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Financial Statements of

RYAN'S WELL FOUNDATION

March 31, 2022

August 20, 2022

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, 2022, 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, 2022, 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, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and March 31, 2021, current assets and net assets as at March 31, 2022 and March 31, 2021.

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.

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.
- 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, 2022, with comparative figures for 2021

	2022	2021
Assets		
Current assets		
Cash	\$ 1,232,724	\$ 1,203,043
Donations receivable	139,235	
Government remittances receivable	2,161	1,933
Prepaid expenses	2,863	2,765
	1,376,983	1,207,741
Tangible capital assets (Note 2)	1,162	-
	\$ 1,378,145	\$ 1,207,741
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued charges	\$ 13,197	\$ 10,481
Deferred contributions (Note 3)	115,000	115,000
	128,197	125,481
Net assets		
Unrestricted	1,249,948	1,082,260
	\$ 1,378,145	\$ 1,207,741

Approved on behalf of the Board:

Director

RYAN'S WELL FOUNDATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2022, with comparative figures for 2021

	2022	2021
Revenue		
Non-receipted donations (Note 4)	\$ 601,166	\$ 527,580
Receipted donations (Note 4)	243,603	214,864
Grant revenue	215,000	115,000
Other	2,889	7,457
Foreign exchange loss	(9,048)	(30,530)
	1,053,610	834,371
Expenses		
Administrative expenses (Schedule A)	76,111	69,458
Fundraising expenses (Schedule B)	35,075	33,312
Build program (Schedule C)	641,131	544,967
Education program (Schedule D)	59,912	47,730
Motivate program (Schedule E)	73,693	61,006
	885,922	756,473
Excess of revenues over expenses	167,688	77,898
Unrestricted net assets, beginning of year	1,082,260	1,004,362
Unrestricted net assets, end of year	\$ 1,249,948	\$ 1,082,260

RYAN'S WELL FOUNDATION

Cash Flow Statement

Year ended March 31, 2022, with comparative figures for 2021

	2022	2021
Operating activities		
Excess of revenues over expenses	\$ 167,688	\$ 77,898
Changes in non-cash working capital balances (Note 5)	(136,845)	(32,089)
Cash provided by operating activities	30,843	45,809
Investing activities		
Acquisition of tangible capital assets	(1,162)	-
Cash used in investing activities	(1,162)	-
Net increase in cash	29,681	45,809
Cash, beginning of year	1,203,043	1,157,234
Cash, end of year	\$ 1,232,724	\$ 1,203,043

RYAN'S WELL FOUNDATION

Notes to the Financial Statements

March 31, 2022, with comparative figures for 2021

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.

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, 2022, with comparative figures for 2021

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, 2022, with comparative figures for 2021

2. Tangible capital assets

			2022	2021
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 24,389	\$ 23,227	\$ 1,162	\$ -
Furniture and fixtures	1,756	1,756	-	-
	\$ 26,145	\$ 24,983	\$ 1,162	\$ -

3. Deferred contributions

	2022	2021
Balance, beginning of year	\$ 115,000	\$ 147,958
Plus amounts received in the year	115,000	115,000
Less amounts recognized as revenue in the year	(115,000)	(147,958)
Balance, end of year	\$ 115,000	\$ 115,000

4. Donations

	2022	2021
Foundations	\$ 269,551	\$ 224,401
Individuals	547,923	458,664
Schools	16,980	7,814
Businesses	6,820	45,183
Others	3,495	2,382
	\$ 844,769	\$ 738,444

RYAN'S WELL FOUNDATION

Notes to the Financial Statements

March 31, 2022, with comparative figures for 2021

5. Changes in non-cash working capital balances

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

	2022	2021
Government remittances receivable	\$ (228)	\$ 1,409
Prepaid expenses	(98)	139
Accounts payable and accrued charges	2,716	(679)
Deferred contributions	-	(32,958)
Donations receivable	(139,235)	-
	<u>\$ (136,845)</u>	<u>\$ (32,089)</u>

6. 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, 2022.

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 4. 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.

RYAN'S WELL FOUNDATION

Notes to the Financial Statements

March 31, 2022, with comparative figures for 2021

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, 2022, the Foundation is exposed to currency risk in respect to its cash denominated in U.S. dollars totaling \$852,354 (2021: \$551,317).

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 increased in the year as a result of an increase 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, 2021.

RYAN'S WELL FOUNDATION

Supplementary schedules

Year ended March 31, 2022, with comparative figures for 2021

Administrative expenses	Schedule A	
	2022	2021
Advertising and promotion	\$ 781	\$ 292
Amortization of tangible capital assets	-	-
Auditing and legal	25,934	16,952
Occupancy	3,253	2,027
Office operations	7,654	10,229
Wages, benefits and consulting	38,489	39,958
	\$ 76,111	\$ 69,458

Fundraising expenses	Schedule B	
	2022	2021
General fundraising expenses	\$ 10,780	\$ 8,071
Occupancy	3,253	2,027
Wages, benefits and consulting	21,042	23,214
	\$ 35,075	\$ 33,312

Build Program	Schedule C	
	2022	2021
General program expenses	\$ 2,690	\$ 1,878
Occupancy	3,253	2,027
Wages, benefits and consulting	49,097	50,046
Well, sanitation and hygiene disbursements	586,091	491,016
	\$ 641,131	\$ 544,967

RYAN'S WELL FOUNDATION

Year ended March 31, 2022, with comparative figures for 2021

Education Program	Schedule D	
	2022	2021
General program expenses	\$ 2,690	\$ 2,089
Occupancy	3,376	2,063
Wages, benefits and consulting	53,846	43,578
	\$ 59,912	\$ 47,730

Motivate Program	Schedule E	
	2022	2021
General program expenses	\$ 2,690	\$ 2,089
Occupancy	3,129	1,991
Wages, benefits and consulting	67,874	56,926
	\$ 73,693	\$ 61,006