

WATERCAN/EAU VIVE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

McCAY DUFF LLP, CHARTERED ACCOUNTANTS



MCCAY DUFF LLP
Chartered Accountants

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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 statements of financial position as at March 31, 2013 and March 31, 2012, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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.

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INDEPENDENT AUDITORS' REPORT

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 to 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 (expenses) and cash flows from operations for the years ended March 31, 2013 and March 31, 2012, current assets and operating fund balance as at March 31, 2013 and March 31, 2012.

In addition, in common with many organizations that are involved with projects in developing countries, the occurrence and measurement of expenses relating to these projects are not susceptible of satisfactory audit verification. Accordingly, our verification of these expenses 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 (expenses) and cash flows from operations for the years ended March 31, 2013 and March 31, 2012, current liabilities and operating fund balance as at March 31, 2013 and March 31, 2012.

Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis for Qualification Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of WaterCan/Eau Vive Corporation as at March 31, 2013, March 31, 2012, and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

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 11, 2013.

WATERCAN/EAU VIVE CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2013 AND 2012

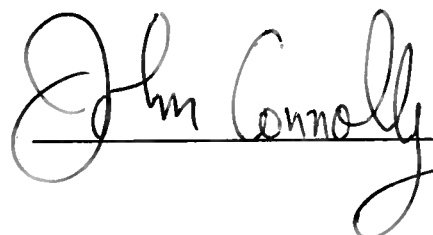
ASSETS		2013	2012
CURRENT			
Cash	\$	238,519	\$ 272,744
Investments		30,000	60,000
HST recoverable		19,802	21,728
Accounts receivable		364	21,057
Prepaid expenses		12,225	18,999
Advances to projects		<u>111,517</u>	<u>73,475</u>
		412,427	468,003
CAPITAL (note 4)		<u>11,283</u>	<u>6,789</u>
	\$	<u><u>423,710</u></u>	<u><u>\$ 474,792</u></u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$	71,412	\$ 49,351
Deferred contributions (note 5)		<u>491,243</u>	<u>340,560</u>
		562,655	389,911
NET ASSETS (DEFICIT)			
Invested in Capital Assets		12,743	6,789
Reserve Fund		60,000	60,000
Operating Fund (deficit)		<u>(211,688)</u>	<u>18,092</u>
		<u>(138,945)</u>	<u>84,881</u>
	\$	<u><u>423,710</u></u>	<u><u>\$ 474,792</u></u>

Commitments (note 6)

Approved on behalf of the Board:



 Director



 Director

WATERCAN/EAU VIVE CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
INVESTED IN CAPITAL ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 6,789	\$ 11,385
Purchase of capital assets	9,505	7,255
Amortization	<u>(3,551)</u>	<u>(11,851)</u>
	<u>5,954</u>	<u>(4,596)</u>
BALANCE - END OF YEAR	<u><u>\$ 12,743</u></u>	<u><u>\$ 6,789</u></u>
RESERVE FUND		
BALANCE - BEGINNING OF YEAR	\$ 60,000	\$ 30,000
Allocation from Operating Fund	<u>-</u>	<u>30,000</u>
BALANCE - END OF YEAR	<u><u>\$ 60,000</u></u>	<u><u>\$ 60,000</u></u>
OPERATING FUND		
BALANCE - BEGINNING OF YEAR	\$ 18,092	\$ 5,685
Net revenue (expenses) for the year	(223,826)	37,811
Allocation to Reserve Fund	-	(30,000)
Allocation (to) from Invested in Capital Assets	<u>(5,954)</u>	<u>4,596</u>
	<u>(229,780)</u>	<u>12,407</u>
BALANCE - END OF YEAR	<u><u>\$(211,688)</u></u>	<u><u>\$ 18,092</u></u>

WATERCAN/EAU VIVE CORPORATION
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUE		
C.I.D.A.	\$ 1,127,068	\$ 717,791
Donor contributions (Schedule 1)	1,516,609	1,579,676
Other income	<u>2,741</u>	<u>4,936</u>
	2,646,418	2,302,403
Deferred revenue - beginning of year (note 5)	340,560	179,504
Deferred revenue - end of year (note 5)	<u>(491,243)</u>	<u>(340,560)</u>
	2,495,735	2,141,347
EXPENSES		
International program expenses (Schedule 2)	1,960,682	1,374,219
Public engagement program expenses (Schedule 2)	265,480	283,564
Fundraising program expenses (Schedule 2)	356,883	314,264
Canadian administration expenses (Schedule 2)	<u>136,516</u>	<u>131,489</u>
	<u>2,719,561</u>	<u>2,103,536</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u><u>\$ (223,826)</u></u>	<u><u>\$ 37,811</u></u>

WATERCAN/EAU VIVE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue (expenses) for the year	\$(223,826)	\$ 37,811
Item not involving cash		
- amortization	<u>3,551</u>	<u>11,851</u>
	(220,275)	49,662
Change in non-cash working capital		
- HST recoverable	1,926	(5,601)
- accounts receivable	20,693	12,642
- prepaid expenses	6,774	(10,541)
- advances to projects	(38,042)	84,586
- accounts payable and accrued liabilities	22,061	(27,026)
- deferred revenue	<u>150,683</u>	<u>161,056</u>
	(56,180)	264,778
INVESTING ACTIVITY		
Purchase of capital assets	(9,505)	(7,255)
FINANCING ACTIVITY		
Sale (purchase) of investments	<u>30,000</u>	<u>(60,000)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(35,685)	197,523
Cash - beginning of year	<u>272,744</u>	<u>75,221</u>
CASH - END OF YEAR	<u>\$ 237,059</u>	<u>\$ 272,744</u>

WATERCAN/EAU VIVE CORPORATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2013 AND 2012****1. ORGANIZATION AND ACCOUNTING FRAMEWORK**

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.

