



**ONE DROP**

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

# ONE DROP

---

## CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

### TABLE OF CONTENTS

Independent Auditor's Report	1
Consolidated Balance Sheet	2
Consolidated Statement of Income	3
Consolidated Statement of Changes in Net Assets	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 16

## Independent Auditor's Report

To the members of  
ONE DROP

We have audited the consolidated financial statements of ONE DROP, which comprise the consolidated balance sheet as at December 31, 2017 and the consolidated statements of income, changes in net assets and cash flows for the year ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ONE DROP as at December 31, 2017 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.

*Deloitte LLP*<sup>1</sup>

June 13, 2018

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

# ONE DROP

## Consolidated Balance Sheet

December 31, 2017

(in US dollars)

	2017	2016
<b>Assets</b>		
Current		
Cash, interest bearing	\$ 4,906,138	\$ 5,272,129
Investments (Note 3)	4,020,690	4,522,871
Receivables	814,366	181,627
Prepaid expenses	17,687	21,935
	<b>9,758,881</b>	9,998,562
Investments (Note 3)	12,484,189	10,289,450
Capital assets (Note 4)	210,211	267,743
	<b>\$ 22,453,281</b>	<b>\$ 20,555,755</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 1,328,768	\$ 1,206,009
Unearned revenue	334,350	95,465
Deferred contributions (Note 5)	2,214,131	1,688,249
	<b>3,877,249</b>	2,989,723
Deferred lease inducements (Note 6)	165,345	197,596
	<b>4,042,594</b>	3,187,319
<b>Net Assets</b>		
Invested in capital assets	92,114	126,612
Endowments	5,340,323	4,745,828
Restricted by management (Note 7)	11,071,995	6,940,419
Available	1,906,255	5,555,577
	<b>18,410,687</b>	17,368,436
	<b>\$ 22,453,281</b>	<b>\$ 20,555,755</b>

Commitments (Note 14)

See accompanying notes to the consolidated financial statements.

On behalf of the Board of One Drop Canada:

Signed,  
Guy Laliberté  
Director

Signed,  
Robert Blain  
Director

# ONE DROP

## Consolidated Statement of Income

Year ended December 31, 2017

(in US dollars)

	2017	2016
<b>Revenue</b>		
Contributions (Note 8)	\$ 5,684,898	\$ 3,829,510
Benefit events (Note 9)	4,236,919	7,912,165
Investments (Note 10)	333,799	435,301
	<b>10,255,616</b>	12,176,976
Direct costs related to benefit events	<b>2,055,240</b>	4,547,454
	<b>8,200,376</b>	7,629,522
<b>Expenditures</b>		
Programs (Notes 11 and 12)	5,987,849	7,169,843
Revenue generation and advancement (Note 12)	1,328,244	1,697,464
Administration (Note 12)	714,329	868,685
	<b>8,030,422</b>	9,735,992
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 169,954</b>	<b>\$ (2,106,470)</b>

See accompanying notes to the consolidated financial statements.

# ONE DROP

## Consolidated Statement of Changes in Net Assets

Year ended December 31, 2017

(in US dollars)

	Invested in capital assets	Endowments	Restricted by management	Available	Total
Net assets, as at December 31, 2015	\$ 221,128	\$ 4,235,675	\$ 6,191,397	\$ 7,996,318	\$ 18,644,518
Deficiency of revenue over expenditures	(39,914) *	-	-	(2,066,556)	(2,106,470)
Lease inducements received for leasehold improvements	(62,988)	-	-	62,988	-
Endowments received	-	327,430	-	-	327,430
Net restriction for programs	-	-	581,589	(581,589)	-
Transfer for the adjustment corresponding to the year's inflation rate on endowments	-	68,760	-	(68,760)	-
Foreign exchange adjustment	8,386	113,963	167,433	213,176	502,958
<b>Net assets, as at December 31, 2016</b>	<b>126,612</b>	<b>4,745,828</b>	<b>6,940,419</b>	<b>5,555,577</b>	<b>17,368,436</b>
(Deficiency) excess of revenue over expenditures	(61,115) *	-	-	231,069	169,954
Acquisition of capital assets	19,188	-	-	(19,188)	-
Endowments received	-	193,859	-	-	193,859
Net restriction for programs	-	-	3,738,088	(3,738,088)	-
Transfer for the adjustment corresponding to the year's inflation rate on endowments	-	93,542	-	(93,542)	-
Foreign exchange adjustment	7,429	307,094	393,488	(29,573)	678,438
<b>Net assets, as at December 31, 2017</b>	<b>\$ 92,114</b>	<b>\$ 5,340,323</b>	<b>\$ 11,071,995</b>	<b>\$ 1,906,255</b>	<b>\$ 18,410,687</b>

