

Financial statements of

**Engineers Without Borders  
(Canada) / Ingénieurs Sans  
Frontières (Canada)**

October 31, 2009

# **Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)**

October 31, 2009

## Table of contents

Auditors' Report.....	1
Balance sheet.....	2
Statement of operations .....	3
Statement of changes in fund balances .....	4
Notes to the financial statements .....	5-9

## Auditors' Report

To the Members of  
Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)

We have audited the balance sheet of Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada) as at October 31, 2009 and the statements of operations and of changes in fund balances for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of expenses over revenues, assets and unrestricted fund balance.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at October 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.

*Deloitte & Touche LLP*

Chartered Accountants  
Licensed Public Accountants  
December 4, 2009

# Engineers Without Borders (Canada)/ Ingénieurs Sans Frontières (Canada)

Balance sheet

as at October 31, 2009

	2009	2008
	\$	\$
<b>Assets</b>		
Current		
Cash	479,846	307,112
Accounts receivable	48,107	176,462
Prepaid and other expenses	150,841	95,766
	<b>678,794</b>	579,340
Capital assets (Note 4)	-	2,409
Intangibles (Note 5)	41,627	104,300
	<b>720,421</b>	686,049
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	154,209	144,297
Deferred revenue (Note 6)	209,282	65,912
	<b>363,491</b>	210,209
Deferred revenue (Note 5)	-	44,800
	<b>363,491</b>	255,009
<b>Fund balances</b>		
Invested in capital assets	-	2,409
Unrestricted	356,930	428,631
	<b>356,930</b>	431,040
	<b>720,421</b>	686,049

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Engineers Without Borders (Canada)/ Ingénieurs Sans Frontières (Canada)

Statement of operations  
year ended October 31, 2009

	2009	2008
	\$	\$
<b>Revenues</b>		
Government support	515,079	626,512
Individual donations (Note 10)	417,078	555,457
Foundation support	391,080	321,979
National conference	344,053	306,761
Corporate contributions	365,601	202,542
Other income	24,647	24,400
Membership fees	29,640	26,050
Chapter fundraising		
Donations (Note 10)	338,235	280,177
Canadian University support	225,941	281,428
Other chapter income	80	2,433
	<b>2,651,434</b>	<b>2,627,739</b>
<b>Direct project costs</b>		
Overseas programs (Note 8)	1,285,318	1,125,139
Canadian programs (Note 9)	697,938	738,804
National conference	377,796	381,650
	<b>2,361,052</b>	<b>2,245,593</b>
<b>Operating expenses</b>		
Management and general	175,736	143,280
Fundraising	188,756	209,112
	<b>2,725,544</b>	<b>2,597,985</b>
<b>(Deficiency) excess of revenues over expenses</b>	<b>(74,110)</b>	<b>29,754</b>

# Engineers Without Borders (Canada)/ Ingénieurs Sans Frontières (Canada)

Statement of changes in fund balances  
year ended October 31, 2009

	2009		2008	
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
<b>Balances, beginning of year</b>	<b>2,409</b>	<b>428,631</b>	<b>431,040</b>	401,286
(Deficiency) excess of revenues over expenses	<b>(2,409)</b>	<b>(71,701)</b>	<b>(74,110)</b>	29,754
<b>Balances, end of year</b>	<b>-</b>	<b>356,930</b>	<b>356,930</b>	431,040

# Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)

Notes to the financial statements

October 31, 2009

## 1. Description of business

Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada) (the "Organization") commenced operations in 1999. Subsequently, the Organization was incorporated without share capital under the Canada Corporations Act on December 28, 2000. The Organization was registered as a Charity on November 23, 2001 under the Income Tax Act. While registered, the Organization is exempt from income taxes, and may issue tax deductible receipts to donors.

The Organization was established to increase opportunity for those living in poverty in developing countries, particularly in Africa. This work involves creating and spreading innovative approaches to development, building capacity among local institutions, and supporting local leaders. It also involves working in Canada to engage engineers, effect policy change, and create opportunities for Canadians to connect and contribute to human development overseas.

These financial statements include the assets and liabilities and revenues and expenses of the organization's 27 (2008 - 26) university-based and 8 (2008 - 7) city networks chapters across Canada. These chapters undertake fundraising activities in order to run local education and engagement programs, and to contribute to overseas programs.

## 2. Adoption of accounting policies

Section 1535 - Capital disclosures

On November 1, 2008, the Organization adopted Section 1535 - "Capital Disclosures", of the Canadian Institute of Chartered Accountants' ("CICA's") Handbook. The adoption of this new standard has not resulted in any change in how the Organization accounts for its transactions, but does require additional disclosure, which is presented in Note 13.

Section 3855 - Financial instruments - Recognition and measurement

On April 23, 2008, the CICA amended Section 3855, "Financial Instruments - Recognition and Measurement" of the CICA Handbook. The amended section allows not-for-profit organizations to elect to not have to account for certain non-financial contracts as derivatives and also to not have to account for certain derivative features embedded in non-financial contracts, leases and insurance contracts as embedded derivatives. If the Organization did not elect this option it would be required to account for derivative financial instruments in accordance with the guidance in Section 3855.

