

**WATERCAN/EAU VIVE CORPORATION**  
**operating as WaterAid Canada**

FINANCIAL STATEMENTS

MARCH 31, 2017

**WATERCAN/EAU VIVE CORPORATION**  
**operating as WaterAid Canada**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
WaterCan/Eau vive Corporation

We have audited the accompanying financial statements of WaterCan/Eau vive Corporation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in 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 qualified audit opinion.

*Basis for Qualified Opinion*

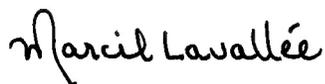
In common with many registered charities, WaterCan/Eau vive Corporation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended March 31, 2017, current assets as at March 31, 2017, and net assets as at April 1, 2016.

*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 WaterCan/Eau vive Corporation as at March 31, 2017, 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.

*Other Matter*

The financial statements of WaterCan/Eau vive Corporation for the year ended March 31, 2016, were audited by another independent auditor who expressed a qualified opinion on those statements on June 16, 2016 for the reason described in the Qualified Opinion paragraph.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
June 22, 2017

# **WATERCAN/EAU VIVE CORPORATION**

operating as WaterAid Canada

## **STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2017**

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	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Grants and contributions		
- Global Affairs Canada	\$ 3,058,812	\$ 1,478,304
- One Drop Foundation	1,511,502	-
- WaterAid UK	1,496,211	285,874
- Amref Health Africa in Canada	581,909	16,664
Donations (Note 3)	1,421,111	1,469,966
Other	964	6,508
	<b>8,070,509</b>	<b>3,257,316</b>
<b>EXPENSES</b>		
International program (Schedule A)	6,558,683	2,313,891
Public engagement program (Schedule B)	400,262	324,492
Fundraising program (Schedule C)	899,835	738,428
Canadian administration (Schedule D)	149,577	177,522
	<b>8,008,357</b>	<b>3,554,333</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 62,152</b>	<b>\$ (297,017)</b>

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

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		<u>Internal Restrictions</u>			
	<u>Unrestricted</u>	<u>Reserve Fund</u>	<u>Invested in Capital Assets</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 47,468	\$ 126,898	\$ 23,913	\$ 198,279	\$ 495,296
Excess (deficiency) of revenue over expenses	76,801	-	(14,649)	62,152	(297,017)
Invested in capital assets	(8,891)	-	8,891	-	-
Interfund transfers (Note 8)	(67,910)	67,910	-	-	-
<b>BALANCE, END OF YEAR</b>	\$ 47,468	\$ 194,808	\$ 18,155	\$ 260,431	\$ 198,279

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

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	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,112,243	\$ 3,589,194
Accounts receivable (Note 4)	41,865	46,430
Grants and contributions receivable (Note 5)	347,894	16,664
Advances to projects	532,917	117,711
Prepaid expenses	11,083	7,852
	<b>4,046,002</b>	<b>3,777,851</b>
<b>CAPITAL ASSETS (Note 6)</b>	<b>18,155</b>	<b>23,913</b>
	<b>\$ 4,064,157</b>	<b>\$ 3,801,764</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 487,418	\$ 246,579
Deferred grants, contributions and donations (Note 7)	3,316,308	3,356,906
	<b>3,803,726</b>	<b>3,603,485</b>
<b>NET ASSETS</b>		
Unrestricted	47,468	47,468
Internal Restrictions		
Reserve Fund (Note 8)	194,808	126,898
Invested in Capital Assets	18,155	23,913
	<b>260,431</b>	<b>198,279</b>
	<b>\$ 4,064,157</b>	<b>\$ 3,801,764</b>

ON BEHALF OF THE BOARD

  
\_\_\_\_\_, Director

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

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	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 62,152	\$ (297,017)
<b>Adjustments for:</b>		
Amortization of capital assets	14,649	16,702
Gain on disposal of investments	-	(3,260)
	<b>76,801</b>	<b>(283,575)</b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	4,565	(16,905)
Grants and contributions receivable	(331,230)	-
Advances to projects	(415,206)	(3,319)
Prepaid expenses	(3,231)	(7,852)
Accounts payable and accrued liabilities	240,839	122,124
Deferred grants, contributions and donations	(40,598)	2,552,178
	<b>(544,861)</b>	<b>2,646,226</b>
	<b>(468,060)</b>	<b>2,362,651</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of investments	-	119,383
Acquisition of capital assets	(8,891)	(33,354)
	<b>(8,891)</b>	<b>86,029</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(476,951)</b>	<b>2,448,680</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,589,194</b>	<b>1,140,514</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,112,243</b>	<b>\$ 3,589,194</b>

Cash and cash equivalents consist of cash.

# **WATERCAN/EAU VIVE CORPORATION**

operating as WaterAid Canada

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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### **1. STATUTE AND NATURE OF OPERATIONS**

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 as a not-for-profit organization 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**

The Corporation applies Canadian accounting standards for not-for-profit organizations (ASNFPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### **Use of estimates**

The preparation of financial statements in compliance with the ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. In preparing the financial statements, the amount of expenses relating to International projects is recorded based on reports submitted by the partners and country programs. Since these expenses are subject to audit by the funder or sponsor and that these audits can be carried out during the course of the project, the amount of expenses claimed is assumed to be admissible under these agreements and the final actual amount may differ from the amount initially recorded.

#### **Revenue recognition**

The Corporation follows the deferral method of accounting for grants, contributions and restricted donations. Under this method, grants, contributions and restricted donations for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. These revenues may be repayable if not utilized within their respective programs.

Unrestricted donations are recognized as revenue when received or receivable, provided that the amount to be received can be reasonably estimated and collection reasonably assured.

