

FRESHWATER FUTURE

Financial Statements
for the Year Ended September 30, 2014
and Independent Auditors' Report to the Directors

FRESHWATER FUTURE

FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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DURWARD JONES BARKWELL
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

INDEPENDENT AUDITORS' REPORT

To the Directors of Freshwater Future:

We have audited the financial statements of Freshwater Future, which comprise the statement of financial position as at September 30, 2014 and the statements of operations and deficiency and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for 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 controls 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 required 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 auditors' judgment, including the assessment of the 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 charitable organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. We were unable to obtain sufficient appropriate audit evidence about these revenues. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2014, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants

January 15, 2015



20 Corporate Park Drive, Suite 300
St. Catharines, Ontario L2S 3W2

T. 905.684.9221
TF. 866.219.9431
F. 905.684.0566

djb.com

FRESHWATER FUTURE
 STATEMENT OF OPERATIONS AND DEFICIENCY
 YEAR ENDED SEPTEMBER 30, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Support and grant revenue	\$ 43,536	\$ 41,059
Other	1,045	497
	44,581	41,556
GENERAL AND ADMINISTRATIVE EXPENSES		
Bank charges and interest	10	60
Insurance	1,061	1,192
Office supplies	19	748
Professional fees	6,451	4,113
Rent - office	1,017	1,356
Subcontracting	36,764	21,275
Travel	521	9,601
	45,843	38,345
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	(1,262)	3,211
DEFICIT, BEGINNING OF YEAR	(35)	(3,246)
DEFICIT, END OF YEAR	\$ (1,297)	\$ (35)

FRESHWATER FUTURE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash	\$ 6,406	\$ 22,047
Accounts receivable	-	497
Prepaid expenses	999	1,055
	\$ 7,405	\$ 23,599
LIABILITIES AND DEFICIENCY		
Current liabilities		
Accounts payable and accrued charges	\$ 4,448	\$ 4,224
Due to related party (Note 2)	4,254	4,254
Deferred revenue	-	15,156
	8,702	23,634
DEFICIT	(1,297)	(35)
	\$ 7,405	\$ 23,599

Approved by the Board:

..... Director

..... Director

FRESHWATER FUTURE
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenues)	\$ (1,262)	\$ 3,211
Changes in non-cash operating assets and liabilities		
Accounts receivable	497	(497)
Prepaid expenses	56	(1,055)
Accounts payable and accrued charges	224	4,224
Deferred revenue	(15,156)	15,156
	(15,641)	21,039
FINANCING ACTIVITY		
Advances from related party	-	1,008
INCREASE (DECREASE) IN CASH	(15,641)	22,047
CASH, BEGINNING OF YEAR	22,047	-
CASH, END OF YEAR	\$ 6,406	\$ 22,047

FRESHWATER FUTURE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profits organizations.

Purpose of the Organization

Freshwater Future is incorporated without share capital under the Ontario Corporations Act as a not-for-profit organization and is exempt from taxes under the Income Tax Act. The Organization's purpose is to support the Great Lakes' ecosystem research, education and management.

Revenue recognition

The Organization recognizes revenue using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the services are used in the normal course of the Organization's operations and would otherwise have been purchased

Income taxes

No provision has been made for income taxes in these financial statements as this entity is exempt from income taxes under section 149(1)(l) of the Canadian Income Tax Act.

Financial instruments

(a) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial asset measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

(b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

FRESHWATER FUTURE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used when accounting for items such as determination of deferred revenue as well as revenue recognition. Actual results could differ from management's best estimates, as additional information becomes available in the future.

2. DUE TO RELATED PARTY

As of September 30, 2014, \$4,254 was payable to Great Lakes Aquatic Habitat Network and Fund, Inc., an organization with minority joint board members, for expenses paid on behalf of the Organization. This amount is non-interest bearing with no specific terms of repayment. The transaction was measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

3. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Organization is not exposed to significant interest rate, market, currency, credit or liquidity risks arising from its financial instruments.

4. CONTRIBUTED SERVICES

During the year ended September 30, 2014 the Organization received contributed services of \$11,798 (2013 - NIL), representing the estimated fair value contributions of management and bookkeeping services.
