



ONE DROP

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

ONE DROP

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Independent Auditor's Report

To the members of
ONE DROP

Opinion

We have audited the consolidated financial statements of ONE DROP, which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated statements of loss, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ONE DROP as at December 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 (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of ONE DROP in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing ONE DROP'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 ONE DROP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing ONE DROP financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 ONE DROP'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 ONE DROP'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 consolidated 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 ONE DROP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within ONE DROP to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our qualified audit opinion.

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.

Deloitte LLP

Jun 22, 2023

¹ CPA auditor, public accountancy permit No. A120628

ONE DROP

Consolidated Balance Sheet

As of Decembre 31, 2022

(in US dollars)

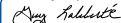
	2022	2021
Assets		
Current		
Cash, interest bearing	\$ 2 356 165	\$ 4 769 312
Receivables	345 605	35 117
Prepaid expenses	15 447	20 429
	2 717 217	4 824 858
Investments (Note 3)	7 353 807	11 875 395
	\$ 10 071 024	\$ 16 700 253
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 958 967	\$ 701 524
Unearned revenue	59 500	96 988
Deferred contributions (Note 4)	1 262 572	4 240 172
	2 281 039	5 038 684
Net Assets		
Endowments	5 909 859	6 964 025
Available	1 880 126	4 697 544
	7 789 985	11 661 569
	\$ 10 071 024	\$ 16 700 253

Commitments (Note 11)

See accompanying notes to the consolidated financial statements.

On behalf of the Board of One Drop Canada:

DocuSigned by:



Guy Lamberté

Director



Robert Blain

Director

ONE DROP

Consolidated Statement of Loss

Year ended December 31, 2022
(in US dollars)

	2022	2021
Revenue		
Donations	\$ 276 870	\$ 332 187
Benefit events - Founder (Note 5)	796 703	442 475
Benefit events - Others (Note 5)	2 748 113	1 298 254
Contributions (Note 6)	4 219 424	4 281 806
Investments (Note 7)	(1 474 677)	1 029 429
Government grants due to the pandemic	7 307	575 695
	6 573 740	7 959 846
Direct costs related to donations	152 570	109 316
Direct costs related to benefit events	791 763	776 338
	5 629 407	7 074 192
Expenditures		
Programs (Notes 8 and 9)	7 740 141	7 992 252
Revenue generation and advancement (Note 9)	1 133 657	1 118 372
Administration (Note 9)	627 193	897 219
	9 500 991	10 007 843
Deficiency of revenue over expenditures	\$ (3 871 584)	\$ (2 933 651)

See accompanying notes to the consolidated financial statements.

ONE DROP

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2022

(in US dollars)

	Invested in capital assets	Endowments	Restricted by management	Available	Total
Net assets, as at December 31, 2020	\$ 14 503	6 744 976	5 017 281	2 824 080	\$ 14 600 840
Deficiency of revenue over expenditures	(7 621) *	-	-	(2 926 030)	(2 933 651)
Net use for programs	-	-	(5 017 281)	5 017 281	-
Transfer for the adjustment corresponding to the year's inflation rate on endowments	-	224 669	-	(224 669)	-
Change in the cumulative foreign exchange adjustment related to net assets	(6 882)	(5 620)	-	6 881	(5 620)
Net assets, as at December 31, 2021	-	6 964 025	-	4 697 543	11 661 569
Deficiency of revenue over expenditures	-	-	-	(3 871 584)	(3 871 584)
Reversal of the cumulative adjustment corresponding to the inflation rates of previous years	-	(1 054 166)	-	1 054 166	-
Net assets, as at December 31, 2022	\$ -	\$ 5 909 859	\$ -	\$ 1 880 125	\$ 7 789 985

* Comprised of the amortization of capital assets of \$34,143 and the amortization of deferred lease inducements related to leasehold improvements of \$26,521.

See accompanying notes to the consolidated financial statements.

