

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

FINANCIAL STATEMENTS

MARCH 31, 2020

**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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at March 31, 2020 and 2019 and April 1, 2018. Our audit opinion on the financial statements for the year ended March 31, 2019 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.

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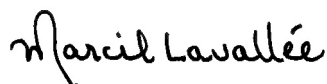
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 15, 2020

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
<b>REVENUE</b>		
Grants and contributions		
- Global Affairs Canada	\$ 1,578,297	\$ 2,358,304
- Amref Health Africa in Canada	933,646	1,007,178
- WaterAid UK	791,931	908,759
- One Drop Foundation	362,676	1,088,265
- Pathy Family Foundation	165,015	7,255
- WaterAid America / Gates Foundation	38,704	46,343
Donations (Note 3)	1,696,812	2,355,449
	<b>5,567,081</b>	<b>7,771,553</b>
<b>EXPENSES</b>		
International program (Schedule A)	3,609,541	5,803,247
Fundraising (Schedule B)	1,135,628	1,173,092
Public engagement (Schedule C)	381,779	388,580
Canadian administration (Schedule D)	180,827	244,704
	<b>5,307,775</b>	<b>7,609,623</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 259,306</b>	<b>\$ 161,930</b>

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

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	Unrestricted	Internal restrictions		2020 Total	2019 Total
		Reserve Fund	Invested in Capital Assets		
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 337,287	\$ 250,000	\$ 8,932	\$ 596,219	\$ 434,289
Excess of revenue over expenses	264,513	-	(5,207)	259,306	161,930
Invested in capital assets	(5,320)	-	5,320	-	-
<b>BALANCE, END OF YEAR</b>	\$ 596,480	\$ 250,000	\$ 9,045	\$ 855,525	\$ 596,219

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

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	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,799,577	\$ 3,432,077
Accounts receivable (Note 4)	25,857	123,791
Advances to projects	61,107	223,037
Grants and contributions receivable	90,060	-
	<b>1,976,601</b>	<b>3,778,905</b>
<b>CAPITAL ASSETS (Note 5)</b>	<b>9,045</b>	<b>8,932</b>
	<b>\$ 1,985,646</b>	<b>\$ 3,787,837</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 292,432	\$ 279,531
Due to projects	266,575	1,266,093
Deferred grants, contributions and donations (Note 7)	571,114	1,645,994
	<b>1,130,121</b>	<b>3,191,618</b>
<b>NET ASSETS</b>		
Unrestricted	596,480	337,287
Internal restrictions (Note 8)		
- Reserve Fund	250,000	250,000
- Invested in Capital Assets	9,045	8,932
	<b>855,525</b>	<b>596,219</b>
	<b>\$ 1,985,646</b>	<b>\$ 3,787,837</b>

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, 2020

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	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 259,306	\$ 161,930
<b>Adjustment for:</b>		
Amortization of capital assets	5,207	6,422
	<b>264,513</b>	<b>168,352</b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	97,934	(5,612)
Advances to projects	161,930	46,078
Grants and contributions receivable	(90,060)	-
Prepaid expenses	-	3,967
Accounts payable and accrued liabilities	12,901	232,895
Due to projects	(999,518)	1,065,420
Deferred grants, contributions and donations	(1,074,880)	(1,924,212)
	<b>(1,891,693)</b>	<b>(581,464)</b>
	<b>(1,627,180)</b>	<b>(413,112)</b>
<b>INVESTING ACTIVITY</b>		
Acquisition of capital assets	(5,320)	(6,549)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,632,500)</b>	<b>(419,661)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,432,077</b>	<b>3,851,738</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,799,577</b>	<b>\$ 3,432,077</b>

Cash and cash equivalents consist of cash.



# **WATERCAN/EAU VIVE CORPORATION**

operating as WaterAid Canada

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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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 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.

