



**ONE DROP FOUNDATION  
(«ONE DROP CANADA»)**

**ANNUAL FINANCIAL STATEMENTS**

AT DECEMBER 31, 2009

*Water for all, all for water*



# ONE DROP CANADA

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## ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2009

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## Auditors' report

To the Members of  
ONE DROP Foundation

We have audited the balance sheet of the ONE DROP Foundation as at December 31, 2009 and the statement of revenue, expenditure and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Canada Corporations Act*, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

We also expressed an opinion without restrictions on the consolidated financial statements of ONE DROP Foundation.

*Samson Béclair/Deloitte & Touche s.e.n.c.r.l.*<sup>1</sup>

February 25, 2010

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<sup>1</sup> Chartered accountant auditor permit No. 20238

# ONE DROP CANADA

## Balance Sheet

At December 31, 2009  
(Canadian dollars)

			2009	2008
	General Fund	Continuity Fund	Total	Total
<b>Assets</b>				
Current:				
Cash	\$ 707,517	\$ —	\$ 707,517	\$ 599,438
Receivables:				
Founder	—	—	—	1,383,123
ONE DROP USA	23,339	—	23,339	—
Other	886,013	—	886,013	79,005
Interfund advances*	62,934*	—	—	—
Investments (Note 3)	2,128,493	—	2,128,493	603,812
Prepaid expenses	48,075	—	48,075	13,535
	<b>3,856,371</b>	<b>—</b>	<b>3,793,437</b>	<b>2,678,913</b>
Long-term investments (Note 4)	—	1,127,121	1,127,121	—
Capital assets (Note 5)	163,671	—	163,671	390,925
	<b>\$ 4,020,042</b>	<b>\$ 1,127,121</b>	<b>\$ 5,084,229</b>	<b>\$ 3,069,838</b>
<b>Liabilities</b>				
Current:				
Accounts payable and accrued liabilities:				
Cirque du Soleil	\$ 338,443	\$ —	\$ 338,443	\$ 1,506,902
Other	508,390	—	508,390	138,718
Interfund advances*	—	62,934*	—	—
Deferred contributions (Note 6)	2,791,493	—	2,791,493	964,857
	<b>3,638,326</b>	<b>62,934</b>	<b>3,638,326</b>	<b>2,610,477</b>
Deferred contribution related to capital assets (Note 7)	—	—	—	176,181
<b>Fund balances</b>				
Invested in capital assets (Note 8)	163,671	—	163,671	214,744
Permanently restricted (Note 8)	—	1,064,187	1,064,187	—
Available (Note 8)	218,045	—	218,045	68,436
	<b>381,716</b>	<b>1,064,187</b>	<b>1,445,903</b>	<b>283,180</b>
	<b>\$ 4,020,042</b>	<b>\$ 1,127,121</b>	<b>\$ 5,084,229</b>	<b>\$ 3,069,838</b>

\* These amounts do not appear in the total column because they cancel each other out.  
Commitments (Note 16)

Approved by the Board,

\_\_\_\_\_  
Guy Laliberté  
President

\_\_\_\_\_  
Robert Blain  
Treasurer

# ONE DROP CANADA

## Statement of Revenue and Expenditure, and Fund Balances

Year ended December 31, 2009  
(Canadian dollars)

			2009	2008
	General Fund	Continuity Fund	Total	Total
<b>Revenue</b>				
Founder's contribution (Note 9)	\$ 8,374,593	\$ —	\$ 8,374,593	\$ 4,348,831
Contributions from other sources (Note 10)	3,225,097	—	3,225,097	997,435
Investment income (Note 11)	67,578	—	67,578	(4,336)
	<b>11,667,268</b>	<b>—</b>	<b>11,667,268</b>	<b>5,341,930</b>
<b>Expenditure</b>				
Programs (Note 12)	9,747,045	—	9,747,045	4,042,012
Development and corporate partnerships (Note 13)	1,057,214	—	1,057,214	528,938
Administration	763,516	—	763,516	850,339
	<b>11,567,775</b>	<b>—</b>	<b>11,567,775</b>	<b>5,421,289</b>
<b>Excess (deficiency) of revenue over expenditure</b>	<b>99,493</b>	<b>—</b>	<b>99,493</b>	<b>(79,359)</b>
Endowment contribution from Fondation Guy Laliberté	—	1,063,230	1,063,230	—
Interfund transfer (Note 8)	(957)	957	—	—
Fund balances at beginning of year	283,180	—	283,180	362,539
<b>Fund balances at end of year</b>	<b>\$ 381,716</b>	<b>\$ 1,064,187</b>	<b>\$ 1,445,903</b>	<b>\$ 283,180</b>
Comprised of:				
Fund balances invested in capital assets (Note 8)	\$ 163,671	\$ —	\$ 163,671	\$ 214,744
Fund balances permanently restricted (Note 8)	—	1,064,187	1,064,187	—
Fund balances available for funding working capital and program commitments (Note 8)	218,045	—	218,045	68,436
	<b>\$ 381,716</b>	<b>\$ 1,064,187</b>	<b>\$ 1,445,903</b>	<b>\$ 283,180</b>