\* Comprised of the amortization of capital assets of \$92,955 (\$98,941 in 2016) and the amortization of deferred lease inducements related to leasehold improvements of \$31,840 (\$59,027 in 2016).

See accompanying notes to the consolidated financial statements.

# ONE DROP

## Consolidated Statement of Cash Flows

Year ended December 31, 2017

(in US dollars)

	2017	2016
<b>Operating activities</b>		
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 169,954</b>	<b>\$ (2,106,470)</b>
Adjustments for:		
Amortization of capital assets	92,955	98,941
Change in the cumulative foreign exchange related to capital assets	(16,235)	(12,428)
Gain on disposition of investments	(107,690)	(100,804)
Loss in fair value of investments related to foreign exchange	239,749	155,031
Change in fair value of investments	(147,464)	(376,677)
Change in the cumulative foreign exchange related to investments	(687,549)	(631,429)
Amortization of lease inducements	(44,578)	(71,512)
Change in the cumulative foreign exchange related to lease inducements	12,327	6,261
Change in the cumulative foreign exchange adjustment related to net assets	678,438	502,958
	<b>189,907</b>	<b>(2,536,129)</b>
<b>Changes in non-cash operating working capital items</b>		
(Increase) decrease in receivables	(632,739)	666,248
Decrease in prepaid expenses	4,248	3,604
Increase in accounts payable and accrued liabilities	122,759	527,298
Increase (decrease) in unearned revenue	238,885	(75,223)
Increase in deferred contributions	525,882	515,597
	<b>259,035</b>	<b>1,637,524</b>
	<b>448,942</b>	<b>(898,605)</b>
<b>Investing activities</b>		
Acquisition of investments	(7,431,387)	(7,207,207)
Proceeds from sale of investments	6,441,783	10,066,826
Acquisition of capital assets	(19,188)	-
	<b>(1,008,792)</b>	<b>2,859,619</b>
<b>Financing activities</b>		
Lease inducements received	-	62,988
Endowments received	193,859	327,430
	<b>193,859</b>	<b>390,418</b>
Net (decrease) increase in cash	<b>(365,991)</b>	<b>2,351,432</b>
Cash, beginning of the year	<b>5,272,129</b>	<b>2,920,697</b>
<b>Cash, end of the year</b>	<b>\$ 4,906,138</b>	<b>\$ 5,272,129</b>

See accompanying notes to the consolidated financial statements.

# ONE DROP

---

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

---

### 1. Governing statutes and nature of operations

The international network of One Drop entities ("One Drop") is comprised of not-for-profit organizations that pursue the same mission. This mission is to provide access to water and to raise individual and community awareness of the need to mobilize so that safe water is accessible to all, in sufficient quantity, today and tomorrow.

Fondation One Drop ("One Drop Canada") was incorporated on July 3, 2007 under Part II of *The Canada Corporations Act* and was continued under section 211 of the *Canada Not-for-profit Corporations Act* on September 2, 2014. One Drop Foundation Inc. ("One Drop USA") was incorporated on July 31, 2008 under the *General Corporation Law of Delaware*. One Drop Foundation ("One Drop UK") was incorporated on October 7, 2008 under the *Great Britain Companies Acts* of 1985 and 2006. One Drop France was created on May 28, 2010 as an association under *France's Association Act* of July 1, 1901. Fondation One Drop Suisse ("One Drop Switzerland") was created on March 21, 2012 and registered on March 28, 2012 with the *Trade Register Office of Geneva*. Fundación One Drop ("One Drop Spain") was created on October 8, 2012 and registered on December 30, 2013 with the *Protectorate and Register of Foundations of the Ministry of Agriculture, Food and Environment* in Spain. All of these entities are recognized as charities registered with the tax authorities of their respective countries.

