

Financial statements of

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

October 31, 2008

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, 2008 and the statements of operations and 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 donation revenue, excess of revenues over expenses, 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, 2008 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 5, 2008

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

October 31, 2008

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

Balance sheet

as at October 31, 2008

	2008	2007
	\$	\$
Assets		
Current		
Cash	307,112	237,979
Accounts receivable	176,462	302,805
Prepaid expenses	95,766	32,776
	579,340	573,560
Capital assets (Note 3)	2,409	7,807
Intangibles (Note 4)	104,300	102,700
	686,049	684,067
Liabilities		
Current		
Accounts payable and accrued liabilities	144,297	126,996
Deferred revenue (Note 5)	65,912	109,185
	210,209	236,181
Deferred revenue (Note 4)	44,800	46,600
	255,009	282,781
Fund balances		
Invested in capital assets	2,409	7,807
Unrestricted	428,631	393,479
	431,040	401,286
	686,049	684,067

Approved by the Board

_____ Director

_____ Director

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

Statement of operations
year ended October 31, 2008

	2008	2007
	\$	\$
Revenues		
Government support	626,512	523,254
Individual donations (Note 9)	555,457	211,543
Foundation support	321,979	374,714
National conference	306,761	217,135
Corporate contributions	202,542	231,424
Other income	24,400	31,094
Membership fees	26,050	29,170
Chapter fundraising		
Donations (Note 9)	280,177	243,428
Canadian University support	281,428	223,888
Other chapter income	2,433	6,578
	2,627,739	2,092,228
Direct project costs		
Overseas programs (Note 7)	1,125,139	911,173
Canadian programs (Note 8)	738,804	514,529
National conference	381,650	229,140
	2,245,593	1,654,842
Operating expenses		
Management and general	143,280	108,509
Fundraising	209,112	129,900
	2,597,985	1,893,251
Excess of revenues over expenses	29,754	198,977

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

Statement of changes in fund balances
year ended October 31, 2008

			2008	2007
	Invested in capital assets	Unrestricted	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	7,807	393,479	401,286	202,309
Excess of revenues over expenses (expenses over revenues)	(5,398)	35,152	29,754	198,977
Balance, end of year	2,409	428,631	431,040	401,286

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

Notes to the financial statements

October 31, 2008

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 improve the quality of life of people in developing communities by helping them gain access to appropriate technology. This work involves building capacity among local organizations and individuals so that solutions are locally generated and available. It also involves working in Canada on policy and attitudinal change to benefit human development overseas.

These financial statements include the assets and liabilities and revenues and expenses of the organization's 26 (2007 - 26) university-based and 7 (2007 - 7) professional chapters across Canada. These chapters undertake fundraising activities in order to run local education and outreach programs, and to contribute to overseas programs.

2. 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 2008 is as follows:

	2008	2007
	\$	\$
Aeroplan points	101,248	87,251
Other	1,978	2,397
	103,226	89,648

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

Notes to the financial statements

October 31, 2008

2. Summary of significant accounting policies (continued)

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.

3. Capital assets

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	26,079	23,670	2,409	7,807

Capital asset additions during the period amounted to \$ Nil (2007 - \$Nil), while amortization amounted to \$ 5,398 (2007 - \$6,627).

4. Intangible assets and deferred revenue

The balance of the Aeroplan points consists of:

	2008	2007
	\$	\$
Balance, beginning of year	102,700	42,292
Additions	57,058	107,126
Redemptions	(55,458)	(46,718)
Balance, end of year	104,300	102,700
Included in deferred revenue as:		
Current portion (Note 5)	59,500	56,100
Long-term portion	44,800	46,600
	104,300	102,700

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

Notes to the financial statements
October 31, 2008

5. Deferred revenue

	2008	2007
	\$	\$
Aeroplan	59,500	56,100
Honda Canada Foundation	6,412	-
Canadian International Development Agency (CIDA)	-	38,085
Harrison-Cooper Foundation	-	15,000
	65,912	109,185

6. 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:			
2009	75,594	7,340	82,934
2010	77,773	7,340	85,113
2011	51,848	7,340	59,188
2012	-	603	603
	205,215	22,623	227,838

7. Overseas programs

The Organization had 82 volunteers overseas during 2008 (82 during 2007). Overseas program expenses were as follows:

	2008	2007
	\$	\$
Overseas volunteer costs	665,829	586,465
Program management, evaluation and common expenses	459,310	324,708
	1,125,139	911,173

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

Notes to the financial statements

October 31, 2008

8. Canadian programs

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

	2008	2007
	\$	\$
Education and outreach	440,241	281,438
Program support and development, and common expenses	298,563	233,091
	738,804	514,529

9. Donations

Chapter donations are reported net of fundraising costs of \$162,097 (2007 - \$79,113). Fundraising costs include event expenses such as banquet and gala costs as well as cost of materials sold.

Individual donations are reported net of material costs of \$9,396 (2007 - \$8,175). Material costs include printing costs of annual calendars and holiday cards.

10. 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.

11. 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.

12. Comparative amounts

Certain of the prior year's amounts have been reclassified to conform to the current year's financial statement presentation.

