

# **SAFE DRINKING WATER FOUNDATION**

**Auditor's Report**

**Financial Statements**

**December 31, 2013**

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, 2013** 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, 2013**, 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 comparative 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.

Saskatoon, Saskatchewan  
May 13, 2014

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Chartered Accountants

# SAFE DRINKING WATER FOUNDATION

## BALANCE SHEET

December 31, 2013  
with comparative figures for 2012

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u> <u>2013</u>	<u>Total</u> <u>2012</u>
<b><u>ASSETS</u></b>				
Current assets:				
Cash	\$ 1,444	-	1,444	13,918
Short-term investments	95,210	-	95,210	54,350
Accounts receivable	1,463	-	1,463	1,357
Inventory	3,256	-	3,256	5,142
Prepaid expenses	342	-	342	411
Total current assets	101,715	-	101,715	75,178
Capital assets (Note 3)	-	2,830	2,830	3,538
	\$ 101,715	2,830	104,545	78,716
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 4,496	-	4,496	6,585
Fund Balances:				
Invested in capital assets	-	2,830	2,830	3,537
Unrestricted	97,219	-	97,219	68,594
Total fund balances	97,219	2,830	100,049	72,131
	\$ 101,715	2,830	104,545	78,716

**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, 2013  
with comparative figures for 2012

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2013</u>	<u>Total 2012</u>
Revenue	\$ 160,605	-	160,605	129,285
Expenditures:				
Amortization	-	707	707	884
Courier and postage	12,212	-	12,212	14,548
Fundraising expense	-	-	-	240
Insurance	656	-	656	765
Interest and bank charges	540	-	540	624
Meals and entertainment	106	-	106	143
Memberships and licenses	30	-	30	-
Education programs expenses	32,660	-	32,660	30,899
Presentations	8	-	8	412
Rental	8,610	-	8,610	8,610
Printing	-	-	-	71
Professional fees	4,753	-	4,753	5,226
Salaries and Wages	64,267	-	64,267	62,491
Technical	6,037	-	6,037	5,838
Telephone	1,611	-	1,611	1,677
Supplies	329	-	329	1,426
Travel expenses	161	-	161	36
Website	-	-	-	191
	<u>131,980</u>	<u>707</u>	<u>132,687</u>	<u>134,081</u>
Excess (deficiency) of revenues over expenditures	28,625	(707)	27,918	(4,795)
Fund balances, beginning of year	<u>68,594</u>	<u>3,537</u>	<u>72,131</u>	<u>76,926</u>
Fund balances, end of year	<u>\$ 97,219</u>	<u>2,830</u>	<u>100,049</u>	<u>72,131</u>

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## STATEMENT OF CASH FLOWS

Year ended December 31, 2013  
with comparative figures for 2012

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total 2013</u>	<u>Total 2012</u>
<b>Cash provided by (used in):</b>				
Operating activities:				
Excess (deficiency) of revenues over expenditures	\$ 28,625	(707)	27,918	(4,795)
Item not involving an outlay of cash:				
Amortization	<u>-</u>	<u>707</u>	<u>708</u>	<u>884</u>
	28,625	-	28,626	(3,911)
Changes in non-cash working capital:				
Accounts receivable	(105)	-	(105)	(685)
Inventories	1,886	-	1,886	7,395
Prepaid expenses	69	-	69	(206)
Accounts payable and accrued liabilities	<u>(2,089)</u>	<u>-</u>	<u>(2,089)</u>	<u>658</u>
	<u>28,386</u>	<u>-</u>	<u>28,387</u>	<u>3,251</u>
Investing activities:				
Investments	<u>(40,860)</u>	<u>-</u>	<u>(40,860)</u>	<u>(48,193)</u>
Financing activities:				
Net change in cash during the year	(12,474)	-	(12,473)	(44,942)
Cash position, beginning of year	<u>13,918</u>	<u>-</u>	<u>13,918</u>	<u>58,860</u>
Cash position, end of year	\$ <u>1,444</u>	<u>-</u>	<u>1,445</u>	<u>13,918</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, 2013

