

WATERCAN/EAU VIVE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
WaterCan/Eau Vive Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of WaterCan/Eau Vive Corporation, which comprise the balance sheet as at March 31, 2012, the statements of revenue and expenditure, net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

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 auditors' 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 controls 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 controls. 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 qualified audit opinion.

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G W TRICKEY C.A.
PROFESSIONAL CORPORATION

MARGARET N. EGAN C.A.
PROFESSIONAL CORPORATION

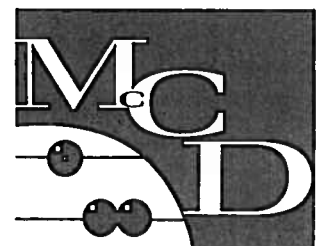
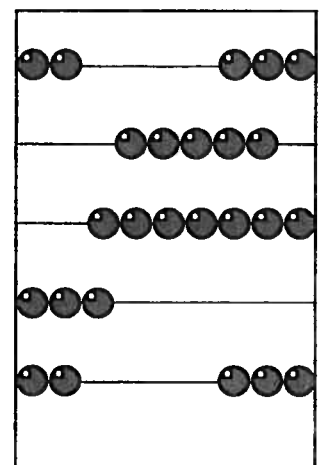
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PROFESSIONAL CORPORATION
CONSULTANT

ROBERT D SHANTZ C.A.
PROFESSIONAL CORPORATION
CONSULTANT



INDEPENDENT AUDITORS' REPORT

Basis for Qualified Opinion

In common with many charitable organizations, the Corporation derives revenue from the general public in the form of donor contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification 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 revenue from donor contributions, net revenue (expenditure) and cash flows from operations for the years ended March 31, 2011 and March 31, 2012, current assets and operating fund balance as at March 31, 2011 and March 31, 2012. Our audit opinion on the financial statements for the year ended March 31, 2011 was modified accordingly because of the possible effects of this limitation in scope.

In addition, in common with many organizations that are involved with projects in developing countries, the occurrence and measurement of expenditures relating to these projects are not susceptible of satisfactory audit verification. Accordingly, our verification of these expenditures 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 international program expenses, net revenue (expenditure) and cash flows from operations for the years ended March 31, 2011 and March 31, 2012, and current liabilities and operating fund balance as at March 31, 2011 and March 31, 2012. Our audit opinion on the financial statements for the year ended March 31, 2011 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of WaterCan/Eau Vive Corporation as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.



McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
June 12, 2012.

McCay Duff LLP

Chartered Accountants

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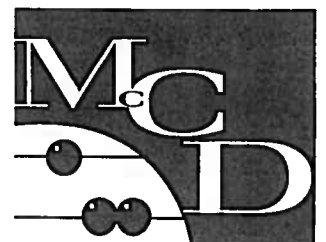
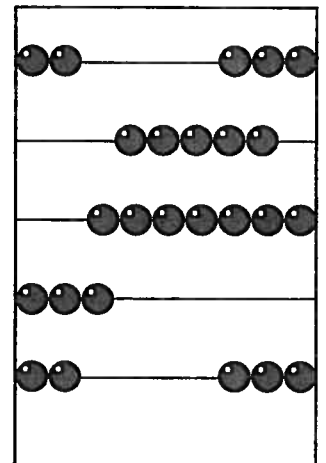
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WATERCAN/EAU VIVE CORPORATION

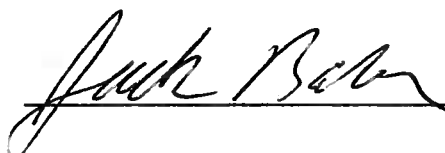
BALANCE SHEET

AS AT MARCH 31, 2012

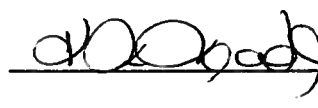
	ASSETS	
	<u>2012</u>	<u>2011</u>
CURRENT		
Cash	\$ 272,744	\$ 75,221
Investments	60,000	-
HST/GST recoverable	21,728	16,127
Accounts receivable	21,057	33,699
Prepaid expenses	18,999	8,458
Advances to projects	<u>73,475</u>	<u>158,061</u>
	468,003	291,566
CAPITAL (note 6)	<u>6,789</u>	<u>11,385</u>
	<u>\$ 474,792</u>	<u>\$ 302,951</u>
	LIABILITIES	
CURRENT		
Accounts payable and accrued liabilities	\$ 49,351	\$ 76,377
Deferred revenue (note 7)	<u>340,560</u>	<u>179,504</u>
	389,911	255,881
	NET ASSETS	
Invested in Capital Assets	6,789	11,385
Reserve Fund	60,000	30,000
Operating Fund	<u>18,092</u>	<u>5,685</u>
	<u>84,881</u>	<u>47,070</u>
	<u>\$ 474,792</u>	<u>\$ 302,951</u>

