

WATERCAN/EAU VIVE CORPORATION
operating as WaterAid Canada

FINANCIAL STATEMENTS

MARCH 31, 2019

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

Qualified Opinion

We have audited the financial statements of WaterCan/Eau vive Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, 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.

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 years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at March 31, 2019 and 2018 and April 1, 2017. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

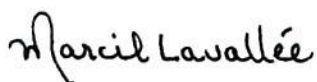
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
June 18, 2019

Marcil Lavallée

WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

STATEMENT OF OPERATIONS**FOR THE YEAR ENDED MARCH 31, 2019****3**

	2019	2018
REVENUE		
Grants and contributions		
- Global Affairs Canada	\$ 2,358,304	\$ 2,399,316
- One Drop Foundation	1,088,265	896,710
- Amref Health Africa in Canada	1,007,178	1,160,638
- WaterAid UK	908,759	1,788,394
- WaterAid America / Gates Foundation	46,343	42,609
- Pathy Family Foundation	7,255	-
Donations (Note 3)	2,355,449	2,378,655
	7,771,553	8,666,322
EXPENSES		
International program (Schedule A)	5,803,247	6,536,651
Fundraising (Schedule B)	1,173,092	1,252,188
Public engagement (Schedule C)	388,580	512,273
Canadian administration (Schedule D)	244,704	191,352
	7,609,623	8,492,464
EXCESS OF REVENUE OVER EXPENSES	\$ 161,930	\$ 173,858

WATERCAN/EAU VIVE CORPORATION
operating as WaterAid Canada

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

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		<u>Internal Restrictions</u>			
	Unrestricted	Reserve Fund	Invested in Capital Assets	2019 Total	2018 Total
BALANCE, BEGINNING OF YEAR	\$ 175,484	\$ 250,000	\$ 8,805	\$ 434,289	\$ 260,431
Excess of revenue over expenses	168,352	-	(6,422)	161,930	173,858
Invested in capital assets	(6,549)	-	6,549	-	-
BALANCE, END OF YEAR	\$ 337,287	\$ 250,000	\$ 8,932	\$ 596,219	\$ 434,289

WATERCAN/EAU VIVE CORPORATION

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STATEMENT OF FINANCIAL POSITION**MARCH 31, 2019****5**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,432,077	\$ 3,851,738
Accounts receivable (Note 4)	123,791	118,179
Advances to projects	223,037	269,115
Prepaid expenses	-	3,967
	3,778,905	4,242,999
CAPITAL ASSETS (Note 5)	8,932	8,805
	\$ 3,787,837	\$ 4,251,804
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 279,531	\$ 46,636
Due to projects	1,266,093	200,673
Deferred grants, contributions and donations (Note 7)	1,645,994	3,570,206
	3,191,618	3,817,515
NET ASSETS		
Unrestricted	337,287	175,484
Internal Restrictions (Note 8)		
Reserve Fund	250,000	250,000
Invested in Capital Assets	8,932	8,805
	596,219	434,289
	\$ 3,787,837	\$ 4,251,804

ON BEHALF OF THE BOARD


_____, Director

WATERCAN/EAU VIVE CORPORATION
operating as WaterAid Canada

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

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	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 161,930	\$ 173,858
Adjustment for:		
Amortization of capital assets	6,422	15,199
	168,352	189,057
Net change in non-cash working capital items:		
Accounts receivable	(5,612)	(76,314)
Grants and contributions receivable	-	347,894
Advances to projects	46,078	263,802
Prepaid expenses	3,967	7,116
Accounts payable and accrued liabilities	232,895	(70,657)
Due to projects	1,065,420	(169,452)
Deferred grants, contributions and donations	(1,924,212)	253,898
	(581,464)	556,287
	(413,112)	745,344
INVESTING ACTIVITY		
Acquisition of capital assets	(6,549)	(5,849)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(419,661)	739,495
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,851,738	3,112,243
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,432,077	\$ 3,851,738

Cash and cash equivalents consist of cash.

WATERCAN/EAU VIVE CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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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 (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements in compliance with the ASNFPPO 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.

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.

WATERCAN/EAU VIVE CORPORATION

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocated expenses (continued)

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 can 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 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.

Translation of foreign currency transactions and financial statement items

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.