# ONE DROP CANADA

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## Notes to the Financial Statements

At December 31, 2009  
(Canadian dollars)

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### 1. Governing statutes and nature of operations

A not-for-profit organization, ONE DROP Foundation (“ONE DROP Canada”) was incorporated on July 3, 2007, under Part II of the *Canada Corporations Act*. Its mission is to help fight poverty by providing access to water and raising individual and community awareness of the need to mobilize so that safe water is accessible to all, in sufficient quantity, today and tomorrow. ONE DROP Canada is recognized as a registered charity by the Canadian tax authorities.

To maintain its registered charity status, ONE DROP Canada must meet certain annual spending requirements (“disbursement quota”) according to the Canada Revenue Agency *Income Tax Act*. The disbursement quota is a minimum amount that the registered charity must spend on charitable programs or as gifts to qualified donees. Failure to comply with this requirement could lead to a revocation of ONE DROP Canada’s registered charity status. As at December 31, 2009, ONE DROP Canada complies with this requirement.

ONE DROP Canada is sponsored by its Founder, Guy Laliberté, and the Cirque du Soleil or its affiliates (“Cirque du Soleil”). Support comes in the form of financial contributions, services and business opportunities. The Founder provides funding on a regular basis. ONE DROP Canada is generally invoiced for services provided by Cirque du Soleil on the committed costs basis. In particular, these services include managing the compensation of ONE DROP Canada’s personnel, the purchase of information technology and hardware, and facilities and maintenance. Cirque du Soleil also generously offers its support for the organization of benefit events. The Founder and Cirque du Soleil offer business opportunities that facilitate the creation of a global movement on water issues and help diversify program funding.

The Founder fully funds the administration. As a result, contributions from other sources are allocated entirely to the programs, except contributions collected at fundraising events, which are used to absorb the proportional share of the development and corporate partnership expenditures related to these events.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies. The significant accounting policies are as follows:

#### a) Fund accounting

The financial statements are presented according to the fund accounting method, and the deferral method is applied to record contributions.

# ONE DROP CANADA

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## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

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### 2. Significant accounting policies (*continued*)

#### a) Fund accounting (*continued*)

##### General Fund

The General Fund consolidates all activities carried out by ONE DROP Canada to implement its programs.

##### Continuity Fund

The Continuity Fund's purpose is to ensure ONE DROP Canada's longevity and provide adequate capital funding for long-term fulfillment of its programs. The fund records endowments, which are contributions from donors requesting that their contribution be non-expendable.

#### b) Financial instruments

ONE DROP Canada has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations to not apply Sections 3862 and 3863 of the *CICA Handbook* which would otherwise have applied to the financial statements of ONE DROP Canada for the year ended December 31, 2009. ONE DROP Canada continues to apply the requirements of Section 3861 of the *CICA Handbook* regarding information to disclose and presentation of financial instruments.

Financial instruments are initially recorded at fair value. Subsequent measurements take the following into consideration:

##### Investments

Investments are classified as financial assets held for trading and, accordingly, are recorded at fair value. The fair value of investments is based on market prices, usually the most recent bid price.

Investment transactions are recorded on the transaction date. Investment income generated by the Continuity Fund's investments is recorded in the General Fund. Investment income is comprised of interest, dividends, currency translation gains or losses and gains or losses resulting from the change in fair value of investments, net of management and safekeeping fees.

##### Cash

Cash is classified as financial asset held for trading and, accordingly, is recorded at fair value.

##### Accounts receivable, accounts payable and accrued liabilities

Accounts receivable (classified as loans and receivables), accounts payable and accrued liabilities (classified as other liabilities) are recorded at amortized cost.

