

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

FINANCIAL STATEMENTS

MARCH 31, 2018

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

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
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, 2018, 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.

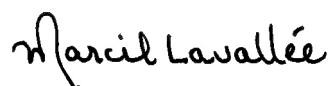
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Basis for Qualified Opinion*

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 of revenue over expenses, and cash flows from operations for the year ended March 31, 2018, current assets as at March 31, 2018, and net assets as at April 1, 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 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 WaterCan/Eau vive Corporation as at March 31, 2018, 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
June 21, 2018

# **WATERCAN/EAU VIVE CORPORATION**

operating as WaterAid Canada

## **STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Grants and contributions		
- Global Affairs Canada	\$ 2,399,316	\$ 3,058,812
- WaterAid UK	1,788,394	1,496,211
- Amref Health Africa in Canada	1,160,638	581,909
- One Drop Foundation	896,710	1,511,502
- WaterAid America / Gates Foundation	42,609	-
Donations (Note 3)	2,378,627	1,421,111
Other	28	964
	<b>8,666,322</b>	<b>8,070,509</b>
<b>EXPENSES</b>		
International program (Schedule A)	6,536,651	6,558,683
Public engagement program (Schedule B)	512,273	400,262
Fundraising program (Schedule C)	1,252,188	899,835
Canadian administration (Schedule D)	191,352	149,577
	<b>8,492,464</b>	<b>8,008,357</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 173,858</b>	<b>\$ 62,152</b>

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

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	Unrestricted	Internal Restrictions		2018 Total	2017 Total
		Reserve Fund	Invested in Capital Assets		
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 47,468	\$ 194,808	\$ 18,155	\$ 260,431	\$ 198,279
Excess of revenue over expenses	189,057	-	(15,199)	173,858	62,152
Invested in capital assets	(5,849)	-	5,849	-	-
Interfund transfers (Note 8)	(55,192)	55,192	-	-	-
<b>BALANCE, END OF YEAR</b>	\$ 175,484	\$ 250,000	\$ 8,805	\$ 434,289	\$ 260,431

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF FINANCIAL POSITION


MARCH 31, 2018

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	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,851,738	\$ 3,112,243
Accounts receivable (Note 4)	118,179	41,865
Advances to projects	269,115	532,917
Grants and contributions receivable (Note 5)	-	347,894
Prepaid expenses	3,967	11,083
	4,242,999	4,046,002
<b>CAPITAL ASSETS (Note 6)</b>	<b>8,805</b>	<b>18,155</b>
	\$ 4,251,804	\$ 4,064,157
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 46,636	\$ 117,293
Due to projects	200,673	370,125
Deferred grants, contributions and donations (Note 7)	3,570,206	3,316,308
	3,817,515	3,803,726
<b>NET ASSETS</b>		
Unrestricted	175,484	47,468
Internal Restrictions (Note 8)		
Reserve Fund	250,000	194,808
Invested in Capital Assets	8,805	18,155
	434,289	260,431
	\$ 4,251,804	\$ 4,064,157

ON BEHALF OF THE BOARD

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

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

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

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	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 173,858	\$ 62,152
<b>Adjustment for:</b>		
Amortization of capital assets	15,199	14,649
	<b>189,057</b>	<b>76,801</b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	(76,314)	4,565
Grants and contributions receivable	347,894	(331,230)
Advances to projects	263,802	(415,206)
Prepaid expenses	7,116	(3,231)
Accounts payable and accrued liabilities	(70,657)	240,839
Due to projects	(169,452)	-
Deferred grants, contributions and donations	253,898	(40,598)
	<b>556,287</b>	<b>(544,861)</b>
	<b>745,344</b>	<b>(468,060)</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	(5,849)	(8,891)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>739,495</b>	<b>(476,951)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	<b>3,112,243</b>	<b>3,589,194</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	<b>\$ 3,851,738</b>	<b>\$ 3,112,243</b>

Cash and cash equivalents consist of cash.



# **WATERCAN/EAU VIVE CORPORATION**

operating as WaterAid Canada

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2018**

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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 Organization 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, 2018

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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 Organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that may fluctuate 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 Organization'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.

