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Financial Statements of

**RYAN'S WELL FOUNDATION**

March 31, 2023



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September 7, 2023

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Ryan's Well Foundation:

### *Qualified Opinion*

We have audited the accompanying financial statements of Ryan's Well Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in net assets and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Ryan's Well Foundation as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Ryan's Well Foundation derives revenue from 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 Ryan's Well Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, (deficiency) excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and March 31, 2022, current assets and net assets as at March 31, 2023 and March 31, 2022.

### *Other Information*

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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.

In preparing these financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HENDRY WARREN LLP  
Chartered Professional Accountants  
Licensed Public Accountants  
Ottawa, Ontario

# RYAN'S WELL FOUNDATION

## Statement of Financial Position

March 31, 2023, with comparative figures for 2022

|                                      | 2023         | 2022         |
|--------------------------------------|--------------|--------------|
| <b>Assets</b>                        |              |              |
| Current assets                       |              |              |
| Cash                                 | \$ 446,258   | \$ 1,232,724 |
| Short-term investments (Note 2)      | 807,665      | -            |
| Accrued interest receivable          | 12,815       | -            |
| Donations receivable                 | -            | 139,235      |
| Government remittances receivable    | 2,294        | 2,161        |
| Prepaid expenses                     | 3,073        | 2,863        |
|                                      | 1,272,105    | 1,376,983    |
| Tangible capital assets (Note 3)     | 3,240        | 1,162        |
|                                      | \$ 1,275,345 | \$ 1,378,145 |
| <b>Liabilities and Net Assets</b>    |              |              |
| Current liabilities                  |              |              |
| Accounts payable and accrued charges | \$ 19,060    | \$ 13,197    |
| Deferred contributions (Note 4)      | 133,000      | 115,000      |
|                                      | 152,060      | 128,197      |
| Commitments (Note 5)                 |              |              |
| Net assets                           |              |              |
| Unrestricted                         | 1,123,285    | 1,249,948    |
|                                      | \$ 1,275,345 | \$ 1,378,145 |

Approved on behalf of the Board:

\_\_\_\_\_  
Director

# RYAN'S WELL FOUNDATION

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2023, with comparative figures for 2022

|                                               | 2023         | 2022         |
|-----------------------------------------------|--------------|--------------|
| Revenue                                       |              |              |
| Non-receipted donations (Note 6)              | \$ 372,836   | \$ 601,166   |
| Receipted donations (Note 6)                  | 197,485      | 243,603      |
| Grant revenue                                 | 115,000      | 215,000      |
| Foreign exchange gain (loss)                  | 24,724       | (9,048)      |
| Interest income                               | 24,435       | 2,889        |
|                                               | 734,480      | 1,053,610    |
| Expenses                                      |              |              |
| Administrative expenses (Schedule A)          | 78,366       | 76,111       |
| Fundraising expenses (Schedule B)             | 36,466       | 35,075       |
| Build program (Schedule C)                    | 610,015      | 641,131      |
| Education program (Schedule D)                | 61,055       | 59,912       |
| Motivate program (Schedule E)                 | 75,241       | 73,693       |
|                                               | 861,143      | 885,922      |
| (Deficiency) excess of revenues over expenses | (126,663)    | 167,688      |
| Unrestricted net assets, beginning of year    | 1,249,948    | 1,082,260    |
| Unrestricted net assets, end of year          | \$ 1,123,285 | \$ 1,249,948 |

# RYAN'S WELL FOUNDATION

## Cash Flow Statement

Year ended March 31, 2023, with comparative figures for 2022

|                                                       | 2023         | 2022         |
|-------------------------------------------------------|--------------|--------------|
| Operating activities                                  |              |              |
| (Deficiency) excess of revenues over expenses         | \$ (126,663) | \$ 167,688   |
| Changes in non-cash working capital balances (Note 7) | 149,940      | (136,845)    |
| Cash provided by operating activities                 | 23,277       | 30,843       |
| Investing activities                                  |              |              |
| Acquisition of tangible capital assets                | (2,078)      | (1,162)      |
| Acquisition of temporary investments                  | (1,774,310)  | -            |
| Proceeds from the sale of temporary investments       | 966,645      | -            |
| Cash used in investing activities                     | (809,743)    | (1,162)      |
| (Decrease) increase in cash                           | (786,466)    | 29,681       |
| Cash, beginning of year                               | 1,232,724    | 1,203,043    |
| Cash, end of year                                     | \$ 446,258   | \$ 1,232,724 |

# RYAN'S WELL FOUNDATION

Notes to the Financial Statements

March 31, 2023, with comparative figures for 2022

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## **Statutes of incorporation and nature of activities**

Ryan's Well Foundation (the "Foundation") is incorporated as a not-for-profit organization under the Corporations Act of Ontario. The Foundation is a registered charity under the Income Tax Act and is therefore exempt from income taxes under section 149(1)(f).

