

**WATER FOR PEOPLE CANADA**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Contents

Exhibit - 1	Auditors' Report
Exhibit - 2	Statement of Operations and Financial Position
Exhibit - 3	Statement of Operations and Changes in Fund Balances
Exhibit - 4	Statement of Cash Flows
Exhibit - 5	Notes to Financial Statements



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Exhibit - 1

## AUDITORS' REPORT

To the Members of  
Water For People Canada  
Toronto, Ontario

We have audited the accompanying financial statements of Water For People Canada which comprise the statement of financial position as at December 31, 2011 and the statements of operations, and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### Management's Responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 Responsibilities

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 audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the charity as at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Applebaum, Commisso LLP*

Markham, Ontario  
May 25, 2012

**Applebaum, Commisso LLP**  
Licensed Public Accountants

**WATER FOR PEOPLE - CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011**

	<i>General Fund</i>	<i>Restricted Asset Fund</i>	<i>Total 2011</i>	<i>Total 2010</i>
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 58,561	\$ -	\$ 58,561	\$ 43,043
Prepaid expenses and other assets	5,000	-	\$ 5,000	-
<b>Total Assets</b>	<b>\$ 63,561</b>	<b>\$ -</b>	<b>\$ 63,561</b>	<b>\$ 43,043</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 5,905	\$ -	\$ 5,905	\$ 5,392
<b>Total liabilities</b>	<b>\$ 5,905</b>	<b>\$ -</b>	<b>5,905</b>	<b>\$ 5,392</b>
<b>FUND BALANCES (Exhibit - 3)</b>				
Externally restricted	-	-	-	-
Unrestricted	57,656	-	57,656	37,651
	57,656	-	57,656	37,651
	<b>\$ 63,561</b>	<b>\$ -</b>	<b>\$ 63,561</b>	<b>\$ 43,043</b>

\_\_\_\_\_ - Director

\_\_\_\_\_ - Director

**WATER FOR PEOPLE - CANADA**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	General Fund		Restricted Fund		Total	
	2011	2010	2011	2010	2011	2010
<b>REVENUE</b>						
Contributions, Grants and Sponsorships	\$ 375,419	357,326	\$ 7,500	35,872	\$ 382,919	393,198
<b>EXPENSES</b>						
Program Services:						
Developing Countries	\$ 7,396	16,482	\$ 265,875	290,565	\$ 273,271	307,047
Supporting Services:						
Management and General	87,044	80,038	-	-	87,044	80,038
Fundraising	2,599	24,226	-	-	2,599	24,226
Total Support Services	89,643	104,264	-	-	89,643	104,264
Total Expenses	97,039	120,746	265,875	290,565	362,914	411,311
<b>Excess (deficiency) of revenues over expenses</b>	\$ 278,380	\$ 236,580	\$ (258,375)	\$ (254,693)	\$ 20,005	\$ (18,113)
Fund balances - beginning of the year	37,651	35,764	-	20,000	37,651	55,764
Transfer of internally restricted contributions	(258,375)	(234,693)	258,375	234,693	-	-
Fund balances - end of year	57,656	37,651	-	-	57,656	37,651

\_\_\_\_\_  
 - Director

\_\_\_\_\_  
 - Director

**WATER FOR PEOPLE - CANADA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Operating Activities				Financing and Investing Activities			
	General Fund 2011	Restricted Fund 2011	Total 2011	Total 2010	General Fund 2011	Restricted Fund 2011	Total 2011	Total 2010
<b>Sources of cash:</b>								
Contributions, grants and sponsorships	\$ 375,419	7,500	\$ 382,919	430,094	\$ -	-	\$ -	-
Interfund transfers	-	258,375	258,375	234,693	-	-	-	-
<b>Uses of cash:</b>								
Interfund transfers	(258,375)	-	(258,375)	(234,693)	-	-	-	-
Management and general Fundraising	(91,531)	-	(91,531)	(85,669)	-	-	-	-
Developing countries	(2,599)	-	(2,599)	(24,226)	-	-	-	-
	(7,396)	(265,875)	(273,271)	(307,047)	-	-	-	-
Net increase in cash	15,518	-	15,518	13,152	-	-	-	-
Cash, beginning of year	43,043	-	43,043	29,891	-	-	-	-
Cash, end of year	\$ 58,561	-	\$ 58,561	43,043	-	-	\$ -	-

**WATER FOR PEOPLE CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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**1. CORPORATE STATUS**

The organization is a corporation without share capital incorporated under the Canada Corporations Act with a registered charitable number 89822 1973RR0001 and is exempt from income tax. As a registered charity under the Income Tax Act, the organization may issue receipts for charitable donations. The organization was established with the mission of providing sustainable drinking water to people in third world countries around the world.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Revenue and expenses 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) Contributed services**

The organization 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 difficulty of compiling these hours, contributed services are not recognized in the financial statements.

**c) Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the statement of cash flows in such estimates in future periods could be significant.

**d) Restricted fund**

All restricted donations received are allocated and distributed to/from the restricted fund. All other donations are allocated to the general fund.

**3. FINANCIAL INSTRUMENTS**

The not-for-profit's financial instruments consist of cash, other assets and accounts payables and accrued liabilities. Unless otherwise noted, it is trustees's opinion that the not-for-profit is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**4. NON-MONETARY DONATIONS**

Office rent totaling approximately \$9,600 was donated to the not-for-profit in the current year.

**WATER FOR PEOPLE CANADA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**5. RELATED PARTIES**

***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.

4 of the 13 members of the not-for-profit's board of directors also serve on the WFPU board. The President of WFPU serves as ad hoc member of the not-for-profit's board.

During the year the resources of the not-for-profit amounting to \$265,875 (2010 - \$290,566) were transferred to WFPU and designated to be held in Trust and used for the purposes designated solely by the not-for-profit. In accordance with the Agency Agreement WFPU headquarters has provided overhead and staff support to the not-for-profit at no charge.