
WATERSTONE FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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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, 2023 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, 2023 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.

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JENNIFER A. STALEY, CPA

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

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

April 11, 2024

WATERSTONE FOUNDATION
STATEMENT OF FINANCIAL POSITION

As at December 31,

2023

2022

ASSETS

Current

Cash	\$ 213,779	\$ 249,137
HST refundable	<u>2,638</u>	<u>3,023</u>
	<u>\$ 216,417</u>	<u>\$ 252,160</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 3,164	\$ 5,536
Deferred contributions (Note 2)	<u>48,000</u>	<u>-</u>
	<u>\$ 51,164</u>	<u>\$ 5,536</u>

NET ASSETS

	<u>165,253</u>	<u>246,624</u>
	<u>\$ 216,417</u>	<u>\$ 252,160</u>

Approved by the Board:

_____ Director

_____ Director

See accompanying notes

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WATERSTONE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31,

2023

2022

BALANCE - Beginning	\$	246,624	\$	78,313
Excess (deficiency) of revenues over expenses		<u>(81,371)</u>		<u>168,311</u>
BALANCE - Ending	\$	<u>165,253</u>	\$	<u>246,624</u>

See accompanying notes

WATERSTONE FOUNDATION

STATEMENT OF OPERATIONS

For the year ended December 31,

2023

2022

REVENUES

Contributions	\$ 128,485	\$ 351,112
Ticket sales and event revenue	4,673	14,355
	<u>\$ 133,158</u>	<u>\$ 365,467</u>

EXPENSES

Grants issued	\$ 166,000	\$ 68,000
Program and strategy	21,438	26,658
Fundraising	12,151	68,883
Legal and accounting	7,068	3,866
Office and general	4,073	14,723
Administration	3,573	4,443
Bank charges	226	200
Workshops	-	500
Financial assistance - treatment programs	-	9,883
	<u>\$ 214,529</u>	<u>\$ 197,156</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

	<u>\$ (81,371)</u>	<u>\$ 168,311</u>
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See accompanying notes

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WATERSTONE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31,

2023

2022

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

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ (81,371)	\$ 168,311
Net change in non-cash working capital balances:		
HST refundable	385	(1,550)
Accounts payable and accrued liabilities	(2,372)	(1,354)
Deferred contributions	<u>48,000</u>	<u>-</u>

INCREASE (DECREASE) IN CASH

\$ (35,358) \$ 165,407

CASH - Beginning

249,137 83,730

CASH - Ending

\$ 213,779 \$ 249,137

See accompanying notes

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WATERSTONE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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) Revenue Recognition

The Organization follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received. Ticket sales and event revenue are recognized as revenue when they are received.

d) Contributed Services

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

WATERSTONE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued

e) **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.

2. **DEFERRED CONTRIBUTIONS**

The change in deferred contributions is as follows:

	2023	2022
Balance - Beginning	\$ -	\$ -
Add: Amount received related to the following year	<u>48,000</u>	<u>-</u>
Balance - Ending	<u>\$ 48,000</u>	<u>\$ -</u>

3. **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, 2023:

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.