The Organization has elected to early adopt these amendments to Section 3855 effective for its fiscal year beginning on November 1, 2008 and has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

# Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)

Notes to the financial statements

October 31, 2009

### 3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

#### *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### *Capital assets*

Computer equipment is stated at cost less accumulated amortization and is amortized on a straight-line basis over three years.

#### *Donations-in-kind*

The work of the Organization is dependent on the services of many volunteers. Because these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Other donations-in-kind are recognized in the financial statements if they are normally purchased and their fair value can be established. The amount recognized for 2009 is as follows:

	2009	2008
	\$	\$
Aeroplan points	<b>236,724</b>	101,248
Other	-	1,978
	<b>236,724</b>	103,226

#### *Aeroplan points*

In accordance with an agreement, the Organization has the right to redeem Aeroplan points in return for airline flights. The points are recorded based on the agreed upon unit value as an intangible asset and corresponding deferred revenue and are recognized as revenue and expenses as the points are used. The points that are not expected to be used within the next year are presented on the balance sheet as long-term deferred revenue.

#### *Financial instruments*

The Organization has classified each of its financial instruments into accounting categories. The category for an item determines its subsequent accounting under the revised standards. The Organization has classified its cash as "held-for-trading". "Held-for-trading" items are carried at fair value, with changes in their fair value recognized in the Statement of Operations in the current period. Accounts receivable has been classified as "loans and receivables". "Loans and receivables" are carried at amortized cost, using the effective interest method, net of any impairment. Accounts payable and accrued liabilities have been classified as "other liabilities". "Other liabilities" are carried at amortized cost, using the effective interest method.

# Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)

Notes to the financial statements

October 31, 2009

## 4. Capital assets

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	26,079	26,079	-	2,409

Capital asset additions during the period amounted to \$Nil (2008 - \$Nil), while amortization amounted to \$2,409 (2008 - \$5,398).

## 5. Intangible assets and deferred revenue

The balance of the Aeroplan points consists of:

	2009	2008
	\$	\$
Balance, beginning of year	104,300	102,700
Additions	55,092	57,058
Redemptions	(117,765)	(55,458)
Balance, end of year	41,627	104,300
Included in deferred revenue as:		
Current portion (Note 6)	41,627	59,500
Long-term portion	-	44,800
	41,627	104,300

## 6. Deferred revenue

	2009	2008
	\$	\$
Aeroplan	41,627	59,500
Honda Canada Foundation	-	6,412
Canadian International Development Agency (CIDA)	18,000	-
2010 National Conference - Sponsors and Delegate fees	149,655	-
	209,282	65,912

# Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)

Notes to the financial statements

October 31, 2009

## 7. Lease commitments

The Organization is committed under an operating lease expiring in June 2011 for the rental of premises. The Organization is also committed under an operating lease expiring in November 2011 for the rental of telephone equipment. The following is a schedule of minimum lease payments, including common costs for the premises, and applicable taxes.

	Premises	Equipment	Total
	\$	\$	\$
Year ending October 31:			
2010	77,773	7,340	85,113
2011	51,848	7,340	59,188
2012	-	603	603
	<b>129,621</b>	<b>15,283</b>	<b>144,904</b>

## 8. Overseas programs

The Organization had 94 volunteers overseas during 2009 (82 during 2008). Overseas program expenses were as follows:

	2009	2008
	\$	\$
Overseas volunteer direct costs	<b>760,143</b>	665,829
Program expenses, evaluation, management and common expenses	<b>525,175</b>	459,310
	<b>1,285,318</b>	<b>1,125,139</b>

## 9. Canadian programs

Canadian program expenses relate to international development education programs at the Organization's 35 (33 during 2008) chapters across Canada. Canadian program expenses were as follows:

	2009	2008
	\$	\$
Direct program expenses (materials and travel)	<b>129,721</b>	283,989
Local chapter expenses	<b>211,183</b>	156,252
Program delivery, management and common expenses	<b>357,034</b>	298,563
	<b>697,938</b>	<b>738,804</b>

# **Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada)**

Notes to the financial statements

October 31, 2009

## **10. Donations**

Chapter donations are reported net of direct fundraising costs of \$139,773 (2008 - \$162,097). Fundraising costs include event expenses such as banquet and gala costs as well as the cost of materials sold.

Individual donations are reported net of material costs of \$6,787 (2008 - \$9,396). Material costs include printing costs of annual calendars and holiday cards.

## **11. Guarantee**

Indemnity has been provided to all directors and officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to their involvement with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payments cannot be reasonably estimated.

## **12. Statement of cash flows**

A statement of cash flows has not been presented since the information it would contain is readily available from these financial statements.

## **13. Capital disclosures**

The Organization considers its fund balances together with deferred revenue, to be its capital.

The excess of revenue over expenses (expenses over revenue) are accumulated in the unrestricted fund balance. The investment in capital assets balance is restricted in its use and the restrictions related thereto, as well as to deferred revenue, have been complied with.

## **14. Comparative amounts**

Certain of the prior year comparative amounts have been re-classified to conform with the current year's financial statement presentation.