>\$ -</u>
<hr/>		
PRESENTATIONS		
Revenue	\$ -	\$ -
Expenditures		
Presentations	5,308	1,398
Travel and accommodations	<u>2,058</u>	<u>3,878</u>
	<u>7,366</u>	<u>5,276</u>
PROJECT DEFICIT	<u>\$ (7,366)</u>	<u>\$ (5,276)</u>

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION
SCHEDULE OF PROJECTS CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
RESEARCH FINGERPRINTING AND ARSENIC		
Revenue		
Arsenic research	\$ 6,700	\$ 7,615
George Weston Limited	<u>25,000</u>	<u>25,000</u>
	<u>31,700</u>	<u>32,615</u>
Expenditures		
Analysis	9,168	-
Travel and accommodations	740	-
Wages and salaries	<u>8,500</u>	<u>-</u>
	<u>18,408</u>	<u>-</u>
PROJECT (DEFICIT) SURPLUS	<u>\$ 13,292</u>	<u>\$ 32,615</u>
<hr/>		
RO UNITS		
Revenue		
	\$ -	\$ -
Expenditures		
RO units	<u>955</u>	<u>-</u>
PROJECT DEFICIT	<u>\$ (955)</u>	<u>\$ -</u>
<hr/>		
SCHOOL PROGRAMS		
Revenue		
Arcangelo Rea Foundation	\$ 25,000	\$ -
Canadian school registrations	10,800	-
Green Street (Note 7)	55,460	11,040
HRDC - SK	23,500	-
TD Friends of the Environment	41,774	13,750
Thomas Sill Foundation	6,950	7,500
US school registrations	<u>-</u>	<u>139</u>
	<u>163,484</u>	<u>32,429</u>
Expenditures		
Computer support	691	-
Courier and postage	5,972	-
Interest and bank charges	840	-
Lab supplies	24,543	7,959
Operation water drop program	17,558	-
Operation water pollution	5,512	-
Operation water spirit	7,338	-
Presentations	768	-
Professional fees	912	-
Rent	3,204	-
Telephone	2,014	-
Wages and salaries	<u>70,760</u>	<u>-</u>
	<u>140,112</u>	<u>7,959</u>
PROJECT SURPLUS	<u>\$ 23,372</u>	<u>\$ 24,470</u>

(see accompanying notes)

**SAFE DRINKING WATER FOUNDATION
SCHEDULE OF PROJECTS CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
SK CHAPTER		
Revenue		
SK El training subsidy	\$ 12,460	\$ -
Expenditures	<u>-</u>	<u>-</u>
PROJECT SURPLUS	<u>\$ 12,460</u>	<u>\$ -</u>
<hr/>		
WEBSITE		
Revenue		
AB - student subsidy	\$ 3,073	\$ -
Corporate contributions	1,000	10,000
SK El training subsidy	<u>5,140</u>	<u>-</u>
	<u>9,213</u>	<u>10,000</u>
Expenditures		
Technical	9,854	-
Wages and salaries	12,000	-
Website	<u>2,276</u>	<u>1,968</u>
	<u>24,130</u>	<u>1,968</u>
PROJECT (DEFICIT) SURPLUS	<u>\$ (14,917)</u>	<u>\$ 8,032</u>

(see accompanying notes)



SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

I. 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 accounting policies of the Company are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Property, plant, equipment and amortization

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%.

Revenue recognition

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

3. ACCOUNTS RECEIVABLE

	<u>2007</u>	<u>2006</u>
Accounts receivable	\$ 24,940	\$ 12,164
Lawsuit judgment receivable	<u>907</u>	<u>5,440</u>
	<u>\$ 25,847</u>	<u>\$ 17,604</u>

4. INVENTORY

	<u>2007</u>	<u>2006</u>
Operation Water Drop - elementary school kits	\$ 11,050	\$ 16,000
Operation Water Drop - high school kits	16,300	32,880
Operation Water Pollution	<u>16,300</u>	<u>-</u>
	<u>\$ 43,650</u>	<u>\$ 48,880</u>

SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2007</u>	<u>Net 2006</u>
Computer equipment	\$ 6,454	\$ 1,809	\$ 4,645	\$ 1,949
Office equipment	<u>200</u>	<u>56</u>	<u>144</u>	<u>180</u>
	<u>\$ 6,654</u>	<u>\$ 1,865</u>	<u>\$ 4,789</u>	<u>\$ 2,129</u>

6. BANK INDEBTEDNESS

The bank indebtedness consists of a Visa credit card authorized to \$15,000. Interest on the Visa is charged monthly at a rate of 19.5%.

7. GREEN STREET

The revenue for Green Street includes amounts for both 2006 - 2007 and 2007 - 2008 school years. In the 2006 financial statements, the Green Street funds received for the 2006 - 2007 school year were prorated for the ten months in the school year, four months to the 2006 year and six months to the 2007 year. The current year's Green Street revenue reports 100% of the funds received for the 2007 - 2008 school year as the contract was fulfilled in the year. The amount attributable to 2007 is \$40,500.

8. COMPARATIVE STATEMENTS

Certain accounts from the prior year's financial statements have been reclassified for comparative purposes.