Commitment (note 8)

Approved on behalf of the Board:



Director



Director

WATERCAN/EAU VIVE CORPORATION

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
INVESTED IN CAPITAL ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 11,385	\$ 6,223
Purchase of capital assets	7,255	13,127
Amortization	(11,851)	(7,965)
	(4,596)	5,162
BALANCE - END OF YEAR	<u>\$ 6,789</u>	<u>\$ 11,385</u>
RESERVE FUND		
BALANCE - BEGINNING OF YEAR	\$ 30,000	\$ -
Allocation from Operating Fund	<u>30,000</u>	<u>30,000</u>
BALANCE - END OF YEAR	<u>\$ 60,000</u>	<u>\$ 30,000</u>
OPERATING FUND		
BALANCE - BEGINNING OF YEAR	\$ 5,685	\$ 218,999
Net revenue (expenditure) for the year	37,811	(178,152)
Allocation to Reserve Fund	(30,000)	(30,000)
Allocation to Invested in Capital Assets	<u>4,596</u>	<u>(5,162)</u>
	<u>12,407</u>	<u>(213,314)</u>
BALANCE - END OF YEAR	<u>\$ 18,092</u>	<u>\$ 5,685</u>

WATERCAN/EAU VIVE CORPORATION
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
REVENUE		
C.I.D.A.	\$ 717,791	\$ 813,107
Donor contributions (Schedule 1)	1,579,676	1,446,205
Other income	<u>4,936</u>	<u>6,818</u>
	2,302,403	2,266,130
Deferred revenue - beginning of year (note 7)	179,504	62,091
Deferred revenue - end of year (note 7)	<u>(340,560)</u>	<u>(179,504)</u>
	2,141,347	2,148,717
EXPENDITURE		
International program expenses (Schedule 2)	1,374,219	1,597,900
Public engagement program expenses (Schedule 2)	283,564	278,502
Fundraising program expenses (Schedule 2)	314,264	325,475
Canadian administration expenses (Schedule 2)	<u>131,489</u>	<u>124,992</u>
	<u>2,103,536</u>	<u>2,326,869</u>
NET REVENUE (EXPENDITURE) FOR THE YEAR	<u>\$ 37,811</u>	<u>\$ (178,152)</u>

WATERCAN/EAU VIVE CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net expenditure for the year	\$ 37,811	\$(178,152)
Item not involving cash		
- amortization	<u>11,851</u>	<u>7,965</u>
	49,662	(170,187)
Change in non-cash working capital		
- HST/GST recoverable	(5,601)	(10,826)
- accounts receivable	12,642	(9,445)
- prepaid expenses	(10,541)	6,108
- advances to projects	84,586	(42,566)
- accounts payable and accrued liabilities	(27,026)	26,626
- deferred revenue	<u>161,056</u>	<u>117,413</u>
	264,778	(82,877)
INVESTING ACTIVITY		
Purchase of capital assets	<u>(7,255)</u>	<u>(13,127)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	257,523	(96,004)
Cash and cash equivalents - beginning of year	<u>75,221</u>	<u>171,225</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 332,744</u>	<u>\$ 75,221</u>
CASH AND CASH EQUIVALENTS		
Cash	\$ 272,744	\$ 75,221
Investments	<u>60,000</u>	<u>-</u>
	<u>\$ 332,744</u>	<u>\$ 75,221</u>

WATERCAN/EAU VIVE CORPORATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2012****1. PURPOSE OF CORPORATION****Purpose of Corporation**

WaterCan/Eau Vive Corporation is a not-for-profit corporation whose mission is to help citizens of developing countries build sustainable water supply and sanitation services, and to encourage Canadians to lend support. The Corporation was incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act and is therefore exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Revenue Recognition.**

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which the related restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

(b) Investments

Investments are classified as held for trading and are recorded at fair value. Fair values are determined by reference to published price quotations in an active market at year-end.

(c) Donated Goods and Services

The Corporation recognizes contributions of materials and services only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased. No donated goods and/or services have been recognized in 2011 and 2012.

(d) Capital Assets and Amortization

Capital assets are stated at cost, less accumulated amortization. Amortization is provided as follows:

Furniture and equipment	- straight line over five years
Computer equipment	- straight line over two years
Computer software	- straight line over one year

One half of the above rates are used in the year of acquisition.

WATERCAN/EAU VIVE CORPORATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2012****1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****(e) Canadian International Development Agency (C.I.D.A.)**

Contributions received from C.I.D.A. are to be used for specific purposes which are stipulated in a funding agreement. Any amounts charged to C.I.D.A. contributions which do not comply with the agreement are refundable to C.I.D.A. Adjustments, if any, to prior years' contributions would be recorded in the year in which the refund was established.