# ONE DROP CANADA

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## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

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### 2. Significant accounting policies (*continued*)

#### c) Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at their fair value on the date the contribution is made. Amortization of computer equipment, software and the website is calculated on a straight-line basis at an annual rate of 33 $\frac{1}{3}$ %.

#### d) Fund balances

##### General Fund

Fund balances invested in capital assets are established using the net value of the capital assets, net of the deferred contribution relating to capital assets.

Available fund balances are used to fund working capital and program commitments.

##### Continuity Fund

Permanently restricted fund balances are composed of endowments as well as the portion of investment income corresponding to the fiscal year's inflation rate, in order to preserve the endowments' relative value.

#### e) Revenue recognition

##### General Fund

The deferral method is used to recognize contributions. Restricted contributions, which are contributions that must be used for a specified purpose, are recognized as revenue in the year during which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year they are received.

##### Continuity Fund

Endowments are recorded as a direct contribution to the Continuity Fund's balances.

#### f) Contributed services

Contributed services, excluding contributions made by volunteers, are recognized at fair value when this value can be reasonably estimated.

Contributed services made by volunteers are not recognized because it is difficult to measure their fair value. In addition, the work accomplished by members of ONE DROP Canada's Board of Directors and its committees is on a volunteer basis. As such, they receive no compensation for the responsibilities they undertake.

# ONE DROP CANADA

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## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

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### 2. Significant accounting policies (*continued*)

#### g) Contributed capital assets

Contributed capital assets are deferred and recognized as revenue based on the same method as that used to amortize the corresponding capital assets.

#### h) Presentation of expenditures

Expenditures are presented by function: Programs, Development and Corporate Partnerships, and Administration. The Programs function consists of expenditures incurred to directly carry out the mission, i.e., international cooperation and development, as well as awareness and mobilization. International cooperation and development activities aim to provide access to water and are primarily carried out in developing countries, whereas awareness and mobilization activities are primarily carried out in developed countries. The Development and Corporate Partnerships function consists of fundraising expenses while the Administration function consists of general operating expenses.

The expenditures of the Programs and Development and Corporate Partnerships functions include only direct expenses. Accordingly, no administration expenditure was charged to these functions.

#### i) Recognition of international cooperation and development program expenditure

International cooperation and development program contributions are recognized when funds are transferred to the partners in charge of carrying out the programs. Funds are transferred after a commitment has been approved by the Board of Directors and an agreement has been entered into with the partner responsible for carrying out the program.

#### j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated using rates in effect on the year-end date, while non-monetary items are translated at historical rates. Revenue and expenditure are translated at exchange rates in effect during the year. Foreign currency translation gains and losses are mainly generated from the translation of cash and investments and are presented with investment income.

#### k) Use of estimates

Preparing financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes to the financial statements. These estimates and assumptions are based on management's knowledge of ongoing activities. Actual results could differ from these estimates.

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 3. Short-term investments

	2009	2008
Deposits and short-term notes	\$ 2,113,594	\$ 600,536
Other	14,899	3,276
	<b>\$ 2,128,493</b>	<b>\$ 603,812</b>

Deposits and short-term notes have yields from 0.42% to 1.34% (1.99% to 2.05% in 2008) and can be cashed anytime.

Investments acquired during the year amount to \$2,717,582 (\$606,889 in 2008), whereas investments sold during the year amount to \$1,200,000 (\$205,697 in 2008).

### 4. Long-term investments

	2009	2008
By type of security:		
Deposits and short-term notes	\$ 103,295	\$ —
Fixed income securities*	455,957	—
Equity securities	564,892	—
Accrued revenue	2,977	—
	<b>\$ 1,127,121</b>	<b>\$ —</b>
By currency:		
Canadian dollars	\$ 743,177	—
United States dollars	126,414	—
Other currencies	257,530	—
	<b>\$ 1,127,121</b>	<b>\$ —</b>

\* Fixed income securities represent maturity terms between 2011 and 2026 and yields ranging from 2.75% to 8.9%.

Investments acquired during the year amount to \$1,250,617, whereas investments sold during the year amount to \$183,499.

