

# **FRESHWATER FUTURE CANADA**

Financial Statements  
for the Year Ended September 30, 2016  
and Independent Auditors' Report to the Directors

**FRESHWATER FUTURE CANADA**  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

DURWARD JONES BARKWELL  
& COMPANY LLP

Big enough to know. SMALL ENOUGH TO CARE.

## INDEPENDENT AUDITORS' REPORT

To the Directors of  
Freshwater Future Canada:

We have audited the financial statements of Freshwater Future Canada, which comprise the statement of financial position as at September 30, 2016 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. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2016 and 2015, current assets as at September 30, 2016 and 2015, and net assets as at October 1 and September 30 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended September 30, 2015 was modified accordingly because of the possible effects of this limitation in scope.

### 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, 2016, 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

March 24, 2017

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# FRESHWATER FUTURE CANADA

STATEMENT OF OPERATIONS AND DEFICIENCY  
YEAR ENDED SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Support and grant revenue	\$ 132,593	\$ 51,429
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Bank charges and interest	67	52
Insurance	1,105	1,105
Office supplies	450	1,846
Professional fees	7,792	4,349
Rent - office	-	1,017
Subcontracting	126,246	38,350
Travel	2,513	1,824
	<u>138,173</u>	<u>48,543</u>
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<b>(5,580)</b>	2,886
<b>FUND BALANCE (DEFICIT) BEGINNING OF YEAR</b>	<b>1,589</b>	<b>(1,297)</b>
<b>FUND BALANCE (DEFICIT) END OF YEAR</b>	<b>\$ (3,991)</b>	<b>\$ 1,589</b>

# FRESHWATER FUTURE CANADA

STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2016

	2016	2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 12,510	\$ 19,682
Accounts receivable	2,000	-
Prepaid expenses	999	999
	<b>\$ 15,509</b>	<b>\$ 20,681</b>
<b>LIABILITIES AND DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued charges	\$ 7,000	\$ 5,428
<b>Deferred contributions (Note 2)</b>	<b>12,500</b>	<b>13,664</b>
	<b>19,500</b>	<b>19,092</b>
<b>FUND BALANCE (DEFICIT)</b>	<b>(3,991)</b>	<b>1,589</b>
	<b>\$ 15,509</b>	<b>\$ 20,681</b>

Approved by the Board:

..... Director

..... Director

# FRESHWATER FUTURE CANADA

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses (expenses over revenue)	\$ (5,580)	\$ 2,886
Changes in non-cash operating assets and liabilities		
Accounts receivable	(2,000)	-
Accounts payable and accrued charges	1,572	980
Deferred contributions	(1,164)	13,664
	(7,172)	17,530
<b>FINANCING ACTIVITY</b>		
Repayment to related party	-	(4,254)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(7,172)</b>	<b>13,276</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>19,682</b>	<b>6,406</b>
<b>CASH, END OF YEAR</b>	<b>\$ 12,510</b>	<b>\$ 19,682</b>

# FRESHWATER FUTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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## 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 Canada 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. The Organization is a registered charity and is exempt from income taxes under section 149(1)(1) of the Canadian Income Tax Act.

### ***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.

### ***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 and accounts receivable.

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.

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# FRESHWATER FUTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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## 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.

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## 2. DEFERRED CONTRIBUTIONS

Deferred revenues represent unspent externally restricted resources for projects that have an ending contract date subsequent to year end.

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## 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.

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## 4. CONTRIBUTED SERVICES

During the year ended September 30, 2016 the Organization received contributed services of \$19,652 (2015 - \$14,514), representing the estimated fair value contributions of management, administrative and bookkeeping services.

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# FRESHWATER FUTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

## 5. CONTROLLED NOT-FOR-PROFIT ORGANIZATION NOT CONSOLIDATED

The Organization is related to Great Lakes Aquatic Habitat Network and Fund, Inc by virtue of the majority of the board of directors being common to both organizations.

Great Lakes Aquatic Habitat Network and Fund, Inc is a Michigan, USA, non-profit corporation. The organization was organized to promote the protection and enhancement of water quality and water resources in the Great Lakes.

Great Lakes Aquatic Habitat Network and Fund, Inc has not been consolidated with these financial statements. Financial summaries of Great Lakes Aquatic Habitat Network and Fund, Inc, which discloses their operations in conformity with accounting principles generally accepted in the United States of America, are outlined as follows for the most recently completed audited financial statements as at September 30, 2016 (converted to Canadian funds):

### Financial position

	2016
Total assets	\$ 1,145,515
Total liabilities	<u>515,128</u>
Net assets	<u>\$ 630,387</u>

### Results of operations

	2016
Total revenues	\$ 900,931
Total expenses	<u>1,062,864</u>
Deficiency of revenue over expenses	<u>\$ (161,933)</u>

### Cash flows

	2016
Cash flows used by operating activities	<u>\$ (379,077)</u>
Decrease in cash	<u>\$ (379,077)</u>