### 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 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.

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

### 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) 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.

#### (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.

### 3. CAPITAL ASSETS

		<u>2013</u>		<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 766	561	205	256
Leasehold improvements	4,995	3,588	1,407	1,760
Computer hardware	<u>6,454</u>	<u>5,236</u>	<u>1,218</u>	<u>1,522</u>
	<u>\$ 12,215</u>	<u>9,385</u>	<u>2,830</u>	<u>3,538</u>

# SAFE DRINKING WATER FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

### 4. 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:

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



**SAFE DRINKING WATER FOUNDATION**  
**SCHEDULE OF ADMINISTRATION REVENUES AND EXPENDITURES**

**Year ended December 31, 2013**  
with comparative figures for 2012

	<u>2013</u>	<u>2012</u>
Revenue:		
Corporate contributions	\$ -	285
Fundraising income	-	90
Individual donations	3,656	3,773
Individual memberships	-	280
Interest	603	193
Student subsidy	<u>5,600</u>	<u>5,156</u>
	9,859	9,777
Expenses:		
Amortization	708	885
Courier and postage	59	208
Fundraising expense	-	240
Insurance	656	765
Interest and bank charges	540	605
Meals and entertainment	106	143
Memberships and subscriptions	30	-
Printing	-	71
Professional fees	4,753	5,226
Rent	861	861
Salaries and benefits	5,395	4,369
Supplies	329	605
Technical	3,018	-
Telephone	161	234
Travel	<u>104</u>	<u>-</u>
	<u>16,720</u>	<u>14,212</u>
Excess of revenues over expenditures	<u>(6,861)</u>	<u>(4,435)</u>

See accompanying notes to the financial statements.

# SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS REVENUES AND EXPENDITURES

Year ended December 31, 2013  
with comparative figures for 2012

### ADVANCED ABORIGINAL WATER TREATMENT TEAM

	<u>2013</u>	<u>2012</u>
Revenue:		
Individual donations	\$ -	30
Expenditures:	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>30</u>

### ALBERTA CHAPTER PROJECT

	<u>2013</u>	<u>2012</u>
Revenue:	-	-
Expenditures:		
Interest and bank charges	\$ <u>-</u>	<u>19</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>(19)</u>

### WEBSITE

	<u>2013</u>	<u>2012</u>
Revenue:	-	-
Expenditures:		
Salaries and benefits	\$ 3,763	1,872
Technical	-	5,838
Website	<u>-</u>	<u>191</u>
	<u>3,763</u>	<u>7,901</u>
Excess of revenues over expenditures	\$ <u>(3,763)</u>	<u>(7,901)</u>

See accompanying notes to the financial statements.

## SAFE DRINKING WATER FOUNDATION

## SCHEDULE OF PROJECTS

## REVENUES AND EXPENDITURES

Year ended December 31, 2013  
with comparative figures for 2012

	<u>2013</u>	<u>2012</u>
<b><u>SCHOOL PROGRAMS</u></b>		
Revenue:		
Canadian school registration	\$ 2,914	2,916
Corporate contributions	60,351	28,670
Foundation Donations	17,000	9,000
Individual donations	481	155
Specified donations	-	3,737
TD Friends of the Environment	70,000	75,000
	<u>150,746</u>	<u>119,478</u>
Expenditures:		
Courier and postage	\$ 12,153	14,340
Lab supplies	-	21
Education programs expenses	32,660	30,899
Presentations	7	411
Rent	7,749	7,749
Salaries and benefits	55,109	56,250
Supplies	-	800
Technical	3,019	-
Telephone	1,450	1,443
Travel	57	36
	<u>112,204</u>	<u>111,949</u>
Excess of revenue over expenditures	<u>\$ 38,542</u>	<u>7,529</u>

See accompanying notes to the financial statements.