### 5. Capital assets

	2009		2008	
	Cost	Accumulated amortization	Net Value	Net Value
Computer equipment, software and website	\$ 224,300	\$ 60,629	\$ 163,671	\$ 390,925

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 5. Capital assets (*continued*)

The amortization expense for the year amounts to \$118,879 (\$198,316 in 2008). Capital assets acquired during the year amount to \$180,266 (\$44,034 in 2008), whereas the net value of capital assets write-off for the year, following the redesign of the website, amounts to \$288,641.

### 6. Deferred contributions

	2009	2008
Balance at beginning of year	\$ 964,857	\$ 252,250
Restricted contributions received during the year:		
Honduras project	2,828,000	1,162,229
AQUA awareness project	3,280,000	848,000
International awareness campaign	2,767,375	—
Activities of the following year	167,375	—
Nicaragua project	—	1,389,995
	<b>9,042,750</b>	<b>3,400,224</b>
Contributions recognized as revenue during the year:		
Honduras project	1,453,567	449,622
AQUA awareness project	2,995,172	848,000
International awareness campaign	2,767,375	—
Nicaragua project	—	1,389,995
	<b>7,216,114</b>	<b>2,687,617</b>
Balance at end of year	<b>\$ 2,791,493</b>	<b>\$ 964,857</b>
Comprised of :		
Founder's contribution to the AQUA awareness project	\$ 284,828	\$ —
Founder's contribution to activities of the following year	167,375	—
Other contributions to the Honduras project	2,339,290	964,857
	<b>\$ 2,791,493</b>	<b>\$ 964,857</b>

### 7. Deferred contribution related to capital assets

The deferred contribution related to capital assets consists of contributed capital assets from Fondation Guy Laliberté. The change during the year is as follows:

	2009	2008
Balance at beginning of year	\$ 176,181	\$ 272,279
Contribution recognized as revenue	(176,181)	(96,098)
Balance at end of year	<b>\$ —</b>	<b>\$ 176,181</b>

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 8. Fund balances

ONE DROP Canada's capital is composed of the fund balances of the General Fund and the Continuity Fund. ONE DROP Canada manages its capital in such a way as to ensure the continuation of its activities in order to fulfill its mission, in particular through its Continuity Fund.

#### General Fund: fund balances invested in capital assets

	2009	2008
Balance at beginning of year	\$ 214 744	\$ 272,928
Change during the year:		
Acquisition of capital assets	180 266	44,034
Amortization of capital assets	(118,879)	(198,316)
Write-off of capital assets	(288,641)	—
Change in deferred contribution relating to capital assets	176,181	96,098
	(51,073)	(58,184)
Balance at end of year	\$ 163,671	\$ 214,744

#### General Fund: fund balances available

	2009	2008
Balance at beginning of year	\$ 68,436	\$ 89,611
Excess (deficiency) of revenue over expenditure	99,493	(79,359)
Transfer from General Fund to Continuity Fund for the portion of investment income corresponding to the fiscal year's inflation rate on permanently restricted fund balances	(957)	—
Current change in fund balances invested in capital assets	51 073	58,184
Balance at end of year	\$ 218,045	\$ 68,436

#### Continuity Fund: fund balances permanently restricted

Funds balances permanently restricted are composed of the Guy Laliberté Endowment Fund.

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 9. Founder's contribution

The Founder's contribution was restricted to finance the following expenditure:

	2009	2008
Programs:		
AQUA awareness project	\$ 2,995,172	\$ 848,000
International awareness campaign (note 12)	2,767,375	—
Honduras project	12,046	—
Nicaragua project	—	1,011,713
Other expenditures related to programs	1,589,838	1,184,864
Development and corporate partnerships	214,731	528,938
Administration	795,431	775,316
	<b>\$ 8,374,593</b>	<b>\$ 4,348,831</b>

### 10. Contributions from other sources

	2009	2008
Restricted contributions deferred from previous year	\$ 964 857	\$ 252 250
Contributions received during the year:		
Benefit events*	\$ 2,540,716	\$ —
Individuals	385,604	430,487
Businesses	436,310	447,783
Foundations:		
RBC Foundation	500,000	500,000
Prince Albert II de Monaco Foundation	—	181,619
ONE DROP USA	211,880	—
Other foundations	5,000	—
Science centres for AQUA awareness project	204,270	—
Contributed services from suppliers	139,569	54,055
Portion of contributed capital assets recognized as revenue	176,181	96,098
	<b>\$ 4 599 530</b>	<b>\$ 1 710 042</b>
Restricted contributions deferred to the following year	<b>(2 339 290)</b>	<b>(964 857)</b>
Contributions recorded as revenue for the year	<b>\$ 3 225 097</b>	<b>\$ 997 435</b>

\* The benefit events include a contribution of \$26,750 made by the Founder. They may also include contributions from the above-mentioned partners.

