

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES SANS  
FRONTIÈRES CANADA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013

Independent Auditor's Report  
Statement of Financial Position  
Statement of Operations  
Statement of Net Assets  
Notes to the Financial Statements

# MITCHELL & HOLMES

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Academics Without Borders Canada / Universitaires sans  
frontières Canada:

We have audited the accompanying financial statements of Academics Without Borders Canada / Universitaires sans frontières Canada, which comprise the statement of financial position as at December 31, 2013, the statements of operations and changes in net assets for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used

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and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Academics Without Borders Canada / Universitaires sans frontières as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



MITCHELL & HOLMES  
Chartered Accountants, Licensed Public Accountants

March 25, 2014  
Ottawa, Ontario

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES  
SANS FRONTIÈRES CANADA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 52,423	\$ 36,478
Investment (Notes 2, 5)	21,761	21,270
Receivables	<u>        -</u>	<u>6,074</u>
	<u>\$ 74,184</u>	<u>\$ 63,822</u>

<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 6,578	\$ 8,937
Deferred contributions (Note 6)	<u>13,394</u>	<u>13,253</u>
	<u>19,972</u>	<u>22,190</u>

<u>NET ASSETS</u>		
Unrestricted net assets	<u>54,212</u>	<u>41,632</u>
	<u>\$ 74,184</u>	<u>\$ 63,822</u>

On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

(The accompanying notes are an integral part of these statements)

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES

SANS FRONTIÈRES CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUE		
Donations		
Canada Helps	\$ 19,389	\$ 18,337
Directors	32,351	31,800
Other	43,137	13,636
Advisory Council	-	100
Agencies	-	3,500
Foundations (Note 6)	34,967	88,406
Management fees	9,816	-
Miscellaneous	-	438
Investment income	<u>491</u>	<u>201</u>
	<u>140,151</u>	<u>156,418</u>
EXPENDITURES		
Administrative expenditures		
Accounting services	3,690	-
Associate Executive Director expenses	3,148	-
Bank charges	1,372	1,688
Board expenses	14,563	6,383
Executive Director expenses	1,150	737
Foreign exchange	(1,517)	(11)
Funding development	9,202	7,831
Insurance	972	972
Office	749	1,671
Other staff	15,200	12,825
Professional fees	1,317	1,300
Secretarial	1,311	2,100
Taxes not recovered	988	1,325
Telephone	474	495
Program expenditures		
Advertising	146	3,923
Institutional managers	11,238	14,562
Program development	61,004	63,298
Translation	1,224	1,003
Web development	<u>1,340</u>	<u>1,358</u>
	<u>127,571</u>	<u>121,460</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 12,580</u>	<u>\$ 34,958</u>

(The accompanying notes are an integral part of these statements)

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES  
SANS FRONTIÈRES CANADA  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
NET ASSETS, BEGINNING OF YEAR	\$ 41,632	\$ 6,674
EXCESS OF REVENUE OVER EXPENDITURES	<u>12,580</u>	<u>34,958</u>
NET ASSETS, END OF YEAR	<u>\$ 54,212</u>	<u>\$ 41,632</u>

(The accompanying notes are an integral part of these statements)

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES

SANS FRONTIÈRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. GENERAL

The purpose of Academics Without Borders Canada / Universitaires sans frontières Canada is to support developing countries develop and expand institutions of higher education by sending volunteers to work on projects in those institutions and in ministries of higher education. Academics Without Borders Canada / Universitaires sans frontières Canada is involved in projects in the full range of post-secondary institutions, including universities, colleges, and business, engineering, normal, medical and nursing schools. Volunteers are recruited from working and retired professionals and skilled workers throughout Canada and other medium and high income countries. These include faculty, staff, and administrators from universities and colleges, as well as non-academic professionals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year 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.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Investments

Investments are recorded at stated market value of \$21,761 (2012 - \$21,270). The investment consist of a Guaranteed Investment Certificate.

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial instruments are financial assets or liabilities of Academics Without Borders Canada / Universitaires sans frontières Canada, in general, Academics Without Borders Canada / Universitaires sans frontières Canada has the right to receive cash or another financial assets from another party or Academics Without Borders Canada / Universitaires sans frontières Canada has the obligation to pay another party cash or other financial assets.

