

WATER FOR PEOPLE CANADA
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

**WATER FOR PEOPLE CANADA
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YEAR ENDED SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Water For People Canada

Opinion

We have audited the financial statements of Water For People Canada (the Company), which comprise the statement of financial position as at September 30, 2019, and the statements of changes in fund balances, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 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 Opinion

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 Company 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

Markham, Ontario
February 12, 2020

Applebaum, Commisso LLP

Applebaum, Commisso LLP
Chartered Professional Accountants
Licensed Public Accountants

WATER FOR PEOPLE CANADA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

	General Fund 2019	Restricted Fund 2019	Total 2019	Total 2018
ASSETS				
CURRENT				
Cash	\$ 226,478	\$ -	\$ 226,478	\$ 221,910
Interfund receivable (Note 8)	-	198,000	198,000	194,175
	\$ 226,478	\$ 198,000	\$ 424,478	\$ 416,085
LIABILITIES AND FUND BALANCES				
CURRENT				
Accounts payable	\$ 9,346	\$ -	\$ 9,346	\$ 9,132
Interfund payable (Note 8)	198,000	-	198,000	194,175
Restricted contributions payable (Note 5)	-	198,000	198,000	194,175
	207,346	198,000	405,346	397,482
FUND BALANCES	19,132	-	19,132	18,603
	\$ 226,478	\$ 198,000	\$ 424,478	\$ 416,085

ON BEHALF OF THE BOARD

President

See notes to financial statements

WATER FOR PEOPLE CANADA
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Restricted Fund	2019	2018
FUND BALANCES - BEGINNING OF YEAR	\$ 18,603	\$ -	\$ 18,603	\$ 18,448
Excess (deficiency) of contributions, grants and sponsorships over expenses	304,327	(303,798)	529	155
Transfer of internally restricted contributions	(303,798)	303,798	-	-
FUND BALANCES - END OF YEAR	\$ 19,132	\$ -	\$ 19,132	\$ 18,603

WATER FOR PEOPLE CANADA
STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2019

	General Fund 2019	Restricted Fund 2019	Total 2019	Total 2018
CONTRIBUTIONS, GRANTS AND SPONSORSHIPS <i>(Note 7)</i>	\$ 404,369	\$ 53,000	\$ 457,369	\$ 385,783
EXPENSES				
Developing countries <i>(Note 5)</i>	-	356,798	356,798	287,175
Fundraising	261	-	261	1,602
Management and general <i>(Note 6)</i>	99,781	-	99,781	96,851
	100,042	356,798	456,840	385,628
EXCESS (DEFICIENCY) OF CONTRIBUTIONS, GRANTS AND SPONSORSHIPS OVER EXPENSES	\$ 304,327	\$ (303,798)	\$ 529	\$ 155

See notes to financial statements

WATER FOR PEOPLE CANADA
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of contributions, grants and sponsorships over expenses	\$ 529	\$ 155
Changes in non-cash working capital:		
Accounts payable	214	1,538
Restricted contributions payable	3,825	194,175
	4,039	195,713
INCREASE IN CASH	4,568	195,868
CASH - BEGINNING OF YEAR	221,910	26,042
CASH - END OF YEAR	\$ 226,478	\$ 221,910

WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

1. PURPOSE OF THE COMPANY

Water For People Canada (the "Company") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the Company is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Company operates to provide sustainable drinking water to people in third world countries around the world.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP). Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue and expense recognition

Revenue and expenses are recognized on the accrual basis with the exception that donations are recognized on a cash basis, or when receivable if the amount can be reasonably estimated and collection reasonably assured. The organization has also chosen the Restricted Fund Method under generally accepted accounting principles for disclosure purposes.

(b) Fund accounting

Water For People Canada follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Company's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Restricted Fund reports only restricted resources that are to be used for fund transfers to Water For People - United States, which ultimately provides financial and technical assistance that help people in developing countries obtain and sustain safe drinking water and adequate sanitation systems.

(c) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

(e) Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(f) Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services, unless noted otherwise, cannot be reasonably determined and are therefore not reflected in these financial statements.

(g) Capital assets

The not-for-profit has elected to expense the purchase of all capital asset purchases made. There were no such transactions in the current year.

(h) Supporting service expenses

Supporting service expenses are allocated between administration and fundraising. Fundraising expenses are determined to related directly to a specific fundraising endeavour initiated by the charity. All other supporting service expenses incurred by the charity are allocated as administration related expenses.

WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019

4. FINANCIAL INSTRUMENTS

The not-for-profit's financial instruments consist of cash and accounts payable.

(a) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

		2019 US\$		2018 US\$
U.S. cash	\$	214	\$	130,287
Restricted contributions payable		-		(150,000)
	\$	214	\$	(19,713)

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant other price risks arising from these financial instruments. The extent of the company's exposure to the above risk did not change during 2019.

5. RELATED PARTY TRANSACTIONS

Water For People - United States

Water for People Canada and Water for People - United States (WFPU) established an Agency agreement in 1996 which defined the original objectives of the not-for-profit as follows: to provide financial and technical assistance that help people in developing countries obtain and sustain safe drinking water and adequate sanitation systems. These objectives are identical to those of WFPU. The Agency Agreement provides for coordination and guidance on projects between the not-for-profit and WFPU.

1 of the 10 members of the not-for-profit's board of directors also serve on the WFPU board.

During the year the resources of the not-for-profit amounting to \$356,798 (2018 - \$287,175) were allocated to WFPU and designated to be held in Trust and used for the purposes designated solely by the not-for-profit. Restricted contributions payable of \$198,000 (2018 - \$194,175) represent amounts payable to WFPU per the Board of Director's resolution approved on September 30, 2019. In accordance with the Agency Agreement WFPU headquarters had provided overhead and staff support to the not-for-profit at no charge.

6. NON-MONETARY DONATIONS

Office rent totaling \$9,600, travel and accommodation costs of \$875 were donated to the not-for-profit in the current year, and included in management and general expense.

7. ECONOMIC DEPENDENCE

The Company received 43% (2018 - 50%) of its total donations from one donor during the fiscal year.

**WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019**

8. INTERFUND TRANSFER

The not-for-profit often transfers funds internally to the restricted fund based on board of director resolutions to internally restrict certain funds for water purification projects throughout Peru.