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**CLIENT COPY**

February 10, 2016

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Water for People Canada  
245 Consumers Road – Suite 400  
Toronto, ON M2J 1R3

**Attention: Water for People, Board of Directors**

**PRIVATE AND CONFIDENTIAL**

To the Board of Directors,

The objective of our audit was to express an opinion on the financial statements. Included in our audit was the consideration of internal control relevant to the preparation and fair presentation of the financial statements. This consideration of internal control was for the purpose of designing audit procedures that were appropriate in the circumstances. It was not for the purpose of expressing an opinion on the effectiveness of internal control or for identifying all significant control deficiencies that might exist.

During the course of our audit, we identified a number of deficiencies that met the definition of a significant deficiency. A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance. Communicating significant deficiencies assists those charged with governance in fulfilling their oversight responsibilities.

The significant deficiencies identified are outlined below. Please note that this list includes all the significant deficiencies we have identified:

**Below is a detail of control deficiencies and other issues identified during the audit. Controls were not tested in every aspect of the business given control testing is only limited to material/significant transaction areas.**

**1) Approval of financials and board minutes:**

Issue:

Based on audit work performed it was determined that no formal approval of the 2014 financial statements took place at the board meetings held during the year. Also board minutes were not formally signed by the board once approved.

Recommendation:

The 2014 audited financial statements need to be presented and approved at a board meeting help on a yearly basis. In-addition all minutes should be signed once approved and kept in a formal binder.

**2) Foreign exchange:**

Issue:

Based on audit work performed it was determined a foreign exchange adjustment was not done for a large US donation of \$150,000 received during the year. This resulted in an understatement of Contributions and an understatement of program services expenses during the year.

Recommendation:

All foreign donations received should be accounted for in Canadian dollars on the date the donation is received.

We shall be pleased to discuss with you further any matter mentioned above, at your convenience.

This communication is prepared solely for the information of the Board of Directors and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board sign their acknowledgement in the spaces provided below. Should you wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours truly,

Applebaum, Commisso LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**Acknowledgement of Board of Director:**

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Signatures: \_\_\_\_\_

Date: \_\_\_\_\_

**WATER FOR PEOPLE CANADA  
FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2015**

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Exhibit - 1

## INDEPENDENT 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 of the statement of financial position as at September 30, 2015 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.

### Management's Responsibilities 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 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 September 30, 2015 and its financial performance and its cash flows for the period ended in accordance with Canadian accounting standards for not-for-profit organizations.

Markham, Ontario  
March 11, 2016

*Applebaum, Commisso LLP*  
Applebaum, Commisso LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**WATER FOR PEOPLE CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2015**

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Total 2015</i>	<i>Total 2014</i>
<b>ASSETS</b>				
<b>Current</b>				
Cash	65,243	-	65,243	65,608
<b>Total Assets</b>	<b>\$ 65,243</b>	<b>\$ -</b>	<b>\$ 65,243</b>	<b>\$ 65,608</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	6,597	-	6,597	6,183
<b>Total liabilities</b>	<b>\$ 6,597</b>	<b>\$ -</b>	<b>\$ 6,597</b>	<b>\$ 6,183</b>
<b>FUND BALANCES (Exhibit - 3)</b>				
Externally restricted	-	-	-	74,799
Unrestricted	58,646	-	58,646	(15,374)
	58,646	-	58,646	59,425
	<b>\$ 65,243</b>	<b>\$ -</b>	<b>\$ 65,243</b>	<b>\$ 65,608</b>

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

**WATER FOR PEOPLE CANADA**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General Fund		Restricted Fund		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUE</b>						
Contributions, Grants and Sponsorships	\$ 358,191	\$ 214,067	\$ 20,000	\$ 38,796	\$ 378,191	\$ 252,863
<b>EXPENSES</b>						
Program Services:						
Developing Countries	264,692	-	20,000	113,595	284,692	113,595
Supporting Services:						
Management and General	94,072	95,633	-	-	94,072	95,633
Fundraising	206	1,542	-	-	206	1,542
Total Support Services	94,278	97,175	-	-	94,278	97,175
Total Expenses	358,970	97,175	20,000	113,595	378,970	210,770
<b>Excess (deficiency) of revenues over expenses</b>	(779)	116,892	-	(74,799)	(779)	42,093
Fund balances - beginning of the year	59,425	17,332	-	-	59,425	17,332
Transfer of internally restricted contributions	-	(74,799)	-	74,799	-	-
Fund balances - end of year	\$ 58,646	\$ 59,425	\$ -	\$ -	\$ 58,646	\$ 59,425

The accompanying notes form an integral part of these financial statements.

**WATER FOR PEOPLE CANADA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Operating Activities				Financing and Investing Activities			
	General Fund 2015	Restricted Fund 2015	Total 2015	Total 2014	General Fund 2015	Restricted Fund 2015	Total 2015	Total 2014
<b>Sources of cash:</b>								
Contributions, grants and sponsorships	\$ 358,191	20,000	\$ 378,191	252,863	\$ -	-	-	-
Interfund transfers	-	-	-	74,799	-	-	-	-
<b>Uses of cash:</b>								
Interfund transfers	-	-	-	(74,799)	-	-	-	-
Management and general Fundraising	(93,658)	-	(93,658)	(98,416)	-	-	-	-
Developing countries	(206)	-	(206)	(1,542)	-	-	-	-
	(264,692)	(174,275)	(438,967)	(267,870)	-	-	-	-
Net increase (decrease) in cash	(365)	(154,275)	(154,640)	(114,965)	-	-	-	-
Cash, beginning of year	65,608	154,275	219,883	180,573	-	-	-	-
Cash, end of year	\$ 65,243	-	\$ 65,243	65,608	-	-	\$ -	-

The accompanying notes form an integral part of these financial statements.

**WATER FOR PEOPLE CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**1. CORPORATE STATUS**

The organization is a corporation without share capital incorporated under the Canada Not for Profit 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**

These financial statement have been prepared in accordance with Canadian accounting standards for not-for-profit organizations; accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

**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 for not-for-profit organizations 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.

**e) 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.

**f) Supporting service expenses**

Supporting service expenses are allocated between administration and fundraising. Fundraising expenses are determined to relate directly to a specific fundraising endeavor 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  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**3. FINANCIAL INSTRUMENTS**

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

**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.

1 of the 8 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 \$284,692 (2014 - \$113,595) were allocated 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.

**6. INTERFUND TRANSFER**

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

**7. RESTRICTED FUND ASSETS**

The restricted fund assets are held in the restricted fund to be distributed to the Water for People programs in Peru.