The Foundation's mission is to work with local partners to provide clean water and proper sanitation facilities along with related health service to water-poor people in developing countries. The Foundation educates individuals, schools and other service organizations locally as well as internationally to better understand the needs of those living in the developing world and the importance of clean water for each and every one of us. The Foundation strives to motivate youth and adults and inspires present and future leaders to realize their own global visions.

## **1. Significant accounting policies**

### **Basis of presentation**

The Foundation's financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### **Accounting estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. These estimates are based on management's knowledge of current events and actions that the Foundation may undertake in the future. Actual results may differ from these estimates. Significant estimates include the completeness of accounts payable and accrued charges as well as the allocation of expenses among the various programs and functions.

### **Revenue recognition**

The Foundation follows the deferral method of accounting for donations and grant revenue. Under this method, contributions restricted for future period expenses are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized during the year as earned.

### **Cash**

The Foundation's policy is to disclose bank balances as cash.

### **Expenses**

Project related expenses that are advanced to recipient organizations are recognized upon payment to the implementing agencies, which is in accordance with the terms stipulated in the funding agreements.



# RYAN'S WELL FOUNDATION

## Notes to the Financial Statements

March 31, 2023, with comparative figures for 2022

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### **Tangible capital assets**

#### *Amortization*

Computer equipment and furniture and fixtures are accounted for at cost and are amortized based on their useful lives using the declining balance method at the rates of 30% and 20%, respectively. One-half of the annual amount is claimed in the year of acquisition.

#### *Impairment*

When the Foundation recognizes that a tangible capital asset no longer has any long-term service potential, the excess of the net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of operations.

### **Allocation of expenses**

The Foundation engages in administration, fundraising, building, education, and motivate programs. The costs of each program include the costs of salaries and wages, consulting and contract expenses, rent, and other expenses that are directly related to providing the program. The Foundation also incurs general support expenses that are common to the administration of the organization and each of its programs.

Salaries and wages, consulting and contract expenses are allocated based on the percentage of time employees and consultants spend working on each program. Rent is allocated equally to each program. Other expenses are also allocated based on estimated usage.

### **Contributed supplies and services**

The Foundation is grateful for all of the volunteers who donate a considerable amount of hours and materials to carry out the activities of the Foundation. Due to the difficulty in compiling the hours of contributed service and determining the value of the contributed materials, they are not recognized in the financial statements.

### **Foreign currency translation**

The Foundation uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates. The related exchange gains and losses are recorded in operations for the year.

Items appearing in the current year's statement of operations are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of operations.

# RYAN'S WELL FOUNDATION

## Notes to the Financial Statements

March 31, 2023, with comparative figures for 2022

### 2. Short-term investments

|                                                                                                                                         | 2023       | 2022 |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------|------|
| Non Redeemable GIC - Royal Bank of Canada with a yield of 4.75%,<br>initial cost of \$225,000, maturing on November 24, 2023            | \$ 225,000 | \$ - |
| Non Redeemable GIC - Royal Bank Mortgage Corporation with a yield<br>of 4.75%, initial cost of \$225,000, maturing on November 24, 2023 | 225,000    | -    |
| Non Redeemable GIC - The Royal Trust Company with a yield of<br>4.75%, initial cost of \$225,000, maturing on November 24, 2023         | 225,000    | -    |
| One Year Cashable GIC - Royal Bank of Canada with a yield of 3.25%,<br>initial cost of \$65,000, maturing on November 24, 2023          | 65,000     | -    |
| USD Term Deposit - Royal bank of Canada with a yield of 4.00%,<br>initial cost of \$67,665, maturing on November 27, 2023               | 67,665     | -    |
|                                                                                                                                         | \$ 807,665 | \$ - |

### 3. Tangible capital assets

|                        | 2023      |                             | 2022              |                   |
|------------------------|-----------|-----------------------------|-------------------|-------------------|
|                        | Cost      | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Computer equipment     | \$ 15,000 | \$ 11,760                   | \$ 3,240          | \$ 1,162          |
| Furniture and fixtures | 1,756     | 1,756                       | -                 | -                 |
|                        | \$ 16,756 | \$ 13,516                   | \$ 3,240          | \$ 1,162          |

### 4. Deferred contributions

|                                                | 2023       | 2022       |
|------------------------------------------------|------------|------------|
| Balance, beginning of year                     | \$ 115,000 | \$ 115,000 |
| Plus amounts received in the year              | 133,000    | 115,000    |
| Less amounts recognized as revenue in the year | (115,000)  | (115,000)  |
| Balance, end of year                           | \$ 133,000 | \$ 115,000 |

# RYAN'S WELL FOUNDATION

## Notes to the Financial Statements

March 31, 2023, with comparative figures for 2022

### 5. Commitments

Future minimum rental payments required under operating lease for premises that have initial lease terms in excess of one year at March 31, 2023 are as follows:

|      | Premises         |
|------|------------------|
| 2024 | \$ 9,919         |
| 2025 | 9,919            |
| 2026 | 9,919            |
| 2027 | 9,919            |
| 2028 | 9,092            |
|      | <u>\$ 48,768</u> |