#### **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

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## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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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 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 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, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

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

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 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

	2020	2019
General donations	\$ 1,280,576	\$ 1,296,517
Walk for Water	274,284	547,566
Focused Country Programs	141,952	508,621
Special events	-	2,745
	<b>\$ 1,696,812</b>	<b>\$ 2,355,449</b>

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 4. ACCOUNTS RECEIVABLE

		2020		2019
HST receivable	\$	8,045	\$	55,120
WaterAid America		7,891		62,205
Other		9,921		6,466
	\$	25,857	\$	123,791

### 5. CAPITAL ASSETS

		Cost	Accumulated amortization		2020		2019
Furniture and equipment	\$	21,778	\$ 16,838	\$	4,940	\$	6,862
Computer equipment		17,589	13,484		4,105		2,070
	\$	39,367	\$ 30,322	\$	9,045	\$	8,932

The amortization expense on capital assets is \$5,207 (2019: \$6,422).

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2020		2019
Suppliers and accrued liabilities	\$	69,457	\$	107,819
WaterAid UK		181,791		171,712
Global Affairs Canada		41,184		-
	\$	292,432	\$	279,531

# WATERCAN/EAU VIVE CORPORATION

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## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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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:

	2020	2019
Global Affairs Canada - HerWASH SRHR Project	\$ 330,314	\$ -
Donations - Tanzania Project	105,571	28,296
Pathy Family Foundation - Malawi Project	77,730	242,745
One Drop Foundation - India Project	30,750	-
WaterAid America / Gates Foundation	26,749	13,528
Global Affairs Canada - Ghana Project	-	851,341
One Drop Foundation - Mali Project	-	100,455
Amref Health Africa in Canada - Tanzania Project	-	409,629
	\$ 571,114	\$ 1,645,994

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

	2020	2019
Balance, beginning of the year	\$ 1,645,994	\$ 3,570,206
Plus: Amount granted during the year	2,055,138	3,174,491
Less: Amount recognized as revenue in the year	(3,130,018)	(5,098,703)
Balance, end of year	\$ 571,114	\$ 1,645,994

### 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.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 9. ALLOCATED EXPENSES

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

	Salaries and benefits		Administrative expenses	
	2020	2019	2020	2019
International program	\$ 526,015	\$ 469,202	\$ 63,124	\$ 45,557
Fundraising	386,709	397,101	119,695	88,422
Public engagement	131,218	120,545	89,020	65,038
Canadian administration	120,564	158,299	54,447	28,976
	<b>\$ 1,164,506</b>	<b>\$ 1,145,147</b>	<b>\$ 326,286</b>	<b>\$ 227,993</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, 2020, assets include cash of \$17,791 (2019: \$651,370) 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 \$65,877.

### 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.

# **WATERCAN/EAU VIVE CORPORATION**

**operating as WaterAid Canada**

## **NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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### **13. SUBSEQUENT EVENT**

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The extent to which these events may impact the Corporation's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and, as such, the Corporation cannot determine the ultimate financial impacts at this time.

# WATERCAN/EAU VIVE CORPORATION

operating as WaterAid Canada

## ADDITIONAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2020

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	2020	2019
<b>SCHEDULE A - INTERNATIONAL PROGRAM</b>		
International projects	\$ 3,286,669	\$ 5,396,167
International program operations	322,872	407,080
	<b>\$ 3,609,541</b>	<b>\$ 5,803,247</b>

## SCHEDULE B - FUNDRAISING

Fundraising operations	\$ 563,935	\$ 576,993
New donor acquisition	514,590	493,483
Direct mail	50,895	42,391
Walk for Water	6,208	59,529
Special events	-	696
	<b>\$ 1,135,628</b>	<b>\$ 1,173,092</b>

## SCHEDULE C - PUBLIC ENGAGEMENT

Public engagement operations	\$ 215,648	\$ 185,583
Special events/other	104,681	76,054
Media and communications	42,264	93,349
Website	14,989	24,537
Annual report and newsletter	4,197	9,057
	<b>\$ 381,779</b>	<b>\$ 388,580</b>

## SCHEDULE D - CANADIAN ADMINISTRATION

Salaries and benefits	\$ 120,564	\$ 158,299
Office	30,952	18,771
Professional fees	14,855	57,429
Rent	14,456	10,205
	<b>\$ 180,827</b>	<b>\$ 244,704</b>