

**WATER FOR PEOPLE CANADA  
FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2016**

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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, 2016 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, 2016 and its financial performance and its cash flows for the period ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Applebaum, Commisso LLP*

Markham, Ontario  
January 23, 2017

Applebaum, Commisso LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**WATER FOR PEOPLE CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2016**

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Total 2016</i>	<i>Total 2015</i>
<b>ASSETS</b>				
<b>Current</b>				
Cash	46,511	171,670	218,181	65,243
<b>Total assets</b>	<b>\$ 46,511</b>	<b>\$ 171,670</b>	<b>\$ 218,181</b>	<b>\$ 65,243</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	6,830	171,670	178,500	6,597
<b>Total liabilities</b>	<b>\$ 6,830</b>	<b>\$ 171,670</b>	<b>\$ 178,500</b>	<b>\$ 6,597</b>
<b>FUND BALANCES (Exhibit - 3)</b>				
Externally restricted	-	-	-	-
Unrestricted	39,681	-	39,681	58,646
	39,681	-	39,681	58,646
	<b>\$ 46,511</b>	<b>\$ 171,670</b>	<b>\$ 218,181</b>	<b>\$ 65,243</b>

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

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

**WATER FOR PEOPLE CANADA  
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General Fund		Restricted Fund		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUE</b>						
Contributions, Grants and Sponsorships (Notes 2a and 8)	\$ 322,745	\$ 358,191	\$ 38,686	\$ 20,000	\$ 361,431	\$ 378,191
<b>EXPENSES</b>						
Program Services:						
Developing Countries (Note 5)	64,440	264,692	224,170	20,000	288,610	284,692
Supporting Services:						
Management and General (Note 4)	91,440	94,072	-	-	91,440	94,072
Fundraising	346	206	-	-	346	206
Total support services	91,786	94,278	-	-	91,786	94,278
Total expenses	156,226	358,970	224,170	20,000	380,396	378,970
Excess (deficiency) of revenues over expenses	166,519	(779)	(185,484)	-	(18,965)	(779)
Fund balances - beginning of the year	58,646	59,425	-	-	58,646	59,425
Transfer of internally restricted contributions	(185,484)	-	185,484	-	-	-
Fund balances - end of year	\$ 39,681	\$ 58,646	\$ -	\$ -	\$ 39,681	\$ 58,646

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, 2016**

	Operating Activities				Financing and Investing Activities			
	General Fund 2016	Restricted Fund 2016	Total 2016	Total 2015	General Fund 2016	Restricted Fund 2016	Total 2016	Total 2015
<b>Sources of cash:</b>								
Contributions, grants and sponsorships	\$ 322,745	38,686	\$ 361,431	378,191	-	-	-	-
Interfund transfers	-	185,484	185,484	-	-	-	-	-
<b>Uses of cash:</b>								
Interfund transfers	(185,484)	-	(185,484)	-	-	-	-	-
Management and general Fundraising	(91,207)	-	(91,207)	(93,658)	-	-	-	-
	(346)	-	(346)	(206)	-	-	-	-
Developing countries	(64,440)	(52,500)	(116,940)	(438,967)	-	-	-	-
<b>Net (decrease) increase in cash</b>	<b>(18,732)</b>	<b>171,670</b>	<b>152,938</b>	<b>(154,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash, beginning of year	65,243	-	65,243	219,883	-	-	-	-
Cash, end of year	\$ 46,511	171,670	\$ 218,181	65,243	-	-	-	-

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, 2016**

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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. Due to 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, 2016**

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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 \$288,610 (2015 - \$284,692) 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.

**8. ECONOMIC DEPENDENCE**

The charity received 54% of its total donations from one doner during the fiscal year.