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

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

WATERCAN/EAU VIVE CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

Financial assets measured at 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 adjust 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

	2019	2018
General donations	\$ 1,296,517	\$ 1,309,136
Walk for Water	547,566	289,280
Focused Country Programs	508,621	678,428
Special events	2,745	101,811
	\$ 2,355,449	\$ 2,378,655

4. ACCOUNTS RECEIVABLE

	2019	2018
HST receivable	\$ 55,120	\$ 22,402
WaterAid America	62,205	6,337
WaterAid UK	-	61,839
Other	6,466	27,601
	\$ 123,791	\$ 118,179

WATERCAN/EAU VIVE CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS

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5. CAPITAL ASSETS

		Cost	Accumulated amortization		2019		2018
Furniture and equipment	\$	21,165	\$ 14,303	\$	6,862	\$	3,333
Computer equipment		12,882	10,812		2,070		5,472
	\$	34,047	\$ 25,115	\$	8,932	\$	8,805

The amortization of capital assets expense for the year is \$6,422 (2018: \$15,199).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2019		2018
Suppliers and accrued liabilities	\$	107,819	\$	46,636
WaterAid UK		171,712		-
	\$	279,531	\$	46,636

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:

		2019		2018
Global Affairs Canada - Ghana Project	\$	851,341	\$	2,744,183
Amref Health Africa in Canada - Tanzania Project		409,629		554,380
Pathy Family Foundation - Malawi Project		242,745		-
One Drop Foundation - Mali Project		100,455		58,646
Donations - Tanzania Project		28,296		-
WaterAid America / Gates Foundation		13,528		59,871
Aveda Walk for Water - Madagascar Project		-		141,278
WaterAid Sweden		-		11,848
	\$	1,645,994	\$	3,570,206

The change in deferred grants, contributions and donations during the year is as follows:

		2019		2018
Balance, beginning of the year	\$	3,570,206	\$	3,316,308
Plus: Amount granted during the year		3,174,491		6,219,720
Less: Amount recognized as revenue in the year		(5,098,703)		(5,965,822)
Balance, end of year	\$	1,645,994	\$	3,570,206

WATERCAN/EAU VIVE CORPORATION

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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8. INTERNAL RESTRICTIONS

The Reserve Fund is intended to set aside funds to cover the costs associated with the winding down of WaterAid Canada in the event it ceases operations.

9. ALLOCATED EXPENSES

Salaries and benefits and administration expenses have been allocated as follows:

	Salaries and benefits		Administrative expenses	
	2019	2018	2019	2018
International program	\$ 469,202	\$ 514,561	\$ 45,557	\$ 43,938
Public engagement	120,545	194,377	65,038	43,150
Fundraising	397,101	507,065	88,422	49,207
Canadian administration	158,299	135,797	28,976	34,029
	\$ 1,145,147	\$ 1,351,800	\$ 227,993	\$ 170,324

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, 2019, assets include cash of \$651,370 (2018: \$3,114) in US dollars, which have been converted into Canadian dollars.

11. CONTRACTUAL OBLIGATIONS

The commitment of the Corporation under a lease agreement over the next year aggregates to \$57,824.

WATERCAN/EAU VIVE CORPORATION
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NOTES TO THE FINANCIAL STATEMENTS

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12. 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.

During the year, an audit was performed on the expenses claimed by the Corporation for the East Africa School WASH Program funded by Global Affairs Canada (GAC) for the period from October 1, 2015 to January 31, 2018. As a result of the audit, a total amount of \$514,038 of expenses claimed was determined not in compliance with the agreement. The possible impact could be a repayment of 75% (\$385,258) of this amount to GAC. The Corporation does not agree with these adjustments and the auditor's interpretation of the contribution agreement and is presently in discussion with GAC to resolve this issue. Neither the possible outcome nor the amount to be refunded to GAC can be determined at this time. Therefore, no provision has been recognized in the financial statements.

13. 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, 2019****13**

	2019	2018
SCHEDULE A - INTERNATIONAL PROGRAM		
International projects	\$ 5,396,167	\$ 6,182,303
International program operations	407,080	354,348
	\$ 5,803,247	\$ 6,536,651
SCHEDULE B - FUNDRAISING		
Fundraising operations	\$ 576,993	\$ 601,645
New donor acquisition	493,483	515,146
Walk for Water	59,529	65,964
Direct mail	42,391	44,779
Special events	696	24,654
	\$ 1,173,092	\$ 1,252,188
SCHEDULE C - PUBLIC ENGAGEMENT		
Public engagement operations	\$ 185,583	\$ 237,527
Media and communications	93,349	92,514
Special events/other	76,054	81,049
Website	24,537	94,391
Annual report and newsletter	9,057	6,792
	\$ 388,580	\$ 512,273
SCHEDULE D - CANADIAN ADMINISTRATION		
Salaries and benefits	\$ 158,299	\$ 135,797
Professional fees	57,429	21,526
Office	18,771	23,795
Rent	10,205	10,234
	\$ 244,704	\$ 191,352