

Financial Statement of

# **THE TOWNSHIPS PROJECT**

Year ended December 31, 2007



## Beaton Fitzpatrick Murray

Chartered Accountants Inc.

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## AUDITORS' REPORT

To the Board of Directors of The Townships Project

We have audited the statement of receipts and disbursements of The Townships Project for the year ended December 31, 2007. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement 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 not-for-profit organizations, the Organization derives revenue from donations, contributions and special projects, 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 revenue or excess of revenues over expenses.

The statement of receipts and disbursements has been prepared on the cash basis and therefore does not purport to present the results of the operations as they would have appeared had the accrual basis of accounting been applied in their presentation.

In our opinion, except for the effect of adjustments, if any, which might have been necessary had we been able to satisfy ourselves concerning the completeness of revenues and the application of the accrual basis of accounting referred to in the preceding paragraph, this financial statement presents fairly, in all material respects, the receipts and disbursements of the Organization for the year ended December 31, 2007 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Charlottetown, P.E.I.  
April 15, 2008

# THE TOWNSHIPS PROJECT

## Statement of Receipts and Disbursements

Year ended December 31, 2007

	2007
<b>Receipts:</b>	
Received donations	\$ 196,186
Unreceived donations	73,120
Interest revenue	2,478
	<u>271,784</u>
<b>Disbursements:</b>	
Administration	
Bank charges	1,448
Office	2,651
Fundraising expenses	64,056
South African Project Expenses	
Eastern Cape Micro Finance Enterprise	
Consulting	36,374
Direct transfers	76,555
Keyi Strategic Consultants	38,817
Policy retreat	2,819
Training	10,349
Travel and oversight	18,153
Tetla Financial Solutions	
Consulting	9,093
Direct transfers	20,043
Policy retreat	705
Travel and oversight	4,538
	<u>285,601</u>
Excess of disbursements over receipts	(13,817)
Cash balance, beginning of year	130,485
Cash balance, end of year	<u>\$ 116,668</u>

See accompanying notes to financial statements.

# THE TOWNSHIPS PROJECT

Notes to Financial Statements

Year ended December 31, 2007

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The Townships Project is primarily engaged in funding microfinance institutions in South Africa which make repayable, interest-bearing loans to entrepreneurs. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

### (a) Revenue recognition:

The Organization recognizes revenue when donations are received and fundraising monies are deposited.

### (b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the statement of receipts and disbursements.

### (c) Foreign currency translation:

Receipts and disbursements denominated in foreign currencies are translated using the exchange rate on the day the receipt or disbursement occurred. Exchange gains or losses are included in the determination of income.