

**WATER FOR PEOPLE CANADA
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2008**

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Exhibit - 1

AUDITORS' REPORT

To the Members of
Water For People Canada
Toronto, Ontario

We have audited the balance sheet of Water For People Canada as at December 31, 2008 and the statements of revenue and expenses and surplus for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the association derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, assets and surplus.

In our opinion, except for the effects of the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Applebaum, Commisso LLP

Markham, Ontario
June 9, 2009

Applebaum, Commisso LLP
Licensed Public Accountants

WATER FOR PEOPLE - CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	<i>General Fund</i>	<i>Restrict Asset Fund</i>	<i>Total 2008</i>	<i>Total 2007</i>
ASSETS				
Current				
Cash	\$ 45,176	\$ 29	\$ 45,205	\$ 46,579
Prepaid expenses	1,786	-	1,786	-
Total Assets	46,962	29	46,991	46,579
LIABILITIES				
Current				
Accounts payable and accrued liabilities	\$ 9,748	\$ -	\$ 9,748	\$ 4,613
Total liabilities	9,748	-	9,748	4,613
FUND BALANCES (Exhibit - 3)				
Externally restricted	-	29	29	32,565
Internally restricted	-	-	-	-
Unrestricted	37,214	-	37,214	9,401
	37,214	29	37,243	41,966
	46,962	29	46,991	46,579

_____ - Director

_____ - Director

**WATER FOR PEOPLE - CANADA
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General Fund		Restricted Fund		Total	
	2008	2007	2008	2007	2008	2007
REVENUE						
Contributions, Grants and Sponsorships	\$ 151,301	105,258	\$ 248,867	232,882	\$ 400,168	338,140
EXPENSES						
Program Services:						
Developing Countries	36,967	20,000	281,403	216,917	318,370	236,917
Supporting Services:						
Management and General	59,403	81,259	-	-	59,403	81,259
Fundraising	27,118	16,642	-	-	27,118	16,642
Total Support Services	86,521	97,901	-	-	86,521	97,901
Total Expenses	123,488	117,901	281,403	216,917	404,891	334,818
Excess (deficiency) of revenues over expenses	\$ 27,813	\$ (12,643)	\$ (32,536)	\$ 15,965	\$ (4,723)	\$ 3,322
Fund balances - beginning of the year	9,401	22,044	32,565	16,600	41,966	38,644
Fund balances - end of year	37,214	9,401	29	32,565	37,243	41,966

_____ - Director

_____ - Director

**WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. CORPORATE STATUS

The organization is a corporation without share capital incorporated under the Canada Corporations Act with a registered charitable number 89822 1973RR0001 and is exempt from income tax. As a registered charity under the Income Tax Act, the organization may issue receipts for charitable donations.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue and expenses recognition

Revenue and expenses are recognized on the accrual basis with the exception that donations are recognized on a cash basis, or when receivable if the amount can be reasonably estimated and collection reasonably assured. The organization has also chosen the restricted Fund Method under GAAP for disclosure purposes.

b) Contributed services

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

c) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the statement of cash flows in such estimates in future periods could be significant.

3. FINANCIAL INSTRUMENTS

The not-for-profit's financial instruments consist of cash and accounts payables and accrued liabilities. Unless otherwise noted, it is trustees's opinion that the not-for-profit is not exposed to significant interest, currency or credit risks arising from these financial instruments.

4. NON-MONETARY DONATIONS

Office rent totaling approximately \$9,600 was donated to the not-for-profit in the current year.

**WATER FOR PEOPLE CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

5. RELATED PARTIES

Water For People - United States

Water for People - United States (WFPU) established an agency agreement which defined the original objectives of the not-for-profit which was to raise funds for the use in the coordination and guidance on projects with WFPU. One of 9 members of the not-for-profit's board of directors also serves along with 21 other Directors on the WFPU board. During the year resources of the not-for-profit amounting to \$318,370 (2007-\$236,917) were transferred to WFPU and designated to be held in Trust and used for the purposes designated solely by the not-for-profit. As a result of these significant transactions WFPU headquarters has provided overhead and staff support to the not-for-profit at no charge.