ONE DROP

Consolidated Statement of Cash Flows

Year ended December 31, 2022

(in US dollars)

	2022	2021
Operating activities		
Deficiency of revenue over expenditures	\$ (3 871 584)	\$ (2 933 651)
Adjustments for:		
Amortization of capital assets	-	34 142
Change in fair value of investments	1 446 594	(1 143 957)
Amortization of lease inducements	-	(26 521)
Change in the cumulative foreign exchange adjustment related to net assets	-	(5 620)
	(2,424,990)	(4 075 607)
Changes in non-cash operating working capital items		
(Increase) decrease in receivables	(310 488)	3 133 508
Decrease (increase) in prepaid expenses	4 982	(7 086)
Increase (decrease) in accounts payable and accrued liabilities	257 443	(52 278)
Decrease in unearned revenue	(37 488)	(175 554)
Decrease in deferred contributions	(2 977 600)	(1 456 335)
	(3 063 151)	1 442 255
	(5,488,141)	(2 633 352)
Investing activities		
Proceeds from sale of investments	3 074 994	2 500 081
Net decrease in cash	(2,413,147)	(133 271)
Cash, beginning of the year	4 769 312	4 902 583
Cash, end of the year	\$ 2,356,165	\$ 4 769 312

See accompanying notes to the consolidated financial statements.

ONE DROP

Notes to the Consolidated Financial Statements

December 31, 2022

(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. 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 with the tax authorities of their respective countries.

In 2023, the liquidation of One Drop Switzerland and One Drop Spain was finalized as they are no longer active.

One Drop is an international philanthropic organization created by Cirque du Soleil and Lune Rouge founder, Guy Laliberté, with the vision of a better world. Guy Laliberté's sponsorship comes in the forms of financial support and business opportunities. In addition, One Drop Foundation obtains great support from MGM & Cirque du Soleil in the organization of benefit events.

2. Accounting policies

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. 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 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 contributions that must be held for perpetuity and are recognized as direct increases in net assets. Donations and pledges are recognized when received.

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

Revenue from auction is recognized on completion of the event, the measurement of the amount receivable is reasonably estimated and collection of the amount is reasonably assured.

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.

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 consolidated 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 loss as interest income or expense.

ONE DROP

Notes to the Consolidated Financial Statements

December 31, 2022
(in US dollars)

2. Accounting policies (continued)

With respect to financial assets measured at cost or amortized cost, One Drop recognizes in the consolidated statement of loss 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 loss in the period the reversal occurs.

e) Net assets

Endowments

Endowments are contributions from donors requesting that their capital be maintained in accordance with their instructions.

Available

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

f) 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, communication, 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;
- communications costs including compensation, equally divided between programs and revenue generation & development.

g) Recognition of program expenditures

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 One Drop USA's Board of Directors and an agreement with the partner responsible for the execution of the program.

h) 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 loss 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.

i) 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.

ONE DROP

Notes to the Consolidated Financial Statements

December 31, 2022

(in US dollars)

3. Investments

	2022	2021
By type of security:		
Cash	\$ 823	\$ 3 549
Green bonds investment fund	1 814 825	2 936 540
Bank loan investment fund	917 568	2 625 014
Low volatility equity fund	1 391 345	2 354 623
Global equity fund	3 229 246	3 955 669
	\$ 7 353 807	\$ 11 875 395
By currency:		
Canadian dollars	\$ 2 733 216	\$ 2 940 089
United States dollars	3 229 246	6 580 683
Other currencies	1 391 345	2 354 623
	\$ 7 353 807	\$ 11 875 395

4. Deferred contributions

	2022	2021
Balance at beginning of the year	\$ 4 240 172	\$ 5 696 507
Restricted contributions received during the year for projects	1 241 824	2 825 471
Restricted contributions recognized as revenue during the year	(4 219 424)	(4 281 806)
Balance at end of the year	\$ 1 262 572	\$ 4 240 172
Comprised of:		
Madagascar	\$ 735 555	\$ 1 113 650
India	261 578	484 923
Microfinance	234 945	435 793
Canada	30 494	55 000
Latin America and Caribbean	-	1 743 865
Mali	-	265 000
Burkina Faso	-	141 941
	\$ 1 262 572	\$ 4 240 172

5. Benefit events

	2022	2021
Cuvée One Drop & Wine Gala	\$ 2 121 327	\$ 604 283
Watches Auctions	542 000	400 000
Poker	614 674	393 018
Art Auction	89 655	175 043
Other events	177 160	168 384
	\$ 3 544 816	\$ 1 740 728
Distribution:		
Founder	796 703	442 475
Others	2 748 113	1 298 254
	\$ 3 544 816	\$ 1 740 729

As of December 31, 2022, there was an amount of \$161,449 in receivables (nil as at december 31, 2021) from auction.