One Drop is sponsored by its Founder, Guy Laliberté, and Cirque du Soleil and its affiliates ("Cirque du Soleil"). Support comes in the form of financial contributions, services and business opportunities. The Founder and Cirque du Soleil provide funding on a regular basis and offer business opportunities that help diversify program funding. Cirque du Soleil also generously offers its support for the organization of benefit events.

### 2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are expressed in US dollars. The significant accounting policies are:

#### a) Consolidated financial statements

These consolidated financial statements include the accounts for One Drop Canada, One Drop USA, One Drop UK, One Drop France, One Drop Switzerland and One Drop Spain.

#### b) Revenue recognition

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. Contributions pledged are recognized when cash is received. Endowments are recorded as direct increases in net assets.

Revenue from benefit events is recognized on completion of the event.

Investment income is recognized as revenue when earned.

#### c) Contributed goods and services

Contributed goods and services, including that of volunteers, are not recognized in the consolidated financial statements because of the difficulties in measuring their fair value.



# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 2. Significant accounting policies (continued)

#### d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when One Drop becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments that are recognized at fair value at the date of the financial statements. Fair value fluctuations, which include interest earned, accrued interest, realized gain and loss and unrealized gain and loss, are included in investment income.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the consolidated statement of income as interest income or expense.

With respect to financial assets measured at cost or amortized cost, One Drop recognizes in the consolidated statement of income an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the consolidated statement of income in the period the reversal occurs.

#### e) Capital assets

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the estimated useful life at the following rates:

	Rate
Furniture and office equipment	20%
Computer equipment and software	33 1/3%
Leasehold improvements	Term of lease

#### f) Deferred lease inducements

Deferred lease inducements are amortized over the term of the lease and the amortization is applied against the rent expenditure.

# ONE DROP

---

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

---

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

#### g) Net assets

##### Invested in capital assets

Net assets invested in capital assets are established using the net value of the capital assets, net of deferred lease inducements for leasehold improvements.

##### Endowments

Net endowment assets are composed of endowments, increased by the adjustment corresponding to the inflation rate for the year in order to preserve the value of the endowments. Endowments are contributions from donors requesting that their capital be maintained in accordance with their instructions.

##### Restricted by management

Net assets restricted by management include net assets restricted by management for programs.

##### Available

Available net assets are used to fund working capital and program commitments.

#### h) Presentation of expenditures

Expenditures are presented by function. The Programs function consists of expenditures incurred to directly carry out the mission to provide access to water in developing countries, as well as expenditures related to awareness and mobilization. The Revenue generation and advancement function consists of fundraising expenses. The Administration function consists of general operating expenses.

Administration expenditures, including those related to compensation, management of human resources, premises and information technology, have been divided between the three functions as follows:

- compensation on the basis of the time spent in each function;
- human resources management, premises and information technology on the basis of the number of people employed within each function.

#### i) Recognition of program expenditure

Program expenditures 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 One Drop's Board of Directors and an agreement has been entered into with the partner responsible for carrying out the program.

# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 2. Significant accounting policies (continued)

#### j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated using rates in effect at year-end, while non-monetary items are translated at historical rates. Revenue and expenditure are translated using 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.

The consolidated financial statements are presented in US dollars. For the purposes of consolidation, the balance sheet of each entity has been translated using rates in effect at year-end, while the statement of income of each entity has been translated using average rates in effect during the year. Foreign currency gains and losses resulting from this translation are recorded in the consolidated statement of changes in net assets.

#### k) Use of estimates

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

### 3. Investments

	2017	2016
By type of security:		
Cash and money market instruments	\$ 384,042	\$ 337,413
Deposits and notes	10,521,157	9,528,665
Fixed income securities	2,413,759	2,150,615
Equity securities	3,170,854	2,781,708
Accrued revenue	15,067	13,920
	<b>16,504,879</b>	14,812,321
Current portion	<b>4,020,690</b>	4,522,871
	<b>\$ 12,484,189</b>	\$ 10,289,450
By currency:		
Canadian dollars	\$ 4,487,450	\$ 3,839,137
United States dollars	11,290,732	10,381,312
Other currencies	726,697	591,872
	<b>\$ 16,504,879</b>	\$ 14,812,321

Deposits and notes have maturity dates between 2018 and 2020 and yield 1.59% to 2.37% (1.95% to 2.37% in 2016). Fixed income securities have maturity dates between 2018 and 2027 and yield 1.35% to 10.13% (1.35% to 10.13% in 2016).

# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 4. Capital assets

	2017			2016	
	Cost	Accumulated amortization	Net book value	Net book value	
Furniture and office equipment	\$ 107,803	\$ 90,162	\$ 17,641	\$	50
Computer equipment and software	144,485	128,099	16,386		57,221
Leasehold improvements	490,858	314,674	176,184		210,472
	\$ 743,146	\$ 532,935	\$ 210,211	\$	267,743

### 5. Deferred contributions

	2017		2016	
Balance at beginning of the year	\$	1,688,249	\$	1,172,652
Restricted contributions received during the year for projects		3,499,076		2,328,625
Restricted contributions recognized as revenue during the year		(3,088,899)		(1,839,400)
Foreign exchange adjustment		115,705		26,372
Balance at end of the year	\$	2,214,131	\$	1,688,249
Comprised of:				
Burkina Faso 2	\$	513,574	\$	-
Nunavik		432,509		-
Microfinance		427,373		111,087
Burkina Faso 3		253,407		-
Latin America and Caribbean		154,040		497,142
India (Bihar)		62,580		398,557
Other projects		370,648		681,463
	\$	2,214,131	\$	1,688,249

### 6. Deferred lease inducements

	2017		2016	
Balance at beginning of the year	\$	197,596	\$	199,859
Lease inducements received during the year		-		62,988
Lease inducements amortized during the year		(44,578)		(71,512)
Foreign exchange adjustment		12,327		6,261
Balance at end of the year	\$	165,345	\$	197,596
Comprised of:				
Leasehold improvements reimbursed	\$	118,097	\$	141,132
Other inducements		47,248		56,464
	\$	165,345	\$	197,596

# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 7. Net assets restricted by management

	2017	2016
Restricted for programs:		
Latin America and Caribbean	\$ 4,899,412	\$ 2,121,968
India (Bihar)	1,569,507	1,054,334
India (Rajasthan)	1,090,404	1,050,862
Mali	974,796	1,679,707
Malawi	858,619	-
Burkina Faso 3	817,122	877,547
Nunavik	642,738	-
Burkina Faso 2	219,397	-
Awareness and mobilization	-	156,000
	<b>\$ 11,071,995</b>	<b>\$ 6,940,419</b>

### 8. Contributions

	2017	2016
Restricted contributions deferred from the previous year	\$ 1,688,249	\$ 1,172,652
Contributions received during the year:		
Businesses and corporate foundations	3,346,731	3,412,222
Founder	1,023,892	5,513
Other foundations	696,475	366,145
Fonds Azula, a controlled entity	556,125	-
Individuals	276,673	469,374
Governmental and multilateral organizations	195,179	65,481
	<b>6,095,075</b>	<b>4,318,735</b>
Foreign exchange adjustment	115,705	26,372
Restricted contributions deferred to the following year	(2,214,131)	(1,688,249)
Contributions recorded as revenue for the year	<b>\$ 5,684,898</b>	<b>\$ 3,829,510</b>

# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 9. Benefit events

As part of its benefit events in 2016, One Drop held a poker festival in Monaco during the year. This festival featured many tournaments, including the Big One for One Drop, a tournament with a € 1,000,000 buy-in. A significant portion of the buy-ins to these tournaments was given back into the prize pool. Only the difference between the buy-ins and the prize pool has been included in the revenues from benefit events, as follows:

	2017		2016	
Buy-ins	\$	-	\$	35,394,782
Prize pool		-		31,908,090
		-		3,486,692
Other benefit events		<b>4,236,919</b>		4,425,473
	\$	<b>4,236,919</b>	\$	7,912,165

### 10. Investment income

	2017		2016	
Interest	\$	<b>273,827</b>	\$	194,678
Gain from the change in fair value of investments		<b>147,464</b>		376,677
Gain on disposition of investments		<b>107,690</b>		100,804
Dividends		<b>80,862</b>		71,416
Currency translation loss		<b>(3,552)</b>		(124,347)
Loss on foreign exchange related to investments		<b>(239,749)</b>		(155,031)
Management and custody fees		<b>(32,743)</b>		(28,896)
	\$	<b>333,799</b>	\$	435,301

# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 11. Programs

	2017	2016
Latin America and Caribbean	\$ 2,411,587	\$ 1,553,733
Mali	919,028	1,127,819
Burkina Faso 3	518,645	319,505
India (Bihar)	461,168	472,856
Nunavik	286,257	-
India (Rajasthan)	280,173	375,378
Awareness and mobilization	196,955	156,000
Burkina Faso 1	53,859	755,588
India (Odisha)	45,554	21,821
Burkina Faso 2	37,934	823,701
Malawi	12,766	-
El Salvador	-	174,621
Microfinance	-	28,626
Mexico	-	27,459
Programs management and other	763,923	1,332,736
	\$ 5,987,849	\$ 7,169,843

### 12. Allocation of expenses

Administration expenditures, including those related to compensation, management of human resources, premises and information technology, have been divided between the three functions as follows:

	2017	2016
Programs	\$ 407,554	\$ 471,016
Revenue generation and advancement	413,055	596,356
Administration	714,329	868,685
	\$ 1,534,938	\$ 1,936,057

### 13. Pension plan

One Drop has a defined contribution plan providing pension benefits to its employees. The financial obligations towards the plan are discharged regularly and all obligations have been recorded in the accounts at December 31, 2017. The expenditure and the amount paid for the year amount to \$62,822 (\$81,096 in 2016).

# ONE DROP

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

### 14. Commitments

#### Programs

The international development projects span over several years. Commitments by One Drop for these projects are as follows:

2018	\$	8,630,000
2019		8,733,000
2020		2,652,000
2021		382,000
	\$	20,397,000

Comprised of:

Latin America and Caribbean	\$	9,495,000
Burkina Faso 3		2,778,000
India (Bihar)		2,250,000
Nunavik		1,870,000
India (Rajasthan)		1,743,000
Burkina Faso 2		1,244,000
Mali		1,017,000
	\$	20,397,000

#### Administrative office

One Drop signed a contract for the rental of administrative offices expiring July 31, 2021. Minimum commitments for the upcoming years are as follows:

2018		206,695
2019		206,695
2020		206,695
2021		120,605
	\$	740,690



# ONE DROP

---

---

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

---

### 15. Contributions pledged

Contributions pledged, including those from the Founder and conditional pledges, are as follows:

---

2018	6,060,000
2019	6,763,000
2020	6,865,000
2021	5,367,000
2022	4,123,000
2023 and thereafter	33,080,000
	<b>\$ 62,258,000</b>

---

In addition, One Drop has been informed of pledges to be received upon death amounting to \$400,000.

A significant portion of contributions pledged is denominated in Canadian dollars.

### 16. Financial instruments and risk management

#### Foreign exchange risk

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

Cash and investments in various currencies present a foreign exchange risk. Certain investments are made in foreign currency to minimize the risks linked to a concentration of investments.

Currency risk is also present in revenue and expenditures. One Drop carries out transactions in foreign currencies and is therefore exposed to foreign exchange fluctuations. This risk is managed during the budgeting and monitoring of operations, including each project.

Foreign exchange risk is handled by the treasury management policy and the investment policy.

#### Market risk

Market risk is the risk arising from the volatility of the prices of securities, rates of interest and exchange rates. One Drop is exposed to market risk because of its investment activities. This risk is handled through the investment policy.

# ONE DROP

---

## Notes to the Consolidated Financial Statements

December 31, 2017

(in US dollars)

---

### 16. Financial instruments and risk management *(continued)*

#### Interest rate risk

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

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

#### Credit risk

One Drop's exposure to credit risk in respect of its assets is not significant. The bonds are investment grade instruments with a credit rating of AA as at December 31, 2017 (AA as at December 31, 2016) and cash represents deposits with Canadian financial institutions.

#### Liquidity risk

One Drop's objective is to have sufficient liquidity to meet its liabilities when due. One Drop monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2017, the most significant financial liabilities are accounts payable and accrued liabilities.

### 17. Comparative figures

Certain prior year amounts have been reclassified to conform to the current year presentation.