

**Watercan/Eau Vive
WaterAid Canada**

Financial Statements
March 31, 2016



June 16, 2016

Independent Auditor's Report

**To the Board of Directors of
Watercan/Eau Vive Corporation, operating as WaterAid Canada**

We have audited the accompanying financial statements of Watercan/Eau Vive Corporation, operating as WaterAid Canada, which comprise the statement of financial position as at March 31, 2016 and the statements of changes in net assets, operations and cash flows for the year then ended, and the related notes, which comprise 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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, WaterAid Canada derives revenue from donor contributions, 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 WaterAid Canada. Therefore, we were not able to determine whether any adjustments might be necessary to donor contributions revenue, net revenue (expense) for the year and cash flows from operations for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015 and net assets as at March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 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 for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of WaterAid Canada as at March 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

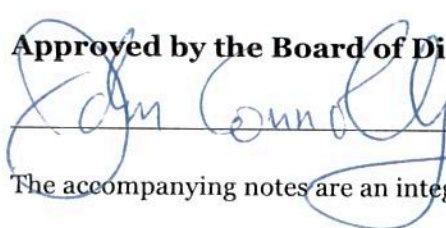
Watercan/Eau Vive Corporation, operating as WaterAid Canada

Statement of Financial Position

As at March 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	3,589,194	1,140,514
Investments (note 3)	-	116,123
Accounts receivable	63,094	46,189
Prepaid expenses	7,852	-
Advances to projects	117,711	114,392
	3,777,851	1,417,218
Capital assets (note 4)	23,913	7,261
	3,801,764	1,424,479
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	246,579	124,455
Deferred contributions (note 6)	3,356,906	804,728
	3,603,485	929,183
Net assets		
Unrestricted	47,468	236,137
Invested in capital assets	23,913	7,261
Internally restricted - Reserve (note 7)	126,898	251,898
	198,279	495,296
	3,801,764	1,424,479
Commitments and contingencies (note 8)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Statement of Changes in Net Assets

For the year ended March 31, 2016

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfers (from) to \$	Balance - End of year \$
Unrestricted	236,137	(280,315)	91,646	47,468
Invested in capital assets	7,261	(16,702)	33,354	23,913
Internally restricted - Reserve	251,898	-	(125,000)	126,898
	<u>495,296</u>	<u>(297,017)</u>	<u>-</u>	<u>198,279</u>

The accompanying notes are an integral part of these financial statements.

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Statement of Operations

For the year ended March 31, 2016

	2016 \$	2015 \$
Revenue		
Global Affairs Canada (note 8)	1,478,304	1,019,626
Donor contributions (note 9)	1,438,885	1,599,642
WaterAid UK	285,874	320,000
Amref Health Africa	16,664	-
Other income	37,589	27,128
	<u>3,257,316</u>	<u>2,966,396</u>
Expense (notes 10 and 11)		
International program	2,313,891	1,721,468
Public engagement program	324,492	276,937
Fundraising program	738,428	622,392
Canadian administration	177,522	233,502
	<u>3,554,333</u>	<u>2,854,299</u>
Net revenue (expense) for the year	<u>(297,017)</u>	<u>112,097</u>

The accompanying notes are an integral part of these financial statements.

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Statement of Cash Flows

For the year ended March 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	(297,017)	112,097
Items not involving cash -		
Depreciation of capital assets	16,702	7,972
Donated investments	-	(113,588)
Gain on disposal of investments	(3,260)	-
Net change in non-cash working capital items	2,646,226	63,096
	<u>2,362,651</u>	<u>69,577</u>
Investing activities		
Proceeds on disposal of investments	119,383	-
Purchase of capital assets	(33,354)	(9,155)
	<u>86,029</u>	<u>(9,155)</u>
Net change in cash for the year	2,448,680	60,422
Cash - Beginning of year	<u>1,140,514</u>	<u>1,080,092</u>
Cash - End of year	<u>3,589,194</u>	<u>1,140,514</u>

The accompanying notes are an integral part of these financial statements.