*Measurement of financial instruments:*

Academics Without Borders Canada / Universitaires sans frontières Canada initially measures its financial assets and liabilities at fair value.

Academics Without Borders Canada / Universitaires sans frontières Canada subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include, cash, certain cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include investments.

*Impairment:*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.



ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES

SANS FRONTIÈRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Transaction costs:*

Academics Without Borders Canada / Universitaires sans frontières Canada recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. CAPITAL DISCLOSURES

For its own purposes, Academics Without Borders Canada / Universitaires sans frontières Canada defines capital as the sum of net assets invested in capital assets, unrestricted net assets and internally restricted net assets. Academics Without Borders Canada / Universitaires sans frontières Canada is not subject to externally imposed requirements on capital. Academics Without Borders Canada / Universitaires sans frontières Canada's objectives when managing capital are to safeguard the organization's ability to continue as a going concern and to meet its financial obligations.

4. FINANCIAL INSTRUMENTS RISKS AND CONCENTRATIONS

Academics Without Borders Canada / Universitaires sans frontières Canada is exposed to various risks through its financial instruments. The following analysis provides a measure of Academics Without Borders Canada / Universitaires sans frontières Canada's risk exposure and concentrations as at December 31, 2013.

*Credit risk:*

Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that Academics Without Borders Canada / Universitaires sans frontières Canada is not exposed to significant credit risk as its main credit risk relate to its accounts receivable. The accounts receivable are managed and analyzed on an ongoing basis. Academics Without Borders Canada / Universitaires sans frontières Canada is of the opinion that its exposure to bad debts is not significant.

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES

SANS FRONTIÈRES CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

4. FINANCIAL INSTRUMENTS RISKS AND CONCENTRATIONS (Continued)

*Liquidity risk:*

Liquidity risk is the risk that Academics Without Borders Canada / Universitaires sans frontières Canada's will not be able to meet a demand for cash or fund its obligations as they come due. Sufficient short-term investments are on hand at any given time that can readily be converted to cash to cover any expected and unexpected operating requirements.

*Currency risk:*

Currency risk is the risk to Academics Without Borders Canada / Universitaires sans frontières Canada's revenues and expenses that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that Academics Without Borders Canada / Universitaires sans frontières Canada is not exposed to any currency risk as it has not material transactions in foreign currencies.

*Fair value market risk:*

Academics Without Borders Canada / Universitaires sans frontières Canada's investments in cash equivalents and fixed income investments are subject to market risks as the value of these investments will change with market fluctuations. Based on the nature of the investments, it is management's opinion that Academics Without Borders Canada / Universitaires sans frontières Canada is not exposed to significant fair value market risk.

*Interest rate price risk:*

Academics Without Borders Canada / Universitaires sans frontières Canada's fixed income investments earn interest at prevailing market rates. It is management's opinion that these investments do not expose Academics Without Borders Canada / Universitaires sans frontières Canada to significant interest rate risk.

*Changes in risk:*

There has been no significant change in the level of risk.

ACADEMICS WITHOUT BORDERS CANADA / UNIVERSITAIRES  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

5. INVESTMENTS

Academics Without Borders Canada / Universitaires sans frontières Canada has a corporate American Express Card with Bank of Montreal. A requirement of obtaining and maintaining the credit card is for the organization to have a secured letter of credit in the amount of \$10,000. Therefore, \$10,000 of the guaranteed investment certificate is being used to secure the line of credit.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for the purpose of funding approved projects by the sponsoring organizations, McCall MacBain Foundation - \$13,394. Changes in the deferred contributions balance are as follows:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$13,253	\$29,022
Add contributions received	<u>20,589</u>	<u>66,766</u>
	33,842	95,788
Less:		
Amount repaid	11,327	18,622
Amount recognized as revenue	<u>9,121</u>	<u>63,913</u>
	<u>\$13,394</u>	<u>\$13,253</u>

7. STATEMENT OF CASH FLOW

A statement of cash flow has not been included with these financial statements as it would not provide additional meaningful information.