



Financial Statements

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

October 31, 2023

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Independent Auditor's Report

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

Qualified opinion

We have audited the financial statements of Engineers Without Borders (Canada) (the "Organization"), which comprise the statement of financial position as at October 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Engineers Without Borders (Canada) as at October 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 qualified opinion

In common with many charitable organizations, the Organization derives revenue from individual donations and Canadian university support, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 recorded individual donations and Canadian university support revenue, the deficiency of revenues over expenses, and cash flows from operations for the years ended October 31, 2023 and 2022, current assets as at October 31, 2023 and 2022, and the unrestricted fund balance as at November 1 and October 31 for both the 2023 and 2022 years. The audit opinion on the financial statements for the year ended October 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the 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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

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

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 Organization'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 Organization'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 Organization 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.

Markham, Canada
March 10, 2024

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

**Engineers Without Borders (Canada) / Ingénieurs Sans
Frontières (Canada)**
Statement of Financial Position

October 31

2023

2022

Assets

Current

Cash	\$ 665,546	\$ 691,116
Internally restricted cash and investments (Note 3)	220,000	220,000
Accounts and other receivables (Note 4)	52,655	66,700
Prepaid and other expenses	<u>7,551</u>	<u>21,275</u>

944,752 999,091

Investments (Note 5)	66,420	201,630
Intangible assets (Note 6)	<u>121,908</u>	<u>155,171</u>

\$ 1,134,080 **\$ 1,355,892**

Liabilities

Current

Accounts payable and accrued liabilities (Note 7)	\$ 130,323	\$ 109,696
Deferred revenue (Note 8)	652,920	437,389
Bank indebtedness (Note 11)	<u>250,000</u>	<u>-</u>

1,033,243 547,085

Fund balances

Internally restricted (Note 2)	220,000	220,000
Unrestricted	<u>(119,163)</u>	<u>588,807</u>

100,837 808,807

\$ 1,134,080 **\$ 1,355,892**

On behalf of the Board

_____ Director

_____ Director

**Engineers Without Borders (Canada) / Ingénieurs Sans
Frontières (Canada)**
Statement of Operations

Year ended October 31	2023	2022
Revenue		
Individual donations	\$ 499,029	\$ 993,088
Foundation support	414,052	292,938
Venture generated revenue	356,992	297,150
Canadian University support	174,749	147,987
Corporate contributions	57,365	30,423
Government support	56,684	23,633
Other income	24,244	10,711
National conference	<u>9,900</u>	<u>2,019</u>
	<u>1,593,015</u>	<u>1,797,949</u>
Expenses (Note 10)		
National conference, leadership/chapter development	743,271	607,091
Fundraising	591,580	526,049
Public education and awareness	427,159	368,339
Ventures	344,544	321,147
Management and administration	<u>59,220</u>	<u>260,491</u>
	<u>2,165,775</u>	<u>2,083,117</u>
Deficiency of revenue over expenses before undernoted items	(572,760)	(285,168)
Write-down of investments for impairment (Note 5)	<u>(135,210)</u>	-
Deficiency of revenue over expenses	<u>\$ (707,970)</u>	<u>\$ (285,168)</u>

**Engineers Without Borders (Canada) / Ingénieurs Sans
Frontières (Canada)**
Statement of Changes in Fund Balances

Year ended October 31

	Unrestricted	Internally restricted	Total 2023	Total 2022
Fund balance, beginning of year	\$ 588,807	\$ 220,000	\$ 808,807	\$ 1,093,975
Deficiency of revenue over expenses	<u>(707,970)</u>	<u>-</u>	<u>(707,970)</u>	<u>(285,168)</u>
Fund balance, end of year	<u>\$ (119,163)</u>	<u>\$ 220,000</u>	<u>\$ 100,837</u>	<u>\$ 808,807</u>

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

Statement of Cash Flows

Year ended October 31

2023

2022

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (707,970)	\$ (285,168)
Items not affecting cash		
Intangible assets	33,263	(11,691)
Write-down of investments for impairment	<u>135,210</u>	<u>-</u>

(539,497) (296,859)

Change in non-cash working capital items

Accounts and other receivables	14,045	54,372
Prepaid and other expenses	13,724	(17,044)
Accounts payables and accrued liabilities	20,627	(97,309)
Deferred revenue	<u>215,531</u>	<u>113,267</u>

(275,570) (243,573)

Investing

Increase in bank indebtedness	<u>250,000</u>	<u>-</u>
	250,000	-

Decrease in cash (25,570) (243,573)

Cash

Beginning of year	<u>691,116</u>	<u>934,689</u>
End of year	<u>\$ 665,546</u>	<u>\$ 691,116</u>

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

Notes to Financial Statements

October 31, 2023

1. Basis of presentation

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 transitioned to the Canada Not-for-profit Corporations Act and obtained a Certificate of Continuance on April 23, 2014.