(f) Foreign Currency Translation

Expenditures denominated in foreign currencies are translated at the average rate of exchange for the year.

(g) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(h) Allocation of Expenses

The Corporation engages in international, public engagement, and fundraising programs. The cost of each program includes the cost of personnel, premises and other expenses that are directly related to providing the program. The Corporation also incurs a number of general expenses that are common to the administration of the Corporation and each of its programs.

The Corporation allocates certain general expenses by identifying the appropriate basis of allocating each expense and applies that basis consistently each year.

2. DESCRIPTION OF FUNDS**Operating Fund**

The Corporation's program delivery and administrative activities are reported in the Operating Fund. This fund reflects unrestricted funds.

Reserve Fund

The purpose of the Reserve Fund is to provide the Corporation adequate financial resources to meet its financial commitments in the event of a significant decrease in revenues. This reserve will enable the Corporation to adjust its expenditures to ensure the long-term sustainability of the Corporation.

WATERCAN/EAU VIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

3. AGREEMENTS

(a) Canadian International Development Agency (C.I.D.A.)

Under the terms of the C.I.D.A. - WaterCan/Eau Vive Corporation agreement, funds raised from donations made by the Canadian public may be matched by C.I.D.A. These funds are used to sponsor projects undertaken by Canadian agencies and non-government organizations.

(b) Canadian Agency Agreements

Canadian agencies and non-government organizations receiving WaterCan/Eau Vive funds which have not been matched by C.I.D.A. do so under the terms of a WaterCan/Eau Vive - Canadian agency agreement. In certain cases these agencies have negotiated with other donor agencies to receive C.I.D.A. matched funds.

4. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, investments, HST/GST recoverable, accounts receivable, advances to projects and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

5. CAPITAL MANAGEMENT

The Corporation considers its capital to be the balance maintained in its Operating Fund. The primary objective of the Corporation is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Corporation with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Corporation is not subject to any externally imposed requirements of its capital.

6. CAPITAL ASSETS

	<u>2012</u>			<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and equipment	\$ 5,682	\$ 803	\$ 4,879	\$ 1,058
Computer software	606	303	303	-
Computer equipment	<u>23,813</u>	<u>22,206</u>	<u>1,607</u>	<u>10,327</u>
	<u>\$ 30,101</u>	<u>\$ 23,312</u>	<u>\$ 6,789</u>	<u>\$ 11,385</u>

WATERCAN/EAU VIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2012

7. DEFERRED REVENUE

	<u>2012</u>	<u>2011</u>
C.I.D.A. funds not yet expended	\$ 254,767	\$ 135,657
Embassy Dinner	-	30,600
Gifts of Water	36,619	3,247
The Donner Foundation	24,349	-
H2O Canada Dinner	15,250	-
Other	9,575	-
The Chawkers Foundation	<u>-</u>	<u>10,000</u>
	<u>\$ 340,560</u>	<u>\$ 179,504</u>

8. COMMITMENT

The Organization has leased premises for a total commitment of \$30,600 expiring March 31, 2013.

WATERCAN/EAU VIVE CORPORATION
SCHEDULE OF DONOR CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
Direct appeals	\$ 968,854	\$ 1,001,393
Special events	187,449	144,636
Walk for Water	<u>423,373</u>	<u>300,176</u>
	<u>\$ 1,579,676</u>	<u>\$ 1,446,205</u>

WATERCAN/EAU VIVE CORPORATION

SCHEDULE OF EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 2012

	<u>2012</u>	<u>2011</u>
INTERNATIONAL PROGRAM EXPENSES		
International projects	\$ 1,224,881	\$ 1,439,140
International program operations	<u>149,338</u>	<u>158,760</u>
	<u>\$ 1,374,219</u>	<u>\$ 1,597,900</u>
PUBLIC ENGAGEMENT PROGRAM EXPENSES		
Annual report, newsletter	\$ 20,775	\$ 17,846
World Water Day	-	103
School outreach program	4,911	8,389
Website	12,484	12,060
Special events/other	80,537	80,401
Public engagement program operations	<u>164,857</u>	<u>159,703</u>
	<u>\$ 283,564</u>	<u>\$ 278,502</u>
FUNDRAISING PROGRAM EXPENSES		
Direct mail	\$ 33,295	\$ 45,413
Special events	34,416	34,431
Other	32,202	19,782
Fundraising program operations	206,341	222,944
Walk for Water	<u>8,010</u>	<u>2,905</u>
	<u>\$ 314,264</u>	<u>\$ 325,475</u>
CANADIAN ADMINISTRATION EXPENSES		
Salaries and benefits	\$ 78,268	\$ 78,147
Rent	7,230	7,104
Professional fees	8,262	8,467
Office	<u>37,729</u>	<u>31,274</u>
	<u>\$ 131,489</u>	<u>\$ 124,992</u>

