

Lifewater Canada
Financial Statements
For the nine month period ended June 30, 2015

	Contents
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Surplus	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Members Lifewater Canada

We have audited the accompanying financial statements of Lifewater Canada, which comprise the statement of financial position as at June 30, 2015, and the statements of operations and surplus and cash flows for the nine month period 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 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 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 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 qualified audit opinion.

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Lifewater Canada derives revenue from donation and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Lifewater Canada. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenue over expenditure, and cash flows from operations for the nine month period ended June 30, 2015 and current and net assets as at October 1, 2014 and June 30, 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lifewater Canada as at June 30, 2015, and the results of its operations and its statement of cash flows for the nine month period ended June 30, 2015 in accordance with Canadian accounting standards for not for profit organizations.

Comparative Information

The comparative figures were not subject to audit or review. Internal financial statements were prepared by the organization, as as such, they are unaudited.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
October 2, 2015

Lifewater Canada Statement of Financial Position

	June 30 2015	September 30 2014	October 1 2013
		(Unaudited) (Note 6)	(Unaudited) (Note 6)
Assets			
Current			
Cash (Note 3)	\$ 234,131	\$ 199,551	\$ 177,431
Short term investments (Note 4)	115,899	115,398	114,657
	350,030	314,949	292,088
Equipment (Note 5)	-	889	2,378
	\$ 350,030	\$ 315,838	\$ 294,466
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	\$ 34,013	\$ -	\$ -
Net assets	316,017	315,838	294,466
	\$ 350,030	\$ 315,838	\$ 294,466

On behalf of the Board:

_____ Director

_____ Director

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

Lifewater Canada Statement of Operations and Net Assets

For the period ended	June 30 2015	September 30 2014
		(Unaudited) (Note 6)
Revenue		
Donations		
Individual	\$ 268,558	\$ 349,463
Corporate	106,059	88,214
Foundations	162,700	115,113
Church and schools	63,019	105,422
Gifts in kind	45,961	44,829
International	34,404	49,882
Interest income	697	1,256
Foreign exchange	13,714	5,718
	695,112	759,897
Expenditure		
Administrative expenses	23,126	19,389
Amortization	889	1,489
Fundraising	20,501	16,461
Health and hygiene	21,897	18,788
Infrastructure improvements	174,385	101,730
Other water supply	-	6,318
Pump repair program	22,795	15,400
Sanitation	-	20,243
Training and education	52,124	36,755
Well construction	365,449	464,302
Well rehabilitation	13,723	37,650
	694,889	738,525
Excess of revenue over expenditure for the period before the undernoted	223	21,372
Loss on disposal of short term investments	(44)	-
Excess of revenue over expenditure for the period	179	21,372
Net assets, beginning of period	315,838	294,466
Net assets, end of period	\$ 316,017	\$ 315,838

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

Lifewater Canada Statement of Cash Flows

For the period ended	June 30 2015	September 30 2014
		(Unaudited) (Note 6)
Cash flows from operating activities		
Excess of revenue over expenditure for the period	\$ 179	\$ 21,372
Item not involving cash		
Amortization	889	1,489
	1,068	22,861
 Change in non-cash working capital balances		
Accounts payable and accrued liabilities	34,013	-
 Cash flows from investing activities		
Purchase of short term investments	(501)	(741)
 Increase in cash for the period	34,580	22,120
Cash, beginning of period	199,551	177,431
 Cash, end of period	\$ 234,131	\$ 199,551

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

Lifewater Canada

Notes to Financial Statements

June 30, 2015

1. Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization:

a) Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

b) Nature and Purpose of Organization

Lifewater Canada is a non-profit organization incorporated under the Canada Not-for-Profit Corporations Act without share capital. The Organization is a registered charity under the Income Tax Act and is exempt from income taxes. The Organization's mission is to train and equip people in Africa and Haiti to drill wells and build washrooms. Lifewater arranges water and sanitation project sponsorship which saves children's lives and improves educational opportunities for women and young girls.