The Organization became a registered Charity on November 23, 2001. Under the Income Tax Act, the Organization is classified as a registered charity, and, if certain requirements are met, is not subject to income taxes, and may issue charitable tax receipts to donors, for qualifying donations.

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, liabilities, revenues and expenses of the Organization's 14 (2022 - 18) Canadian university-based and 2 (2022 - 2) professional chapters across Canada. These chapters undertake fundraising activities in order to run local education and engagement programs, and to contribute to overseas programs.

2. Summary of significant accounting policies

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

Revenue recognition

The Organization follows the deferral method of accounting for restricted 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.

The Organization recognizes government subsidies towards current expenses in the statement of operations. When government subsidies relate to future expenses, the Organization defers the assistance and recognizes it in the statement of operations as the related expenses are incurred.

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. Donations in kind received during 2023 total \$Nil (2022 - \$16,690) which relates to Aeroplan points donated to the Organization (Note 6). The donations-in-kind are recognized as revenue and expenses in the year the points are redeemed by the Organization.

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

Notes to Financial Statements

October 31, 2023

2. Summary of significant accounting policies (continued)

Donations-in-kind (continued)

Donated shares are immediately sold and are recorded at the amount realized on sale.

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 as intangible assets based on the estimated redemption value and corresponding deferred revenue and are recognized as revenue and expenses as the points are redeemed.

Investments

Investments are recorded at cost and are reviewed for impairment on an annual basis.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, financial assets and financial liabilities are recorded at cost.

Financial assets measured at amortized cost are assessed at each reporting date for impairment. If such impairment exists, the financial asset is written down and the impairment loss is recognized in the statement of operations.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the date of the statement of financial position for monetary items and at exchange rates prevailing at the transaction date for non-monetary items.

Revenue and expense items are translated at the rates of exchange prevailing on the transaction dates. Foreign exchange gains or losses are included in the determination of the deficiency of revenue over expenses for the year.

Allocation of common expenses

Certain officers and employees perform functions that are specific to direct projects (National conference, leadership/chapter development, Ventures, and Public education and awareness), fundraising, and management and administration activities. As a result, the related payroll and benefits costs are reflected as an expense of those functions. Certain other employees perform a combination of management and administration and fundraising functions. In this case, the recorded cost is based on the actual time dedicated to the functional activity.

Common expenses, such as offices expenses and travel, insurance, professional fees, bank charges, professional development and human resources and rent and utilities, are allocated to each expense category (National conference, leadership/chapter development, Ventures, Public education and awareness, Fundraising, Management and administration) based on the proportion of the salary for that category in relation to total salary. Such allocations are reviewed regularly by management.

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

Notes to Financial Statements

October 31, 2023

2. Summary of significant accounting policies (continued)

Description of funds

Internally restricted fund

During 2016, the Internally Restricted Fund was established by the Board of Directors with an interfund transfer of \$220,000 to create a cash reserve for future needs.

Use of estimates

The preparation of the Organization's financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include investments, intangibles and accrued liabilities.

3. Internally restricted cash and investments

The \$220,000 of internally restricted funds were invested in guaranteed investment certificates with a maturity date of September 2024 and bearing interest at 4.75%. In 2022, the restricted funds were held in cash.

4. Accounts and other receivables

	<u>2023</u>	<u>2022</u>
Harmonized Sales Tax	\$ 16,444	\$ 10,666
Grants and other contributions receivable	35,464	56,034
Other	<u>747</u>	<u>-</u>
	<u>\$ 52,655</u>	<u>\$ 66,700</u>

5. Investments

Investments include individual ownership interests of between 2.07% and 7.74% (2022 - 2.07% and 7.74%) in two (2022 - two) non-Canadian entities and one (2022 - one) Canadian entity.

In the current year, one of the investments held with a non-Canadian entity was assessed as fully impaired and a write-off of \$135,210 was approved by the Organization. Management assessed the other two investments for impairment and no further write-offs were deemed necessary.

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

Notes to Financial Statements

October 31, 2023

6. Intangible assets

The balance relates to Aeroplan points and consists of:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 155,171	\$ 143,480
Additions (Note 2)	-	16,690
Redemptions	<u>(33,263)</u>	<u>(4,999)</u>
Balance, end of year	<u>\$ 121,908</u>	<u>\$ 155,171</u>

The year end balance is included in deferred revenue (Note 8).

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil with respect to government remittances payables as at October 31, 2023 and 2022.

