

AQUAFORUM
FINANCIAL STATEMENTS
DECEMBER 31, 2016

AQUAFORUM

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Partnership of chartered professional accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
AQUAFORUM

We have audited the accompanying financial statements of **AQUAFORUM**, which comprise the statement of financial position as at **December 31, 2016**, and the statements of operations and net assets, 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 accounting standards for not-for-profit organizations, 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **AQUAFORUM** as at **December 31, 2016**, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

HHL, S.E.N.C.

Julie Larsen, CPA auditor, CA

Julie Larsen, CPA auditor, CA

July 11, 2017

Montreal, Quebec

AQUAFORUM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

ASSETS

Current		
Cash		\$ 40,088

LIABILITIES

Current		
Accounts payable and accrued liabilities	(note 3)	\$ 33,556

NET ASSETS

Unrestricted		6,532
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		\$ 40,088
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On behalf of the Board of Directors:

_____ **Director**

_____ **Director**

See notes to financial statements

AQUAFORUM

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED DECEMBER 31, 2016

Revenues

Contribution - de Gaspé Beaubien Foundation	(note 3)	\$	492,780
Donations - individuals			1,475
Government partnership			240,750
Sponsorship			158,500
Registration fees			18,593
			<hr/>
			912,098

Expenses (per attached schedule)

Event-related expenses			405,104
Communication plan			113,786
Administrative and other expenses			386,676
			<hr/>
			905,566

Excess of revenues over expenses 6,532

Net assets at beginning of year ---

Net assets at end of year \$ 6,532

AQUAFORUM

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

Operating activities

Excess of revenues over expenses \$ 6,532

Net change in non-cash items related to operating activities:

Increase in accounts payable and accrued liabilities 33,556

Increase in cash 40,088

Cash at beginning of year ---

Cash at end of year \$ 40,088

AQUAFORUM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. Status of incorporation and nature of activities

Aquaforum was incorporated as a not-for-profit organization under the *Canada Not-for-profit Corporations Act* on December 10, 2015, and is a registered charity under the *Income Tax Act*.

Its purpose is to conserve the Great Lakes and St. Lawrence Basin, and to foster the quality and responsible use of its waters.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

The organization follows the deferral method of accounting for contributions, which include donations, government partnership, and sponsorship. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from registration fees for summits are recognized when the summit is held, and collection is reasonably assured.

b) Translation of foreign currency transactions

The organization uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at exchange rates in effect on the transaction date. Exchange gains and losses are included in the statement of operations.

c) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

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

d) In-kind contributed services

The organization sometimes receives in-kind contributions such as computer services. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements.

AQUAFORUM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

3. *Related party transactions*

- a) The organization incurred fees from an entity under the control of a director and members of the director's family for office space and related services, corporate secretarial, accounting and financial services. These fees were included in the expenses as follows:

Website maintenance	\$	812
Office management fees		35,836
Professional fees and miscellaneous		3,106
		<hr/>
	\$	39,754

- b) During the year, family members of a director were reimbursed for expenses incurred in the course of the organization's operations. These expenses relate mainly to certain event-related expenses, and totaled \$12,036 in 2016. As at December 31, 2016, there was a balance owing of \$12,036 included in accounts payable and accrued liabilities.

- c) During the year, the de Gaspé Beaubien Foundation acted as an agent on behalf of Aquaforum. The board of directors of Aquaforum includes one member of the de Gaspé Beaubien family out of a total of four directors. The de Gaspé Beaubien Foundation transferred the revenues and expenses relating to Aquaforum, as well as transfers of cash, in the net amount of \$492,780, as follows:

Expenses	\$	251,035
Management fees for operational services		248,970
Cash donations		350,000
Revenues		(357,225)
		<hr/>
	\$	492,780

All of the above transactions were carried out in the normal course of operations, and are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties.

4. *Financial instruments*

The organization is exposed to the following risk through its financial instruments.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.