#### Translation of foreign currency transactions and financial statement items

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. 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.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments**

##### *Measurement of financial instruments*

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

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

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 and due to projects.

##### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Organization 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.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 3. DONATIONS

	2018	2017
General donations	\$ 1,987,536	\$ 914,736
Walk for Water	289,280	466,663
Special events	101,811	39,712
	\$ 2,378,627	\$ 1,421,111

### 4. ACCOUNTS RECEIVABLE

	2018	2017
WaterAid UK	\$ 42,667	\$ -
Other	53,110	13,473
HST receivable	22,402	28,392
	\$ 118,179	\$ 41,865

### 5. GRANTS AND CONTRIBUTIONS RECEIVABLE

	2018	2017
One Drop Foundation - Mali Project	\$ -	\$ 138,936
Global Affairs Canada - School Wash Program	-	208,958
	\$ -	\$ 347,894

### 6. CAPITAL ASSETS

	Cost	Accumulated amortization	2018	2017
Furniture and equipment	\$ 15,162	\$ 11,829	\$ 3,333	\$ 3,852
Computer equipment	41,849	36,377	5,472	14,303
	\$ 57,011	\$ 48,206	\$ 8,805	\$ 18,155

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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### 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:

	2018	2017
Global Affairs Canada - Ghana Project	\$ 2,744,183	\$ 2,171,106
Amref Health Africa in Canada - Tanzania Project	554,380	729,394
Aveda Walk for Water - Madagascar Project	141,278	10,000
WaterAid America / Gates Foundation	59,871	-
One Drop Foundation - Mali Project	58,646	-
WaterAid Sweden	11,848	-
WaterAid UK	-	405,808
	<b>\$ 3,570,206</b>	<b>\$ 3,316,308</b>

	2018	2017
Balance, beginning of the year	\$ 3,316,308	\$ 3,356,906
Plus: Amount granted during the year	6,219,720	7,435,392
Less: Amount recognized as revenue in the year	(5,965,822)	(7,475,990)
Balance, end of year	<b>\$ 3,570,206</b>	<b>\$ 3,316,308</b>

### 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 \$55,192 from the Unrestricted Fund to the Reserve Fund.

### 9. ALLOCATED EXPENSES

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

	Salaries and benefits		Administrative expenses	
	2018	2017	2018	2017
International program	\$ 514,561	\$ 532,701	\$ 43,938	\$ 35,236
Public engagement program	194,377	202,952	43,150	37,585
Fundraising program	507,065	423,806	49,207	41,870
	<b>\$ 1,216,003</b>	<b>\$ 1,159,459</b>	<b>\$ 136,295</b>	<b>\$ 114,691</b>

# **WATERCAN/EAU VIVE CORPORATION**

operating as WaterAid Canada

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2018**

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### **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, 2018, assets include cash of \$3,114 (2017: \$69,948) 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, 2018

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	2018	2017
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<b>SCHEDULE A - INTERNATIONAL PROGRAM</b>		
International projects	\$ 6,182,303	\$ 6,009,032
International program operations	354,348	549,651
	<b>\$ 6,536,651</b>	<b>\$ 6,558,683</b>

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## SCHEDULE B - PUBLIC ENGAGEMENT PROGRAM

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Public engagement program operations	\$ 237,527	\$ 240,537
Website	94,391	78,966
Media and communications	92,514	39,203
Special events/other	81,049	18,847
Annual report and newsletter	6,792	22,709
	<b>\$ 512,273</b>	<b>\$ 400,262</b>

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## SCHEDULE C - FUNDRAISING PROGRAM

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Fundraising program operations	\$ 601,645	\$ 603,349
New donor acquisition	515,146	174,492
Walk for Water	65,964	59,543
Direct mail	44,779	49,363
Special events	24,654	13,088
	<b>\$ 1,252,188</b>	<b>\$ 899,835</b>

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## SCHEDULE D - CANADIAN ADMINISTRATION

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Salaries and benefits	\$ 135,797	\$ 87,744
Professional fees	21,526	12,760
Office	23,795	38,868
Rent	10,234	10,205
	<b>\$ 191,352</b>	<b>\$ 149,577</b>

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