

Lifewater Canada
Financial Statements
June 30, 2026

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To the Members of Lifewater Canada:

Qualified Opinion

We have audited the financial statements of Lifewater Canada (the "Charity"), which comprise the statement of financial position as at June 30, 2026, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters 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 the Charity as at June 30, 2026, and its financial performance 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, the Charity derives revenue from donations 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 the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditure, and cash flows from operations for the years ended June 30, 2026 and 2025, current assets as at June 30, 2026 and 2025, and net assets as at July 1 and June 30 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended June 30, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Annual 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 identified above 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.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report.

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

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Charity'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 generally accepted 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 generally accepted 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 Charity'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 Charity'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 Charity 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.

Thunder Bay, Ontario

September 29, 2026

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Lifewater Canada
Statement of Financial Position
As at June 30, 2026

	2026	2025
Assets		
Current		
Cash (Note 3)	1,915,943	1,486,089
Short term investments (Note 4)	121,774	100,130
Inventory (Note 5)	401,626	385,931
	2,439,343	1,972,150
Net Assets	2,439,343	1,972,150

Approved on behalf of the Board

e-Signed by Don Heerema

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Director

Lifewater Canada

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2026

	2026	2025
Revenue		
Donations		
Individual	3,184,999	2,356,755
Corporate	362,046	209,395
Foundations	620,192	729,907
Civic groups and other charities	408,384	1,477,393
International	591,010	170,168
Gifts in kind	11,136	-
Interest income	39,076	43,679
Foreign exchange gain	8,423	1,145
	5,225,266	4,988,442
Expenditure		
Administrative expenses	59,087	60,281
Fundraising	80,559	40,773
Health and hygiene	586,051	383,147
Infrastructure improvements	465,167	518,465
Pump repair program	593,490	458,645
Sanitation	187,455	154,963
Tank catchment system	2,737	-
Training and education	102,474	133,293
Wages and benefits	367,481	341,503
Well construction	2,105,436	1,535,601
Well rehabilitation	208,136	256,138
	4,758,073	3,882,809
Excess of revenue over expenditure for the year	467,193	1,105,633
Net assets, beginning of year	1,972,150	866,517
Net assets, end of year	2,439,343	1,972,150

The accompanying notes are an integral part of these financial statements

Lifewater Canada
Statement of Cash Flows
For the year ended June 30, 2026

	2026	2025
Cash flows from operating activities		
Excess of revenue over expenditure for the year	467,193	1,105,633
Non-cash items		
Donation of life insurance policy	(21,438)	-
Changes in non-cash working capital balances		
Inventory	(15,695)	(2,255)
	430,060	1,103,378
Cash flows from investing activities		
Purchase of short term investments	(100,336)	(100,130)
Redemption of short term investments	100,130	83,123
	(206)	(17,007)
Increase in cash for the year	429,854	1,086,371
Cash resources, beginning of year	1,486,089	399,718
Cash resources, end of year	1,915,943	1,486,089

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Lifewater Canada (the "Organization") 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 Sub-Saharan Africa and Haiti to provide safe drinking water and improve sanitation. Lifewater Canada arranges water and sanitation project sponsorship which saves children's lives and increases educational opportunities for women and young girls.

2. Significant accounting policies

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

Basis of accounting

These financial statements have been prepared in accordance with 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.

Revenue recognition

Lifewater Canada recognizes revenue from donations as received. Restricted contributions are recognized as revenue in the year in which the related expenses 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. Gifts in kind are recognized as revenue at the date the donor provides substantiation of the donation and the fair value can be reasonably determined. Interest revenues earned on investments are recognized in revenue when they are earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and cash balances held in investment accounts.

Inventory

Inventory includes parts used to construct, repair and maintain wells in Sub-Saharan Africa and Haiti. Inventory is measured at the lower of cost and current replacement cost. Cost is determined using the first in, first out method.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, any entities 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.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates in these financial statements include accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed materials and services

Contributions of materials and services are recognized at fair market value at the date of contribution when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

2. Significant accounting policies *(Continued from previous page)*

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.

3. Cash

	2026	2025
Canadian dollar bank accounts	1,863,917	1,396,164
US dollar bank accounts	52,026	89,925
	1,915,943	1,486,089

4. Short term investments

	2026	2025
Term deposit, interest at 2.0%, maturing June 2027	100,336	-
Cash surrender value - life insurance	21,438	-
Term deposit	-	100,130
	121,774	100,130

5. Inventory

Inventories of approximately \$761,000 (2025 - \$380,000) were recognized as an expense in the following categories:

- well construction
- well rehabilitation
- pump repair

6. Related party transactions

During the year, the Organization received donations and gifts in kind totaling \$41,593 (2025 - \$23,045) from directors, directors' spouses and corporations controlled by directors. These transactions are in the normal course of operations and are 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 of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations to the Charity reducing the expected cash flow from the Charity'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 Charity is not exposed to significant concentrations of credit risk.

Lifewater Canada maintains all of its bank accounts with one financial institution and therefore all deposits are not covered by the Canadian Deposit Insurance Corporation (CDIC). The Charity is subject to credit risk on the excess deposits over CDIC coverage. There have not been any changes in the risk from the prior year.

Interest rate risk

Lifewater Canada manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income. All investments held are GICs which have fixed interest rates. It is the Board's opinion that the Organization is not exposed to significant interest rate risk arising from its financial instruments. There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Charity encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Charity 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. It is the Board's opinion that the Charity is not exposed to significant liquidity risk. There have not been any changes in the risk from the prior year.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future value cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of the Charity's expenses are paid through foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. The Charity is exposed to currency risk to the extent that the majority of its expenses are transacted in foreign currencies. There have not been any changes in the risk from the prior year.