### 6. Donations

|             | 2023              | 2022              |
|-------------|-------------------|-------------------|
| Individuals | \$ 441,084        | \$ 547,923        |
| Foundations | 86,277            | 269,551           |
| Businesses  | 23,020            | 6,820             |
| Others      | 14,042            | 3,495             |
| Schools     | 5,898             | 16,980            |
|             | <u>\$ 570,321</u> | <u>\$ 844,769</u> |

### 7. Changes in non-cash working capital balances

Changes in non-cash working capital balances have provided (used) cash as follows:

|                                      | 2023              | 2022                |
|--------------------------------------|-------------------|---------------------|
| Accrued interest receivable          | \$ (12,815)       | \$ -                |
| Donations receivable                 | 139,235           | (139,235)           |
| Government remittances receivable    | (133)             | (228)               |
| Prepaid expenses                     | (210)             | (98)                |
| Accounts payable and accrued charges | 5,863             | 2,716               |
| Deferred contributions               | 18,000            | -                   |
|                                      | <u>\$ 149,940</u> | <u>\$ (136,845)</u> |

# RYAN'S WELL FOUNDATION

## Notes to the Financial Statements

March 31, 2023, with comparative figures for 2022

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### 8. Financial instruments

#### Risk and concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the statement of financial position date, March 31, 2023.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to its donations receivable throughout the year. A failure by any of these parties to fulfil their pledges could result in financial losses for the Foundation.

The Foundation attempts to limit its credit risk by diversifying its donation revenue across different revenue sources as seen in Note 6. There are no amounts receivable at year end.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other prices risk. The Foundation is primarily exposed to currency risk.

#### Currency risk

The majority of the Foundation's transactions are in Canadian dollars. Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the Foundation's donations are denominated in foreign currency which is primarily U.S. dollars. As at March 31, 2023, the Foundation is exposed to currency risk in respect to its cash denominated in U.S. dollars totalling \$240,549 (2022: \$852,589) and GICs denominated in U.S. dollars totalling \$67,665 (2022: \$Nil).

The Foundation currently mitigates this risk by keeping its U.S. dollar donations in a U.S. dollar denominated account. When possible, these donations are then spent on project activities in U.S. dollars. The Foundation's exposure to currency risk has decreased in the year as a result of a decrease in cash balances denominated in U.S. dollars.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk with respect to accounts payable and accrued charges.

The Foundation currently mitigates this risk by building a three-month cash reserve in its budgeting and forecasting procedures.

The Foundation's exposure to credit and liquidity risk is unchanged from the year ended March 31, 2022.

# RYAN'S WELL FOUNDATION

Supplementary schedules

Year ended March 31, 2023, with comparative figures for 2022

| <b>Administrative expenses</b> | <b>Schedule A</b> |           |
|--------------------------------|-------------------|-----------|
|                                | 2023              | 2022      |
| Advertising and promotion      | \$ 40             | \$ 781    |
| Auditing and legal             | 27,955            | 25,934    |
| Occupancy                      | 3,160             | 3,253     |
| Office operations              | 6,484             | 7,654     |
| Wages, benefits and consulting | 40,727            | 38,489    |
|                                | \$ 78,366         | \$ 76,111 |

| <b>Fundraising expenses</b>    | <b>Schedule B</b> |           |
|--------------------------------|-------------------|-----------|
|                                | 2023              | 2022      |
| General fundraising expenses   | \$ 11,669         | \$ 10,780 |
| Occupancy                      | 3,160             | 3,253     |
| Wages, benefits and consulting | 21,637            | 21,042    |
|                                | \$ 36,466         | \$ 35,075 |

| <b>Build Program</b>                       | <b>Schedule C</b> |            |
|--------------------------------------------|-------------------|------------|
|                                            | 2023              | 2022       |
| General program expenses                   | \$ 3,388          | \$ 2,690   |
| Monitoring cost                            | 31,333            | -          |
| Occupancy                                  | 3,160             | 3,253      |
| Wages, benefits and consulting             | 50,487            | 49,097     |
| Well, sanitation and hygiene disbursements | 521,647           | 586,091    |
|                                            | \$ 610,015        | \$ 641,131 |

# RYAN'S WELL FOUNDATION

Supplementary schedules

Year ended March 31, 2023, with comparative figures for 2022

| <b>Education Program</b>       | <b>Schedule D</b> |           |
|--------------------------------|-------------------|-----------|
|                                | 2023              | 2022      |
| General program expenses       | \$ 3,180          | \$ 2,690  |
| Occupancy                      | 3,280             | 3,376     |
| Wages, benefits and consulting | 54,595            | 53,846    |
|                                | \$ 61,055         | \$ 59,912 |

| <b>Motivate Program</b>        | <b>Schedule E</b> |           |
|--------------------------------|-------------------|-----------|
|                                | 2023              | 2022      |
| General program expenses       | \$ 3,180          | \$ 2,690  |
| Occupancy                      | 3,041             | 3,129     |
| Wages, benefits and consulting | 69,020            | 67,874    |
|                                | \$ 75,241         | \$ 73,693 |