Other revenues are recognized when earned.

#### **Contribution receivable**

A contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### **Contributed services**

The Corporation would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the inherent difficulty in compiling these hours, contributed services are not recognized in the financial statements.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Allocated expenses

The Corporation allocates certain of its salaries and benefits as well as its administration expenses to the international, the public engagement and the fundraising programs by identifying the appropriate basis of allocating each component and applies that basis consistently each year.

Salaries and benefits are allocated to each program based on estimated time spent on each program or based on actual time worked on projects and programs. Administration expenses are allocated on the basis of the approved budget which are based on the actual needs of the Corporation.

#### Cash and cash equivalents

The Corporation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

#### Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method over the following periods:

Furniture and equipment	5 years
Computer equipment	3 years

#### Write-down of capital assets

When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

#### Foreign currency transactions

The Corporation 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. Items appearing in the current year's statement of operations, except for cost of inventories and depreciation translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

#### Financial instruments

##### *Measurement of financial instruments*

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

Financial assets measured at amortized cost include cash, accounts receivable, grants and contributions receivable and advances to projects.

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

#### *Impairment*

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of possible impairment. The Corporation determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

#### *Transaction costs*

Transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

### 3. DONATIONS

	2017	2016
General donations	\$ 914,736	\$ 988,093
Walk for Water	466,663	430,415
Special events	39,712	51,458
	<b>\$ 1,421,111</b>	<b>\$ 1,469,966</b>

### 4. ACCOUNTS RECEIVABLE

	2017	2016
HST receivable	\$ 28,392	\$ 38,501
Other	13,473	7,929
	<b>\$ 41,865</b>	<b>\$ 46,430</b>

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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### 5. GRANTS AND CONTRIBUTIONS RECEIVABLE

		2017		2016
Global Affairs Canada - School Wash Program	\$	208,958	\$	-
One Drop Foundation - Mali Project		138,936		-
Amref Health Africa in Canada - Tanzania Project		-		16,664
	\$	347,894	\$	16,664

### 6. CAPITAL ASSETS

		Cost	Accumulated amortization		2017		2016
Furniture and equipment	\$	14,432	\$ 10,580	\$	3,852	\$	3,546
Computer equipment		36,730	22,427		14,303		20,367
	\$	51,162	\$ 33,007	\$	18,155	\$	23,913

### 7. DEFERRED GRANTS, CONTRIBUTIONS AND DONATIONS

The deferred grants, contributions and donations represent restricted funding that is related to the subsequent year and are detailed as follows:

		2017		2016
Global Affairs Canada - Ghana Project	\$	2,171,106	\$	2,536,044
Amref Health Africa in Canada - Tanzania Project		729,394		-
WaterAid UK		405,808		-
Aveda Walk for Water - Madagascar Project		10,000		-
Global Affairs Canada - School Wash Program		-		795,268
Restricted donations - School Wash Program		-		25,594
	\$	3,316,308	\$	3,356,906

		2017		2016
Balance, beginning of the year	\$	3,356,906	\$	804,728
Plus: Amount received during the year		7,435,392		4,598,152
Less: Amount recognized as revenue in the year		(7,475,990)		(2,045,974)
Balance, end of year	\$	3,316,308	\$	3,356,906

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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### 8. INTERNAL RESTRICTIONS

The Reserve Fund is intended to set aside funds to help the Corporation in the event of a significant decrease in revenue.

During the year, the Board of Directors has approved a transfer of \$67,910 to the Reserve Fund.

### 9. ALLOCATED EXPENSES

Salaries and benefits and administration expenses have been allocated to the programs as follows:

	Salaries and benefits		Administration expenses	
	2017	2016	2017	2016
International program	\$ 532,701	\$ 430,104	\$ 35,236	\$ 25,915
Public engagement program	202,952	200,957	37,585	32,680
Fundraising program	423,806	364,926	41,870	29,035
	<b>\$ 1,159,459</b>	<b>\$ 995,987</b>	<b>\$ 114,691</b>	<b>\$ 87,630</b>

### 10. FINANCIAL INSTRUMENTS

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2017, assets include cash of \$69,948 (2016: \$ -) in U.S. dollars, which have been converted into Canadian dollars.

### 11. CONTINGENCIES

#### Other indemnification agreements

In the normal course of operations, the Corporation signs agreements whereby funds are provided for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the Corporation to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

### 12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2017

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	2017	2016
<b>SCHEDULE A - INTERNATIONAL PROGRAM</b>		
International projects	\$ 6,009,032	\$ 1,980,097
International program operations	549,651	333,794
	<b>\$ 6,558,683</b>	<b>\$ 2,313,891</b>

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## SCHEDULE B - PUBLIC ENGAGEMENT PROGRAM

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Public engagement program operations	\$ 240,537	\$ 237,375
Website	78,966	18,926
Media and communications	39,203	15,921
Annual report and newsletter	22,709	25,643
Special events/other	18,847	26,627
	<b>\$ 400,262</b>	<b>\$ 324,492</b>

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## SCHEDULE C - FUNDRAISING PROGRAM

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Fundraising program operations	\$ 603,349	\$ 488,532
New donor acquisition	174,492	110,296
Walk for Water	59,543	58,632
Direct mail	49,363	41,954
Special events	13,088	39,014
	<b>\$ 899,835</b>	<b>\$ 738,428</b>

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## SCHEDULE D - CANADIAN ADMINISTRATION

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Salaries and benefits	\$ 87,744	\$ 79,928
Office	38,868	42,810
Professional fees	12,760	45,566
Rent	10,205	9,218
	<b>\$ 149,577</b>	<b>\$ 177,522</b>

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