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Notes to Financial Statements

March 31, 2016

1 Organization

The mission of Watercan/Eau Vive Corporation, operating as WaterAid Canada ("the Corporation"), is to help citizens of developing countries build sustainable water supply and sanitation services, and to encourage Canadians to lend support. The Corporation is incorporated under the *Canada Not-for-profit Corporations Act* and is exempt from income taxes as a registered charity under the *Income Tax Act*.

2 Significant accounting policies

Use of estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from these estimates.

Investments

Investments are measured at fair value. Changes in fair value are recognized in net expense for the year.

Capital assets and amortization

Capital assets are initially recorded at cost, and are then amortized on a straight-line basis over their estimated useful lives as follows.

Furniture and equipment	5 years
Computer software and equipment	3 years

Revenue recognition

The Corporation follows the deferral method of accounting for contributions.

Restricted contributions are deferred and recognized as revenue when the related restrictions are met.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Volunteer services

The value of services donated by volunteers is not recognized in these financial statements.

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Notes to Financial Statements

March 31, 2016

Allocation of expenses

The Corporation engages in international, public engagement, and fundraising programs. The cost of each program includes the cost of personnel, premises and other expenses that are directly related to providing the program.

The Corporation also incurs a number of general expenses that are common to the administration of the Corporation and each of its programs.

Administration expenses are allocated to each program based on the estimate of time spent by the relevant administration personnel on these areas (note 11).

3 Investments

	2016 \$	2015 \$
SNC Lavalin	-	1,071
Corning Inc.	-	3,363
Canadian Utilities	-	40,845
RBC	-	68,309
Other	-	2,535
	-	116,123

4 Capital assets

	2016		2015	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	11,720	8,174	3,546	3,086
Computer software	29,513	9,838	19,675	-
Computer equipment	1,038	346	692	4,175
	42,271	18,358	23,913	7,261

5 Government remittances

Government remittances are \$nil as at March 31, 2015 (2015 - \$nil).

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Notes to Financial Statements

March 31, 2016

6 Deferred contributions

	Balance - Beginning of year \$	Amounts received during the year \$	Recognized during the year \$	Balance - End of year \$
Global Affairs	774,804	4,034,812	(1,478,304)	3,331,312
Walk for water	29,924	180,076	(210,000)	-
Other	-	383,264	(357,670)	25,594
	804,728	4,598,152	(2,045,974)	3,356,906

7 Reserve

The Reserve is intended to provide the Corporation time to adjust its expenses in the event of a significant decrease in revenue.

8 Commitments and contingencies

The Corporation has leased premises for a total commitment of \$36,980, expiring March 31, 2017.

Contributions received from Global Affairs Canada are to be used for specific purposes which are stipulated in a funding agreement. Any amounts which do not comply with the agreements are refundable to Global Affairs Canada. Adjustments, if any, to prior years' contributions would be recorded in the year in which the refund was established.

9 Donor contributions

	2016 \$	2015 \$
General donations	957,012	1,004,884
Special events	51,458	36,332
Walk for Water	430,415	558,426
	1,438,885	1,599,642

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Notes to Financial Statements

March 31, 2016

10 Expenses

	2016 \$	2015 \$
International Program		
International projects	1,980,097	1,540,910
International program operations	333,794	180,558
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	2,313,891	1,721,468
Public Engagement Program		
Annual report, newsletter	25,643	10,292
School outreach program	-	1,597
Website	10,818	6,606
Special events/other	26,036	66,054
Public engagement program operations	261,995	192,388
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	324,492	276,937
Fundraising Program		
Direct mail	144,553	47,825
Special events	39,014	25,305
Fundraising program operations	443,678	388,832
Walk for Water	58,632	19,003
Other	52,551	141,427
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	738,428	622,392
Canadian administration		
Salaries and benefits	79,928	115,804
Rent	9,218	8,735
Professional fees	45,566	21,282
Office	42,810	87,681
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	177,522	233,502

Watercan/Eau Vive Corporation, operating as WaterAid Canada

Notes to Financial Statements

March 31, 2016

11 Allocation of expenses

Administration expenses, including occupancy costs, computer and facility maintenance and insurance, have been allocated as follows.

	2016 \$	2015 \$
International programs	25,915	49,012
Public engagement program	32,680	53,685
Fundraising program	29,035	52,000
Canadian administration	39,174	52,031
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	126,804	206,728
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