

ACCOUNTABLE DEVELOPMENT WORKS

Financial Statements

Year Ended December 31, 2016

July 27, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Accountable Development Works

I have audited the accompanying financial statements of Accountable Development Works, which comprise the statement of financial position as at December 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and 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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Accountable Development Works as at December 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Tony Gauthier, CPA

Chartered Professional Accountant

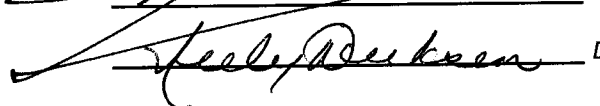
ACCOUNTABLE DEVELOPMENT WORKS
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 102,852	\$ 81,098
Prepaid expenses	-	1,073
	<u>\$ 102,852</u>	<u>\$ 82,171</u>
LIABILITIES AND NET ASSETS		
DUE TO RELATED PARTY	\$ 47,112	\$ 47,112
NET ASSETS	<u>55,740</u>	<u>35,059</u>
LIABILITIES AND NET ASSETS	<u>\$ 102,852</u>	<u>\$ 82,171</u>

ON BEHALF OF THE BOARD



Director



Director

Jason Dudak, chair

Nelida Derksen, treasurer

ACCOUNTABLE DEVELOPMENT WORKS
Statement of Revenues and Expenditures
Year Ended December 31, 2016

	2016	2015
REVENUES		
Personal contributions	\$ 144,707	\$ 134,825
Corporate contributions	2,290	13,491
Foundations and organizations	14,832	12,173
Non-receipted contributions	36,624	38,362
Other gifts	1,823	2,684
	<u>200,276</u>	<u>201,535</u>
PROJECT COSTS		
Sierra Leone - S.L.A.M.	35,028	40,648
Democratic Republic of Congo - Congo's Children	38,948	37,268
Kenya - Humankind International	49,797	48,668
Uganda - Schechinah Grace Ministry	25,300	17,610
Democratic Republic of Congo - 4C	-	17,478
Democratic Republic of Congo - Mukanzo	15,566	1,073
Burundi - Beeday	-	4,431
	<u>164,639</u>	<u>167,176</u>
EXCESS OF REVENUES OVER PROJECT COSTS	35,637	34,359
NON-PROJECT COST (Schedule 1)	<u>14,956</u>	<u>21,268</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 20,681	\$ 13,091

ACCOUNTABLE DEVELOPMENT WORKS
Statement of Changes in Net Assets
Year Ended December 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 35,059	\$ 21,968
Excess of revenues over expenditures	<u>20,681</u>	<u>13,091</u>
NET ASSETS - END OF YEAR	<u>\$ 55,740</u>	<u>\$ 35,059</u>

ACCOUNTABLE DEVELOPMENT WORKS

Statement of Cash Flow

Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenues over non-project costs	\$ 20,681	\$ 13,091
Change in non-cash working capital:		
Prepaid expenses	<u>1,073</u>	<u>(1,073)</u>
Cash flow from operating activities	<u>21,754</u>	<u>12,018</u>
FINANCING ACTIVITY		
Advances to related party	<u>-</u>	<u>(7,500)</u>
INCREASE IN CASH FLOW	21,754	4,518
Cash - beginning of year	<u>81,098</u>	<u>76,580</u>
CASH - END OF YEAR	\$ 102,852	\$ 81,098

ACCOUNTABLE DEVELOPMENT WORKS

Notes to Financial Statements

Year Ended December 31, 2016

1. FORM OF ORGANIZATION

Accountable Development Works (ADW) was established as a registered not-for-profit organization under the Income Tax Act (Canada) on December 11, 2008. As a registered not-for-profit organization, the Organization is not taxable pursuant to paragraph 149 (1) of the Income Tax Act.

The Organization is involved in providing financial and technical support for initiatives of local communities in certain African countries. Accountable Development Works approved projects are locally designed through democratic community involvement. Projects are designed to be sustainable by integrating economic entities with social initiatives avoiding the large costs of foreign driven, top-down projects. Approved projects are defined by their accountability to both donors through strict operating standards and on-site monitoring; and to the local community through partnership agreements involving community decision makers. The Organization believes their approach contributes to the effectiveness of approved projects promoting community cohesion, transparency and good governance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies - Canadian accounting standards for not-for-profit organizations

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Revenue recognition

Accountable Development Works 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. Other donations are recorded on a cash basis since pledges are not legally enforceable claims.

Donations in kind

In kind contributions are comprised of services provided without charge to ADW. Otherwise, the Organization would have to pay for these services in the ordinary course of their operations. These services are recorded in the accounts of ADW as both revenue and expense. In kind contributions are valued at the cost of ADW hiring the services at non-for-profit rates in Africa.

Measurement uncertainty

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 amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in revenues in the period in which they become known. Actual results could differ from these estimates.

(continues)

ACCOUNTABLE DEVELOPMENT WORKS
Notes to Financial Statements
Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

The Organization utilizes various financial instruments. Unless otherwise noted, it is management opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

All transactions related to financial instruments are initially recorded at fair value, with all financial instruments being subsequently reported at amortized cost. The fair value of all financial instruments approximate their carrying value due to the short-term maturity of the instruments.

Contributed services

Volunteers contribute a significant amount of time in assisting ADW in carrying out its activities. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value. Because ADW has made a commitment to paying no salaries or wages here in Canada, of all of the activities by our project leadership, and our administrators are provided on a volunteer basis.

This includes:

- our visits to project sites to encourage our on-site staff, confirm the reports that we have received, assist in resolving problems, participate in planning for the future, and develop a full narrative of the work to share with our volunteers and other supporters;
- our planning and problem-solving in Canada, which consists of project committee meetings, ADW board meeting, and many ad hoc meetings;
- our fundraising activities in Canada, including personal interactions, planning and hosting events, following up on the many details involved in responding to questions from prospective donors, and in thanking them for their contributions;
- many hours of administration, particularly in gathering, recording and reporting financial information in order to prepare financial statements and issue timely donation receipts;

All of these activities, required in order to provide sustainable, accountable, and meaningful services to children and youth in six projects, are provided by approximately 50 volunteers willingly and enthusiastically contributing more than 4,000 hours this year.

3. DUE TO RELATED PARTY

This amount consists of contributions toward travel and other project costs incurred by a Director of ADW on behalf of the Sierra Leone projects. These amounts were not receipted in the year of contribution and thus result in an outstanding liability. The liability will be resolved through an unsecured commitment by identified parties to provide ADW with financial resources to re-pay this liability. No contributions outside of these parties, past or present, will be used to repay this liability identified as due to related party on the statement of financial position and, therefore, it has been classified as a long-term liability.

ACCOUNTABLE DEVELOPMENT WORKS

Non-project costs

(Schedule 1)

Year Ended December 31, 2016

	2016	2015
NON-PROJECT COSTS		
Accounting fees	\$ -	\$ 2,383
Administration (recovery)	376	1,166
Bank charges	3,867	3,390
Fundraising	4,989	8,311
Insurance	1,733	2,109
Professional fees	3,991	3,909
	<hr/>	
	\$ 14,956	\$ 21,268