8. Deferred revenue

The balance at October 31 is comprised of:

	<u>2023</u>	<u>2022</u>
Aeroplan points (Note 6)	\$ 121,908	\$ 155,171
Foundations and others	<u>531,012</u>	<u>282,218</u>
	<u>\$ 652,920</u>	<u>\$ 437,389</u>

The continuity of the deferred revenue from Foundations and others is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 282,218	\$ 180,642
Add: restricted funding received	891,328	433,594
Less: revenue recognized during the year	<u>642,534</u>	<u>332,018</u>
Balance, end of the year	<u>\$ 531,012</u>	<u>\$ 282,218</u>

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

Notes to Financial Statements

October 31, 2023

8. Deferred revenue (continued)

The balance of the deferred revenue from Foundations and others at year end consists of the following:

	<u>2023</u>	<u>2022</u>
Bill and Melinda Gates Foundation	\$ 126,537	\$ 185,118
Other Foundations	85,051	56
Mining Shared Value	53,200	-
Deutsche Gesellschaft für Internationale	29,679	9,907
Royal Bank of Canada Youth	26,667	67,137
World Bank	25,375	-
Shell	17,048	-
New Gold Inc.	13,832	-
Fellowships	-	20,000
	<u>\$ 652,920</u>	<u>\$ 282,218</u>

9. Guarantees

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.

10. Allocation of common expenses

The Organization has allocated its payroll and common expenses as follows:

	<u>National conference, leadership/ chapter development</u>	<u>Ventures</u>	<u>Public education and awareness</u>	<u>Fundraising</u>	<u>Management and administration</u>	<u>2023 Total</u>
Office expenses and travel	\$ 28,372	\$ 1,299	\$ 14,758	\$ 18,187	\$ 15,329	\$ 77,945
Payroll	112,690	12,249	36,747	36,747	-	198,433
Insurance	11,509	527	5,986	7,378	6,218	31,618
Professional fees	10,327	473	5,372	6,620	5,580	28,372
Bank charges	6,106	280	3,176	3,914	3,299	16,775
Professional development and human resources	1,471	67	765	943	795	4,041
Rent and utilities	530	24	276	340	286	1,456
	<u>\$ 171,005</u>	<u>\$ 14,919</u>	<u>\$ 67,080</u>	<u>\$ 74,129</u>	<u>\$ 31,507</u>	<u>\$ 358,640</u>

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

Notes to Financial Statements

October 31, 2023

10. Allocation of common expenses (continued)

	National conference, leadership/ chapter development	Ventures	Public education and awareness	Fundraising	Management and administration	2022 Total
Office expenses and travel	\$ 7,644	\$ 350	\$ 3,976	\$ 4,900	\$ 4,130	\$ 21,000
Payroll	129,124	14,035	42,106	42,106	-	227,371
Insurance	13,206	605	6,869	8,466	7,135	36,281
Professional fees	13,101	600	6,815	8,398	7,079	35,993
Bank charges	3,071	141	1,597	1,968	1,659	8,436
Professional development and human resources	1,286	59	669	824	695	3,533
Rent and utilities	149	7	78	96	81	411
	<u>\$ 167,581</u>	<u>\$ 15,797</u>	<u>\$ 62,110</u>	<u>\$ 66,758</u>	<u>\$ 20,779</u>	<u>\$ 333,025</u>

11. Credit facilities

The Organization has a credit facility with a chartered bank amounting to \$250,000 for operating cash flows purposes, should the need arise, of which \$250,000 has been drawn as at October 31, 2023 (2022 - \$Nil).

The credit facility agreement has several compliance requirements including requiring the Organization to maintain levels of a specified restrictive financial covenant. At October 31, 2023, the Organization was not in compliance with this requirement.

12. Financial instruments risk

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure as at October 31, 2023. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant risks arising from these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization minimizes its credit risk by only dealing with creditworthy counterparties and it does not have significant credit risk exposure to any single counterparty.

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

Notes to Financial Statements

October 31, 2023

12. Financial instruments risk (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization invests in non-Canadian entities (Note 5), holds EURO accounts receivable balances at year-end that converts to \$25,375 in Canadian dollars (2021 - \$Nil) and holds US cash balances at year-end that converts to \$203,831 (2022 - \$149,210) in Canadian dollars and is therefore directly exposed to currency risk as the value of the investments and cash balance denominated in other currencies will fluctuate due to changes in exchange rates.

13. Related party transactions

During the year, the Organization received donations totaling \$5,097 (2022 - \$22,790) from Directors, officers and management of the Organization. The transactions were measured at the exchange amounts, which were equivalent to the amounts of cash received at the dates of the transactions.