

---

**WATERSTONE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**INDEX**

- Page 1-2. Independent Auditor's Report**
- 3. Statement of Financial Position**
  - 4. Statement of Changes in Net Assets**
  - 5. Statement of Operations**
  - 6. Statement of Cash Flows**
  - 7-8. Notes to Financial Statements**

## INDEPENDENT AUDITOR'S REPORT

To the Directors  
WaterStone Foundation  
TORONTO  
Ontario

### *Opinion*

We have audited the accompanying financial statements of WaterStone Foundation which comprise the statement of financial position as at December 31, 2022 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity 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.

### *Basis for Opinion*

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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

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

Management is responsible for the preparation and fair presentation of these 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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.

- 1 -

JOHN C. KARRAM, CPA  
PAUL A. SIMPSON, CPA  
PAUL W. McMULLEN, CPA

MARK D. POTTER, CPA  
MICHAEL J. MCNEILL, CPA  
PETER A. SIMPSON, CPA

MARC F. CERNELE, CPA  
ANTHONY G. DILIBERTO, CPA  
JENNIFER A. STALEY, CPA

NORTON McMULLEN LLP

ONE VALLEYWOOD DRIVE SUITE 200 MARKHAM ONTARIO L3R 5L9 T 905-479-7001 F 905-479-0045

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 entity'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 entity'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 entity 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.

*Norton McMullen LLP*

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

May 17, 2023

---

**WATERSTONE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31,

2022

2021

---

**ASSETS**

**Current**

Cash	\$ 249,137	\$ 83,730
HST refundable	<u>3,023</u>	<u>1,473</u>
	<u>\$ 252,160</u>	<u>\$ 85,203</u>

---

**LIABILITIES**

**Current**

Accounts payable and accrued liabilities	\$ 5,536	\$ 6,890
--	----------	----------

**NET ASSETS**

	<u>246,624</u>	<u>78,313</u>
	<u>\$ 252,160</u>	<u>\$ 85,203</u>

---

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

- 3 -

---

**WATERSTONE FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**

For the year ended December 31,

**2022**

**2021**

---

<b>BALANCE - Beginning</b>	\$	<b>78,313</b>	\$	137,644
Excess (deficiency) of revenues over expenses		<u>168,311</u>		<u>(59,331)</u>
<b>BALANCE - Ending</b>	\$	<u><b>246,624</b></u>	\$	<u>78,313</u>

See accompanying notes

- 4 -

---

# WATERSTONE FOUNDATION

## STATEMENT OF OPERATIONS

For the year ended December 31,

2022

2021

---

### REVENUES

Contributions	\$ 351,112	\$ 42,447
Ticket sales & event revenue	14,355	-
	<u>\$ 365,467</u>	<u>\$ 42,447</u>

### EXPENSES

Fundraising	\$ 76,288	\$ 9,291
Grants issued	68,000	-
Office and general	14,723	3,327
Program and strategy	11,848	9,066
Administration	11,848	9,066
Financial assistance - treatment programs	9,883	62,755
Legal and accounting	3,866	7,688
Workshops	500	225
Bank charges	200	213
Loss on marketable securities	-	147
	<u>\$ 197,156</u>	<u>\$ 101,778</u>

### EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

	<u>\$ 168,311</u>	<u>\$ (59,331)</u>
--	-------------------	--------------------

See accompanying notes

- 5 -

---

# WATERSTONE FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended December 31,

2022

2021

---

### CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

#### OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses \$ 168,311 \$ (59,331)

Items not affecting cash:

Loss on marketable securities - 147

Net change in non-cash working capital balances:

HST refundable (1,550) (394)

Accounts payable and accrued liabilities (1,354) (15,220)

#### INCREASE (DECREASE) IN CASH

\$ 165,407 \$ (74,010)

#### CASH - Beginning

83,730 157,740

#### CASH - Ending

\$ 249,137 \$ 83,730

See accompanying notes

- 6 -

---

**WATERSTONE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**NATURE OF OPERATIONS**

The purpose of WaterStone Foundation (the "Organization") is to finance ground-breaking eating disorder research and to train mental health professionals by partnering with leading educational and private institutions.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**a) Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

**b) Cash and Cash Equivalents**

Cash and cash equivalents includes cash in bank.

**c) Investments**

Investments in marketable securities are recorded at fair value.

**d) Revenue Recognition**

Contributions are recognized when the funds are received.

**e) Contributed Services**

Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

**f) Financial Instruments**

**Initial Measurement**

The Organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

**Subsequent Measurement**

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.



---

**WATERSTONE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

---

**2. FINANCIAL INSTRUMENTS**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at December 31, 2022:

a) **Liquidity Risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flows from operations. There has been no change in the assessment of liquidity risk from the prior year.