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 11. Investment income

	2009	2008
Interest and dividends	\$ 20,668	\$ 27,275
Currency translation gains (losses)	(10,057)	11,769
Gains (losses) from the change in fair value of investments	67,102	(43,380)
	77,713	(4,336)
Management and safekeeping fees	(10,135)	—
	\$ 67,578	\$ (4,336)
Comprised of:		
Investment income generated by the General Fund's short-term investments	\$ 8,860	\$ (4,336)
Investment income generated by the Continuity Fund's long-term investments	58,718	—
	\$ 67,578	\$ (4,336)

### 12. Programs

	2009	2008		
	International cooperation and development	Awareness and mobilization	Total	Total
Nicaragua project	\$ 192,119	\$ —	\$ 192,119	\$ 1,389,995
Honduras project	1,453,567	—	1,453,567	449,622
AQUA awareness project	—	3,079,206	3,079,206	936,606
International awareness campaign*	—	2,767,375	2,767,375	—
Communications and awareness	—	1,348,166	1,348,166	483,475
Other expenditures	527,424	379,188	906,612	782,314
	\$ 2,173,110	\$ 7,573,935	\$ 9,747,045	\$ 4,042,012

\* A worldwide water-related awareness campaign was carried out as part of the Founder's Poetic Social Mission in space, and included a global artistic event. The media coverage for ONE DROP has been evaluated at close to \$250 million. All campaign expenses were financed by a contribution from the Founder.

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 13. Development and corporate partnerships

	2009	2008
Expenditures related to benefit events	\$ 842,483	\$ —
Other expenditures	214,731	528,938
	\$ 1,057,214	\$ 528,938

### 14. Financing of expenditure

The following table presents the General Fund's statement of revenue and expenditure from a financing-of-expenditure perspective. The purpose is to demonstrate that the Founder fully funds the Administration function, either by a contribution or by investment income generated by the Guy Laliberté Endowment Fund. As a result, contributions from other sources are entirely allocated to the programs, except for contributions obtained during fundraising events, which are used to absorb the proportional share of the development and corporate partnership expenditure in connection with these events.

	Programs	Development and corporate partnerships	Administration	Total
Revenue:				
Founder's contribution	\$7,364,431	\$ 214,731	\$ 795,431	\$ 8,374,593
Contributions from other sources	2,382,614	842,483	—	3,225,097
Investment income*	—	—	67,578	67,578
	9,747,045	1,057,214	863,009	11,667,268
Expenditure:				
Programs	9,747,045	—	—	9,747,045
Development and corporate partnerships	—	1,057,214	—	1,057,214
Administration	—	—	763,516	763,516
	9,747,045	1,057,214	763,516	11,567,775
Excess of revenue over expenditure	\$ —	\$ —	\$ 99,493	\$ 99,493

\* Investment income includes \$58,718 of investment income generated by the Guy Laliberté Endowment Fund.

# ONE DROP CANADA

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## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

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### 15. Transactions with Cirque du Soleil, ONE DROP USA and Fondation Guy Laliberté.

Transactions with Cirque du Soleil, ONE DROP USA and Fondation Guy Laliberté are disclosed separately from the financial statements, except for the following revenues and expenditures. Revenues cashed by ONE DROP Canada for ONE DROP USA and reimbursed to ONE DROP USA amount to \$31,540, whereas expenditures paid by ONE DROP Canada for ONE DROP USA and reimbursed by ONE DROP USA amount to \$55,682.

Expenditures incurred by Cirque du Soleil and billed to ONE DROP Canada amount to \$8,058,414 (\$2,856,082 in 2008) of which \$6,686,694 relate to programs (\$1,734,687 in 2008), \$854,787 to development and corporate partnerships (\$457,165 in 2008), and \$516,933 to administration (\$664,230 in 2008).

These transactions were completed in the normal course of business and recorded at the exchange value.