c) Revenue Recognition

Lifewater Canada recognizes revenue from donations as received. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Equipment

Equipment is initially recorded at cost. Amortization is provided as follows:

Computer equipment	-	3 year straight line
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e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, any equities traded in an active market are reported at fair value, with any unrealized gains or losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Lifewater Canada Notes to Financial Statements

June 30, 2015

1. Significant Accounting Policies (cont'd)

f) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management 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 revenue and expenditures during the reporting period. Significant estimates in these financial statements include the estimated useful life of equipment, and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

g) Contributed Materials and Services

Contributed materials and services, which are used in the normal course of operations and would otherwise be purchased, are recorded at their fair market value at the date of contribution if fair value can be reasonably estimated.

h) Foreign Currency Translation

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transactions. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on translation of monetary assets and liabilities are included in net income.

2. First Time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective October 1, 2014, the Organization adopted the requirements of the new accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Chartered Professional Accountants of Canada (CPA) Handbook - Accounting. These are the Organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the nine month period ended June 30, 2015, the comparative information presented in these financial statements for the year ended September 30, 2014 and in the preparation of an opening ASNPO balance sheet at the date of transition of October 1, 2013.

Lifewater Canada Notes to Financial Statements

June 30, 2015

2. First Time Adoption of Canadian Accounting Standards for Not-for-Profit Organizations (cont'd)

The Organization produced internally prepared financial statements for the year ended September 30, 2014. The adoption of ASNPO resulted in adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenditure and cash flows of the Organization. The charges to net assets at the date of transition of October 1, 2013 were as follows:

	October 1, 2013
Opening net assets, internal	\$ 290,388
Increase in equipment to recognize capital assets	2,378
Increase in cash due to foreign exchange recognition	1,700
Opening net assets, ASNPO	\$ 294,466

A reconciliation of the excess of revenue over expenditure reported in the Organization's most recent previously issued financial statements to its excess of revenue over expenditures under ASNPO for the same period is as follows:

	2014
Excess of revenue over expenditure, internal	\$ 17,143
Amortization recognized on equipment	(1,489)
Increase in cash due to foreign exchange recognition	5,718
Excess of revenue over expenditure, ASNPO	\$ 21,372

3. Cash

	2015	2014
Canadian dollar bank accounts	\$ 97,425	\$ 141,711
US dollar bank accounts (expressed in Canadian dollars)	136,706	57,840
	\$ 234,131	\$ 199,551

4. Short Term Investments

	2015		2014	
	Cost	Market Value	Cost	Market Value
CIBC Money Market Fund	\$ 115,899	\$ 115,899	\$ 115,398	\$ 115,398

Lifewater Canada Notes to Financial Statements

June 30, 2015

5. Equipment

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 5,567	\$ 5,567	\$ 5,567	\$ 4,678
Net book value		\$ -		\$ 889

6. Related Party Transaction

During the year, the Organization purchased administrative services from a related party in the amount of \$15,181. This transaction was in the normal course of operations and is measured at the exchange value (the amount of consideration established and agreed to by the related parties).

7. Financial Instruments

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge its obligations to the Organization reducing the expected cash flow from the Organization's assets recorded at the date of the statement of financial position. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. It is the Board's opinion that the Organization is not exposed to significant concentrations of credit risk.

Interest Rate Risk

Lifewater Canada manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income. It is the Board's opinion that the Organization is not exposed to significant interest rate risk arising from its financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

Lifewater Canada Notes to Financial Statements

June 30, 2015

7. Financial Instruments

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of the Organization's expenses are paid through foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. The Organization is exposed to currency risk to the extent that it maintains a significant balance in a foreign currency. The foreign currency exchange rate is monitored on a regular basis to ensure that risk is mitigated.

8. Comparative Amounts

Comparative figures shown at October 1, 2013 and for the year ended September 30, 2014, were prepared internally and therefore are unaudited.