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

October 31, 2008

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Auditors' Report on Supplementary Financial Information

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

The audited financial statements for Engineers Without Borders (Canada) / Ingénieurs Sans Frontières (Canada) and our report thereon are presented in the preceding section. The following information is for purposes of additional analysis and is not required for a fair presentation of the Organization's financial position, results of operations, or cash flows. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
December 5, 2008

**CIDA - CANADIAN PARTNERSHIP BRANCH (CPB)
FINANCIAL SCHEDULES
SUMMARY STATEMENT OF REVENUES**

SCHEDULE A

Organization: Engineers Without Borders (Canada)

Year ended : 31-Oct-08

\$

MATCHABLE REVENUE

(All revenues from Canadian sources raised for development and development education purposes)

1. Donations: cash donations, fundraising revenues, bequests	1,528,702
2. Fundraising activities: <u>gross</u> revenue from fundraising activities, commercial activities	271,780
3. Other organizations that do not receive <u>any</u> funding from CPB	0
4. Provincial and local governments: for development purposes	0
5. Other: specify _____	
6. <u>Sub-total:</u> matchable revenue	A 1,800,482

CIDA CONTRIBUTIONS

From Schedule C, column A, by Branches

7. Canadian Partnership Programs	B 581,512
8. Bilateral Programmes	0
9. Multilateral Programmes	0
10. Other	35,000
14. <u>Sub-total:</u> contributions from CIDA	616,512

NON MATCHABLE REVENUE

15. Federal Government , other contributions than CIDA	0
16. Provincial and local governments: not for development purposes	0
17. Other organizations that receive funding from CPB	0
18. Sponsorship: children, families, refugees	0
19. Members: membership fees	26,050
20. Interest Income , excluding interest earned on CIDA funds	0
21. Revenues raised outside of Canada	3,198
22. In-kind contributions received as contributed materials and services	1,977
23. Other revenues	341,617
24. <u>Sub-total:</u> non matchable revenue	372,842
25. Less: if applicable, the difference between gross revenue from fundraising activities recorded above and net revenue recorded in the financial statements	162,097

TOTAL REVENUE per the audited financial statements 2,627,739

Matching Ratio: A/B

3.10:1

**CIDA - CANADIAN PARTNERSHIP BRANCH (CPB)
 FINANCIAL SCHEDULES
 RESTRICTED CONTRIBUTIONS RECEIVED BUT NOT DISBURSED BY YEAR END**

Schedule B

Organization: Engineers Without Borders (Canada)

Year ended : 31-Oct-08

Deferred restricted contributions accounts and restricted fund balances (non permanent externally restricted) from the audited statement of financial position

<u>No such items</u>		\$	
			<u>0</u>
Sub-total			<u>0</u>

Less non-cash asset amounts included in the above accounts:

- advances to projects and to partners	0		
- receivable accounts	0		
- prepaid expenses for projects	0		
- others - specify: _____			<u>0</u>

Total restricted contributions received but not disbursed by year end 0
A

Total made up of:

Restricted contributions from CIDA

(By Branches)	Previous year		Current year
Canadian Partnership Programs	28,085		0
Bilateral Programmes	0		0
Multilateral Programmes	0		0
Other	10,000		0
Sub-total: contributions from CIDA received but not disbursed by year end	<u>38,085</u>		<u>0</u>

Other restricted contributions

(By sources, according to the revenue categories in Schedule A)
 No such items

	0		0
Total restricted contributions received but not disbursed by year end	<u>38,085</u>		<u>0</u>

A

A: These two amounts must be equal

CIDA - CANADIAN PARTNERSHIP BRANCH (CPB)
FINANCIAL SCHEDULES

SCHEDULE C

SUMMARY OF EXPENSES AND REVENUES BY PROJECTS AND BY BRANCHES

(Canadian Partnership, Africa and Middle East, Americas, Asia, Central and Eastern Europe, Multilateral Programmes, other Branches)

Organization: Engineers Without Borders (Canada)

Year ended: 31-Oct-08

CIDA project #	Project Name (Per Agreement)	Payments	Interest	Project expenses (1)	Revenues accounted for the project (1)			Contribution by the organization in kind (3)	Total contribution by the organization B+C+D=E	
		received	received		CIDA	Organization				Total
		from CIDA	on CIDA funds		(4)	cash	in-kind			revenues (1)(2)
		Receipts			A	B	C			A+B+C
		\$	\$	\$	\$	\$	\$	\$		
Canadian Partnership Programs										
S-63695	Volunteer sending program	367,848	0	467,772	467,772	280,908	16,941	765,621	115,000	412,849
S-63855	YIP 2007/8	9,328	0	37,413	37,413	0	0	37,413	0	0
S-64462	YIP 2008/9	<u>68,310</u>	<u>223</u>	<u>76,327</u>	<u>76,327</u>	<u>0</u>	<u>0</u>	<u>76,327</u>	<u>0</u>	<u>0</u>
		<u>445,486</u>	<u>223</u>	<u>581,512</u>	<u>581,512</u>	<u>280,908</u>	<u>16,941</u>	<u>879,361</u>	<u>115,000</u>	<u>412,849</u>
Other Programs										
1107-401	Global Classroom Initiative	16,000	0	26,000	26,000	13,462	0	39,462	106,000	119,462
0108-306	Connecting with Africa through Fair Trade	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>0</u>	<u>0</u>
		<u>16,000</u>	<u>0</u>	<u>35,000</u>	<u>35,000</u>	<u>13,462</u>	<u>0</u>	<u>48,462</u>	<u>106,000</u>	<u>119,462</u>
	Total	<u>461,486</u>	<u>223</u>	<u>616,512</u>	<u>616,512</u>	<u>294,370</u>	<u>16,941</u>	<u>927,823</u>	<u>221,000</u>	<u>532,311</u>

Note: sub-total each column by Branches and carry the sub-total of column A to Schedule A

- (1) As per the amounts included in the audited financial statements.
- (2) The total of the project revenues normally agrees with the expenses of the project.
For the organizations that use the Restricted Fund Method, enter in columns A, B and C the revenues corresponding to the project expenses.
- (3) Contributions not accounted for in the organization's records but eligible to the cost-sharing.
- (4) Including interest earned on CIDA funds.