

Safe Drinking Water Foundation

Financial Statements

December 31, 2006



Hounjet/Tastad/Harpham
Certified General Accountants | Comptables Généraux Accrédités

SAFE DRINKING WATER FOUNDATION

DECEMBER 31, 2006

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Hounjet/Tastad/Harpham

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, 2006 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, 2006 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
March 22, 2007

Hounjet Tastad Harpham
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, 2006

	<u>2006</u>	<u>2005</u>
ADMINISTRATION		
Revenue (Note 7)	\$ 53,320	\$ 56,976
Expenditures	<u>(10,160)</u>	<u>(19,971)</u>
	<u>43,160</u>	<u>37,005</u>
PUBLIC EDUCATION		
Arsenic research		
Revenue (Note 7)	7,615	-
Expenditures	<u>-</u>	<u>-</u>
	<u>7,615</u>	<u>-</u>
International conference		
Revenue (Note 7)	-	4,299
Expenditures	<u>-</u>	<u>(2,286)</u>
	<u>-</u>	<u>2,013</u>
Operation Water Drop		
Revenue (Note 7)	24,129	22,256
Expenditures	<u>(8,215)</u>	<u>(15,547)</u>
	<u>15,914</u>	<u>6,709</u>
Presentations and workshops		
Expenditures	<u>(5,276)</u>	<u>(4,488)</u>
	<u>(5,276)</u>	<u>(4,488)</u>
Public education common expenditures		
Newsletter	-	(1,182)
Website	(1,967)	(1,820)
Salaries and benefits	<u>(34,925)</u>	<u>(38,637)</u>
	<u>(36,892)</u>	<u>(41,639)</u>
Summer students		
Revenue (Note 7)	16,246	15,290
Expenditures	<u>(950)</u>	<u>-</u>
	<u>15,296</u>	<u>15,290</u>
Template for change		
Revenue (Note 7)	800	-
Expenditures	<u>(53)</u>	<u>(5,840)</u>
	<u>747</u>	<u>(5,840)</u>
	<u>(2,596)</u>	<u>(27,955)</u>
NET SURPLUS	40,564	9,050
ACCUMULATED SURPLUS, beginning of year	<u>24,725</u>	<u>15,675</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 65,289</u>	<u>\$ 24,725</u>

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
CASH PROVIDED BY OPERATING ACTIVITIES (USED IN):		
OPERATING ACTIVITIES		
Net surplus	\$ 40,564	\$ 9,050
Items not requiring an outlay of cash:		
Amortization	428	430
	40,992	9,480
Changes in operating working capital:		
Accounts receivable	(17,053)	(551)
GST receivable	(1,192)	430
Inventory	(48,880)	-
Prepaid expenses	(1,062)	-
Accounts payable	(1,143)	1,717
Unearned revenue	10,560	-
	(17,778)	11,076
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(838)	-
(DECREASE) INCREASE IN CASH	(18,616)	11,076
CASH, beginning of year	25,953	14,877
CASH, end of year	\$ 7,337	\$ 25,953
<hr/>		
CASH IS REPRESENTED BY:		
Cash	\$ 7,912	\$ 25,953
Operating loan	(575)	-
	\$ 7,337	\$ 25,953

(see accompanying notes)

SAFE DRINKING WATER FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT		
Cash	\$ 7,912	\$ 25,953
Accounts receivable (Note 3)	17,604	551
GST receivable	1,750	558
Inventory (Note 4)	48,880	-
Prepaid expenses	<u>1,062</u>	<u>-</u>
	77,208	27,062
PROPERTY, PLANT AND EQUIPMENT (Note 5)	<u>2,129</u>	<u>1,718</u>
	<u>\$ 79,337</u>	<u>\$ 28,780</u>
LIABILITIES		
CURRENT		
Operating loan (Note 6)	\$ 575	\$ -
Accounts payable and accrued liabilities	2,913	4,055
Unearned revenue	<u>10,560</u>	<u>-</u>
	<u>14,048</u>	<u>4,055</u>
MEMBERS' EQUITY		
ACCUMULATED SURPLUS	<u>65,289</u>	<u>24,725</u>
	<u>\$ 79,337</u>	<u>\$ 28,780</u>

APPROVED ON BEHALF OF THE BOARD:

[Signature], Director

_____, Director

(see accompanying notes)



SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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:

Inventory

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

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%.

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>2006</u>	<u>2005</u>
Accounts receivable	\$ 12,164	\$ 551
Lawsuit judgment receivable	<u>5,440</u>	<u>-</u>
	<u>\$ 17,604</u>	<u>\$ 551</u>

4. INVENTORY

	<u>2006</u>	<u>2005</u>
Elementary school kits	\$ 16,000	\$ -
High school kits	<u>32,880</u>	<u>-</u>
	<u>\$ 48,880</u>	<u>\$ -</u>



SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2006</u>	<u>Net 2005</u>
Computer equipment	\$ 3,025	\$ 1,076	\$ 1,949	\$ 1,718
Office equipment	<u>200</u>	<u>20</u>	<u>180</u>	<u>-</u>
	<u>\$ 3,225</u>	<u>\$ 1,096</u>	<u>\$ 2,129</u>	<u>\$ 1,718</u>

6. OPERATING LOAN

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

**SAFE DRINKING WATER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2006

7. REVENUE

	<u>2006</u>	<u>2005</u>
ADMINISTRATION		
Community memberships	\$ -	\$ 100
Corporate contributions	10,100	17,500
Corporate memberships	-	100
Foundation donations	42,500	6,000
Individual donations	620	15,000
Individual memberships	25	-
Interest	-	1
Miscellaneous income	75	-
Specified donations	<u>-</u>	<u>18,275</u>
	<u>53,320</u>	<u>56,976</u>
PUBLIC EDUCATION		
Arsenic research		
Arsenic research	<u>7,615</u>	<u>-</u>
International conference		
First Nations registrations	-	4,105
Suzuki breakfast	<u>-</u>	<u>194</u>
	<u>-</u>	<u>4,299</u>
Operation Water Drop		
Green Street	10,640	22,000
Specific income	-	256
TD friends of the environment	13,350	-
U.S. school registrations	<u>139</u>	<u>-</u>
	<u>24,129</u>	<u>22,256</u>
Summer students		
Human Resources Development Canada - Alberta	4,374	-
Human Resources Development Canada - Saskatchewan	<u>11,872</u>	<u>15,290</u>
	<u>16,246</u>	<u>15,290</u>
Template for change		
Green Street	400	-
TD friends of the environment	<u>400</u>	<u>-</u>
	<u>800</u>	<u>-</u>
	<u>\$ 102,110</u>	<u>\$ 98,821</u>