

The Townships Project

Financial Statements

For the Year Ended December 31, 2012



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Townships Project

We have audited the accompanying Statement of Receipts and Disbursement of The Townships Project for December 31, 2012, 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.

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 required 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 the auditor's 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 auditor considers 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 purposes 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.

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

Basis for Qualified Opinion

In common with many not-for-profit organizations, the not-for-profit corporation derives revenues 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 Corporation and we were not able to determine whether any adjustments might be necessary to receipts or excess of receipts over disbursements.

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.

Qualified Opinion

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 receipts 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, 2012, in accordance with Canadian generally accepted accounting principles.

Fitzpatrick & Company
Chartered Accountants

Charlottetown, PE
May 30, 2013

The Townships Project

Statement of Receipts and Disbursements

For the Year Ended December 31, 2012, with comparative figures for 2011

	2012	2011
Receipts:		
Received donations	121,130	139,363
Unreceived donations	46,750	54,686
	167,880	194,049
Disbursements:		
Administration		
Interest and bank charges	2,436	1,902
Office	346	-
Professional fees	13,816	2,787
Conferences and meetings	1,289	-
Fundraising expenses	36,513	20,083
South Africa Project Expenses		
Tetta Financial Solutions		
Direct transfer	-	30,000
Travel, training and oversight	11,111	12,340
MFI Development		
Travel, training and oversight	-	1,104
Phakamani		
Travel, training, and oversight	11,111	11,235
4WDrive Mobile Micro-Franchising		
Direct transfer	42,284	12,500
Travel, training, and oversight	95,020	86,198
	213,926	178,149
Excess of (disbursements over receipts) receipts over disbursements	(46,046)	15,900
Surplus, beginning of year	96,342	80,442
Surplus, end of year	\$ 50,296	\$ 96,342

The Townships Project

Notes to the Financial Statements

For the Year Ended December 31, 2012

The Townships Project is primarily engaged in building the effectiveness of microlending through creating a microfranchising industry in South Africa. Through MicroFranchising Launch, it is providing a catalyst to build microfranchises that provide better goods and services at cheaper prices than townships people are currently paying, for similar goods and services. These businesses also provide the opportunity for the poorest to effectively "buy a job", including the training that is necessary to run the microfranchise.

1. Conversion to Canadian Accounting Standards for Not-for-Profit Organizations:

Commencing with the 2012 fiscal year, The Townships Project has adopted Canadian Accounting Standards for Not-for-Profit Organizations. These financial statements are the first complete set of financial statements which The Townships Project has applied Canadian Accounting Standards for Not-for-Profit Organizations.

2. 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 receipt over expenses.