On April 1, 2012, the Corporation adopted Canadian accounting standards for not-for-profit organizations ("ASNPO"). These are the first financial statements prepared in accordance with ASNPO.

In accordance with the transitional provisions in ASNPO, the Corporation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011, and all comparative information provided has been presented by applying ASNPO.

There were no adjustments to net assets as at April 1, 2011 or net revenue (expenses) for the year ended March 30, 2012 as a result of the transition to ASNPO. Accordingly, a statement of financial position as at April 1, 2011 has not been presented with these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Corporation's significant accounting policies are as follows:

(a) Revenue Recognition.

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue 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) Financial Instruments

The Corporation's financial instruments consist of cash, investments, HST recoverable, accounts receivable, advances to projects and accounts payable and accrued liabilities.

Measurement

Financial instruments are recorded at fair value on initial recognition.

WATERCAN/EAU VIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(b) Financial Instruments (Cont'd.)

The Corporation subsequently measures its financial instruments as follows:

Cash, accounts receivable, HST recoverable, advances to projects and accounts payable and accrued liabilities are subsequently measured at amortized cost.

Investments are subsequently measured at fair value. Changes in fair value are recognized in net revenue (expenses).

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue (expenses).

(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 2013 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.

(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.

WATERCAN/EAU VIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(f) Foreign Currency Translation

Expenses 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 accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue (expenses) as appropriate in the year they become known.

(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.

(i) Volunteer Services

The Corporation receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expense has been included in these financial statements.

(J) Fund Accounting

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, 2013 AND 2012

2. 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.

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's opinion that the Corporation is not exposed to significant interest rate, market, currency or credit risks arising from its financial instruments. There has been no change to the risk exposure from 2012.

Liquidity Risk

The liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation is exposed to liquidity risk on its monetary liabilities. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

4. CAPITAL ASSETS

	<u>2013</u>			<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Furniture and equipment	\$ 8,916	\$ 2,263	\$ 6,653	\$ 4,879
Computer software	902	754	148	303
Computer equipment	<u>29,788</u>	<u>25,306</u>	<u>4,482</u>	<u>1,607</u>
	<u>\$ 39,606</u>	<u>\$ 28,323</u>	<u>\$ 11,283</u>	<u>\$ 6,789</u>

WATERCAN/EAU VIVE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

5. DEFERRED CONTRIBUTIONS

	<u>Balance - beginning of Year</u>	<u>Less: Revenue Recognized</u>	<u>Plus: Amounts Received</u>	<u>Balance - end of Year</u>
CIDA	\$ 254,767	\$ 1,079,856	\$ 1,127,068	\$ 301,979
Direct appeals:				
The Donner Foundation	24,349	24,349	30,500	30,500
Environmental Health Foundation	-	-	2,000	2,000
Gifts of Water	36,619	76,480	71,665	31,804
The Vitol Foundation	-	41,739	48,881	7,142
WaterCan at Schools	-	59,871	61,777	1,906
Other	9,575	9,575	-	-
Special events:				
H2O Canada Dinner	15,250	39,570	24,320	-
Walk for Water	<u>-</u>	<u>362,389</u>	<u>478,301</u>	<u>115,912</u>
	<u>\$ 340,560</u>	<u>\$ 1,693,829</u>	<u>\$ 1,844,512</u>	<u>\$ 491,243</u>

6. COMMITMENTS

(a) Lease

The Corporation has leased premises for a total commitment of \$36,108 expiring March 31, 2014.

(b) Information Technology Service Agreement

The Corporation has engaged the services of a Company to provide information technology services for a three year term ending August 31, 2015 at a monthly fee of \$1,166, applicable taxes included.

WATERCAN/EAU VIVE CORPORATION
SCHEDULE OF DONOR CONTRIBUTIONS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
General donations	\$ 731,837	\$ 931,354
Special events	306,471	224,949
Walk for Water	<u>478,301</u>	<u>423,373</u>
	<u>\$ 1,516,609</u>	<u>\$ 1,579,676</u>

WATERCAN/EAU VIVE CORPORATION

SCHEDULE OF EXPENSES

FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
INTERNATIONAL PROGRAM		
International projects	\$ 1,733,961	\$ 1,224,881
International program operations	<u>226,721</u>	<u>149,338</u>
	<u>\$ 1,960,682</u>	<u>\$ 1,374,219</u>
 PUBLIC ENGAGEMENT PROGRAM		
Annual report, newsletter	\$ 10,874	\$ 20,775
School outreach program	2,789	4,911
Website	11,053	12,484
Special events/other	108,784	103,606
Public engagement program operations	<u>131,980</u>	<u>141,788</u>
	<u>\$ 265,480</u>	<u>\$ 283,564</u>
 FUNDRAISING PROGRAM		
Direct mail	\$ 29,443	\$ 33,295
Special events	73,852	34,416
Other	23,419	32,202
Fundraising program operations	202,138	206,341
Walk for Water	<u>28,031</u>	<u>8,010</u>
	<u>\$ 356,883</u>	<u>\$ 314,264</u>
 CANADIAN ADMINISTRATION		
Salaries and benefits	\$ 84,445	\$ 78,268
Rent	8,650	7,230
Professional fees	11,923	8,262
Office	<u>31,498</u>	<u>37,729</u>
	<u>\$ 136,516</u>	<u>\$ 131,489</u>