### 16. Commitments

The international cooperation and development projects span over several years. Commitments by ONE DROP Canada for these projects are as follows:

	2010	2011	Total
Nicaragua project	\$ 136,000	\$ —	\$ 136,000
Honduras project	\$ 2,374,000	\$ 625,000	\$ 2,999,000
	\$ 2,510,000	\$ 625,000	\$ 3,135,000

### 17. International network of ONE DROP entities

ONE DROP Canada participates in the implementation of an international network of ONE DROP entities that pursue the same mission. Its participation consists in helping to create these entities, guiding them until they become autonomous and acting as the network's international secretariat. In addition to ONE DROP Canada, the current entities are ONE DROP UK and ONE DROP USA.

It is assumed that ONE DROP Canada controls ONE DROP UK and ONE DROP USA because of certain factors, one of these being that most members of the Board of Directors of these entities are also members of the Board of Directors of ONE DROP Canada. ONE DROP UK is incorporated under the *Companies Act* of Great Britain and is registered as a charity with the tax authorities of this country. ONE DROP USA is incorporated under the *General Corporation Law* of Delaware and is registered as a public charity with the federal tax authorities of the United States.

# ONE DROP CANADA

## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

### 17. International network of ONE DROP Canada entities (*continued*)

ONE DROP UK has made no financial transaction during the year, while ONE DROP USA produced financial statements at December 31, 2009, in accordance with the same accounting policies as ONE DROP Canada. ONE DROP USA has not been consolidated into the financial statements of ONE DROP Canada.

The financial information summary for ONE DROP USA translated in Canadian dollars is the following:

	2009	2008
<b>Balance sheet</b>		
Current assets:		
Cash	\$ 559,986	\$ —
Receivables	114,016	—
Prepaid expenses	278	—
	<b>674,280</b>	<b>—</b>
Current liabilities:		
Accounts payable and accrued liabilities:		
ONE DROP Canada	23,339	—
Cirque du Soleil	278,784	—
Other	104,735	—
Deferred contributions	267,422	—
	<b>674,280</b>	<b>—</b>
Net assets	—	—
	<b>\$ 674,280</b>	<b>\$ —</b>
<b>Statement of revenue and expenditure, and fund balances</b>		
Revenue:		
Contributions	\$ 689,657	\$ —
Expenditure:		
Programs	330,399	—
Development and corporate partnerships	358,222	—
Administration	1,036	—
	<b>689,657</b>	<b>—</b>
Excess of revenue over expenditure	—	—
Fund balances at beginning of year	—	—
Fund balances at end of year	\$ —	\$ —

# ONE DROP CANADA

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## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

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### 18. Financial instruments and risk management

Given the nature of its financial assets and liabilities, ONE DROP Canada is exposed to foreign exchange risk, to the risk of interest rate fluctuation and to liquidity risk.

#### **Foreign exchange risk**

Foreign exchange risk is a risk resulting from fluctuations in foreign currency.

As certain long-term investments are foreign currency investments made to minimize the risks linked to a concentration of investments, long-term investments present a foreign exchange risk. This risk is handled through the investment policy.

International cooperation and development projects also present a foreign exchange risk, since these projects are carried out in foreign currency. This risk is managed during the budgeting process and follow-up for each project.

#### **Risk of interest rate fluctuation**

The risk of interest rate fluctuation is a loss risk resulting from an interest rate fluctuation.

Fixed-yield investments present a risk of interest rate fluctuation. For titles with a fixed rate of interest, interest rate changes on the market will produce an impact on their fair value. This risk is handled through the investment policy.

#### **Liquidity risk**

Liquidity risk is the risk of not being able to meet funding needs because of losses during liquidation of financial instruments and because of commitments pertaining to activities.

Financial instruments presented as current assets and liabilities represent a low liquidity risk. The fair value of cash, receivables, short-term investments, accounts payable and accrued liabilities can be compared to their book value given the short-term maturity date of these financial instruments. The liquidity risk of long-term investments is handled through the investment policy.

The liquidity risk linked to activities is managed through planning and monitoring of cash flows. More specifically, the liquidity risk linked to activities arises mainly from commitments on international cooperation and development projects, given the extent and duration of these projects. This risk is managed by ensuring a follow-up of each project's financing and through financial planning over several years.

# ONE DROP CANADA

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## Notes to the Financial Statements (*continued*)

At December 31, 2009  
(Canadian dollars)

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### 19. Cash flow statement

A cash flow statement has not been prepared, since the flow information is readily apparent from the other financial statements and related notes.

### 20. Comparative figures

Certain comparative figures from 2008 have been reclassified to conform to the current year's presentation.

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