

The Townships Project

Financial Statements

For the Year Ended December 31, 2008

Auditor's 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, 2008. This financial statement is the responsibility of the not-for-profit corporation'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 the 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 not-for-profit corporation 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 not-for-profit corporation for the year ended December 31, 2008, in accordance with Canadian generally accepted accounting principles.

The statement of receipt and disbursements for the organization ended December 31, 2007 were audited by other auditors who expressed an opinion with reservation on those statements.

Fitzpatrick & Company
Fitzpatrick & Company
Chartered Accountants

Charlottetown, PE
July 17, 2009

The Townships Project

Statement of Receipts and Disbursements

For the Year Ended December 31, 2008

	2008	2007
Receipts:		
Received donations	\$ 194,430	\$ 196,186
Unreceipted donations	68,443	73,120
Interest revenue	-	2,478
	<u>262,873</u>	<u>271,784</u>
Disbursements:		
Administration		
Interest and bank charges	1,323	1,447
Office	6,720	2,651
Professional fees	3,550	-
Fundraising expenses	79,852	64,056
South Africa Project Expenses		
Eastern Cape Micro Financing Enterprise		
Direct transfers	-	76,555
Travel, training and oversight	-	106,512
Tella Financial Solutions		
Direct transfer	119,204	20,043
Travel, training and oversight	41,999	14,337
Ikussasa		
Direct transfer	12,873	-
Travel, training and oversight	21,000	-
MFI Development		
Travel, training and oversight	21,000	-
	<u>307,521</u>	<u>285,601</u>
Excess of disbursements over receipts	(44,648)	(13,817)
Cash balance, beginning of year	116,668	130,485
Cash balance, end of year	<u>\$ 72,020</u>	<u>\$ 116,668</u>

The accompanying notes are an integral part of these financial statements.

The Townships Project

Notes to the Financial Statements

For the Year Ended December 31, 2008

The Townships Project is primarily engaged in funding microfinance institutions in South Africa which make repayable, interest-bearing loans to entrepreneurs, primarily women, to start or expand a small business in order to become self-supporting. The not-for-profit corporation is a registered charity under the Income Tax Act and accordingly is exempted from income taxes, provided certain requirements of the Income Tax Acts are met.

1. Significant accounting policies

a. Revenue recognition

The not-for-profit corporation 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.