ONE DROP

Notes to the Consolidated Financial Statements

December 31, 2022
(in US dollars)

6. Contributions

	2022	2021
Restricted contributions deferred from the previous year	\$ 4 240 172	\$ 5 696 507
Contributions received during the year:		
Businesses and corporate foundations	1 000 402	2 650 356
Governmental and multilateral organizations	241 422	175 115
Restricted contributions deferred to the following year	(1 262 572)	(4 240 172)
Contributions recorded as revenue for the year	\$ 4 219 424	\$ 4 281 806

7. Investments Revenue

	2022	2021
Interest	\$ 18 690	\$ 14 909
Change in fair value of investments	(1 446 594)	1 143 957
Currency translation gain (loss)	16 766	(57 630)
Management and custody fees	(63 539)	(71 807)
	\$ (1,474,677)	\$ 1 029 429

8. Programs

	2022	2021
Latin America and Caribbean	\$ 4 279 898	\$ 4 049 700
Mali	1 580 266	887 094
India	607 062	1 115 116
Madagascar	378 095	85 440
Canada	166 656	389 604
Burkina Faso	153 232	428 994
Others	85 178	340 841
Programs management	489 754	695 463
	\$ 7 740 141	\$ 7 992 252

9. Allocation of expenses

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

	2022	2021
Programs	\$ 537 567	\$ 585 000
Revenue generation and advancement	537 567	585 000
Administration	627 193	897 219
	\$ 1 702 327	\$ 2 067 219

10. 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 as at December 31, 2022. The expenditure and the amount paid for the year amount to \$86,087 (\$67,682 in 2021).

ONE DROP

Notes to the Consolidated Financial Statements

December 31, 2022

(in US dollars)

11. Commitments

Programs

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

	Contributions	Charges
2023	\$ 286 091	\$ 2 955 591
2024	359 921	2 056 555
2025	-	841 315
2026	-	611 000
2027 and thereafter	-	948 201
	\$ 646 012	\$ 7 412 662
Comprised of:		
Burkina Faso	\$ -	\$ 1 801 605
Mali	-	1 314 614
Madagascar	-	1 235 555
Canada	646 012	1 017 276
India	-	947 762
Latin America and Caribbean	-	860 905
Others projects	-	234 945
	\$ 646 012	\$ 7 412 662

Administrative office

One Drop signed a contract for the rental of administrative offices expiring July 31, 2026. Minimum commitments for the upcoming years are as follows:

2023	\$ 110 462
2024	110 462
2025	110 462
2026	55 231
	\$ 386 617

12. Donations & contributions pledged

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

2023	\$ 49 836
2024	153 527
2025	421 161
2026	328 873
2027 and thereafter	27 425 655
	\$ 28 379 052

A significant portion of contributions pledged is denominated in Canadian dollars and converted at the closing rate.

ONE DROP

Notes to the Consolidated Financial Statements

December 31, 2022
(in US dollars)

13. Financial instruments and risk management

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.

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. This risk is handled by the treasury management policy and the investment policy.

As at December 31, 2022, the consolidated balance sheet includes the following amounts denominated in US currency of the financial assets and liabilities for which the cash flows are in Canadian dollars. The amount of cash, accounts receivable and accounts payable and accrued liabilities in Canadian funds are as follows:

	2022	2021
Cash	\$ 505 495	\$ 920 261
Receivables	151 527	35 607
Accounts payable and accrued liabilities	320 422	484 630
	\$ 977 444	\$ 1 440 498

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.

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 by the treasury management and the investment policy.

Credit risk

One Drop's exposure to credit risk in respect of its assets is not significant.

One Drop's main financial assets include cash and accounts receivable, which are subject to credit risk. The net value of financial assets on the balance sheet represents the maximum credit risk at the balance sheet date. One Drop's credit risk is mainly due to its debtors.

The amounts are presented in the balance sheet, net of the allowance for doubtful accounts, which has been estimated by management based on past experience and its assessment of economic conditions. It continuously performs credit evaluations with respect to its customers and maintains provisions for potential credit losses.

The investments are made up of a green bond fund and a bank loan fund and are high quality instruments with a minimum credit rating of BB as at December 31, 2022 (BB as at December 31, 2021). The investments are also made up of two high-quality equity funds managed by quality managers under the supervision of the investment committee, which evaluates their performance regularly.

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, 2022, the most significant financial liabilities are accounts payable and accrued liabilities.

14. Artworks

In 2018, One Drop USA received artworks donated by the artists. Considering the difficulty of establishing the fair market value of the artworks, they were not presented in the assets in the balance sheet. The proceeds from their sale will be recognized as a revenue upon reception.