

Financial Statements of

**BUY-A-NET MALARIA  
PREVENTION GROUP**

Year ended June 30, 2008



**KPMG LLP**  
**Chartered Accountants**  
863 Princess Street, Suite 400  
Kingston Ontario K7L 5N4  
Canada

Telephone (613) 549-1550  
Fax (613) 549-6349  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

To the Directors of Buy-A-Net Malaria Prevention Group

We have audited the statement of financial position of Buy-A-Net Malaria Prevention Group as at June 30, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 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 charitable organizations, the Organization derives revenue from donations from various individuals and groups, the completeness of which is not susceptible of 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 contributions, excess of revenue over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

We have not audited the statement of financial position at June 30, 2007 or the statements of operations, changes in net assets or cash flows for the period then ended, and accordingly, we do not express an opinion on them.

Chartered Accountants, Licensed Public Accounts

Kingston, Canada

September 30, 2008

# BUY-A-NET MALARIA PREVENTION GROUP

## Statement of Financial Position

June 30, 2008, with comparative figures for 2007

	2008	2007
		(Unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 36,498	\$ 23,008
Amounts receivable (note 4)	27,418	-
Prepaid expenses and deposits	318	-
	<u>64,234</u>	<u>23,008</u>
Capital assets (note 5)	11,568	-
Less accumulated amortization	4,559	-
	<u>7,009</u>	<u>-</u>
	<u>\$ 71,243</u>	<u>\$ 23,008</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,896	\$ -
Deferred contributions	3,321	-
Net assets:		
Invested in capital assets (note 6(a))	3,688	-
Unrestricted	57,338	23,008
	<u>61,026</u>	<u>23,008</u>
Contingencies (note 7)		
Future accounting standards (note 3)		
	<u>\$ 71,243</u>	<u>\$ 23,008</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# BUY-A-NET MALARIA PREVENTION GROUP

## Statement of Operations

Year ended June 30, 2008, with comparative figures for the period from incorporation on February 13, 2007 to June 30, 2007

	2008	2007
		(Unaudited)
Revenue:		
Donations	\$ 181,758	\$ 41,289
Amortization of deferred contributions	873	-
	182,631	41,289
Expenses:		
Materials and supplies	100,309	14,176
Advertising and printing	18,642	1,500
Foreign exchange differences	5,716	-
Travel	4,986	179
Amortization of capital assets	4,559	-
Telephone	2,169	-
Office and general	2,476	326
Postage and courier	1,648	38
Interest and bank charges	1,286	312
Rent	900	-
Honourariums	886	1,125
Utilities	391	-
Training	475	-
Meals and entertainment	111	-
Professional fees	59	625
	144,613	18,281
Excess of revenue over expenses	\$ 38,018	\$ 23,008

See accompanying notes to financial statements.

# BUY-A-NET MALARIA PREVENTION GROUP

## Statement of Changes in Net Assets

Year ended June 30, 2008, with comparative figures for the period from incorporation on February 13, 2007 to June 30, 2007

	Invested in capital assets	Unrestricted	Total 2008	Total 2007
				(Unaudited)
Net assets, beginning of period	\$ -	\$ 23,008	\$ 23,008	\$ -
Excess of revenue over expenses (note 6)	(3,686)	41,704	38,018	23,008
Net change in investment in capital assets (note 6)	7,374	(7,374)	-	-
Net assets, end of period	\$ 3,688	\$ 57,338	\$ 61,026	\$ 23,008

See accompanying notes to financial statements.

# BUY-A-NET MALARIA PREVENTION GROUP

## Statement of Cash Flows

Year ended June 30, 2008, with comparative figures for the period from incorporation on February 13, 2007 to June 30, 2007

	2008	2007
		(Unaudited)
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 38,018	\$ 23,008
Items not involving cash:		
Amortization of capital assets	4,559	-
Amortization of deferred contributions	(873)	-
Change in non-cash operating working capital:		
Increase in amounts receivable	(27,418)	-
Increase in prepaid expenses and deposits	(318)	-
Increase in accounts payable and accrued liabilities	6,896	-
	20,864	23,008
Financing:		
Increase in deferred contributions	4,194	-
Investments:		
Additions to capital assets	(11,568)	-
Increase in cash and cash equivalents	13,490	23,008
Cash and cash equivalents, beginning of period	23,008	-
Cash and cash equivalents, end of period	\$ 36,498	\$ 23,008

The Organization considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

See accompanying notes to financial statements.

# BUY-A-NET MALARIA PREVENTION GROUP

Notes to Financial Statements

Year ended June 30, 2008

---

Buy-A-Net Malaria Prevention Group ("the Organization") is a charity incorporated as a corporation without share capital under the Corporations Act of Ontario. The Organization is committed to reducing the incidence of malaria in Uganda through the distribution of insecticide-treated nets, the provision of anti-malaria medications and the development of training programs to educate community leaders on signs, symptoms, prevention and treatment of malaria. 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:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

### (b) Contributed services:

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

### (c) Investments:

Investments are designated as held for trading and are measured at fair value based on quoted market prices. Purchases and sales of investments are recorded at settlement dates.

# BUY-A-NET MALARIA PREVENTION GROUP

Notes to Financial Statements (continued)

Year ended June 30, 2008

---

## 1. Significant accounting policies (continued):

### (d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	30%
Computer software	100%

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

### (f) Foreign currency translation:

Monetary items are translated at the exchange rate in effect at the balance sheet date. Revenue and expense items are translated at the rate in effect at the transaction date. All gains and losses on translation are included in income.

## 2. Accounting changes - financial instruments:

In 2005, the Canadian Institute of Chartered Accountants released Handbook Section 3855, "*Financial Instruments - Recognition and Measurement*". These new standards changed the way certain financial assets and liabilities are accounted for and reported in the financial statements.

The Organization was required to adopt these Sections effective July 1, 2007. In accordance with the transitional provisions of this Section, the Organization has prospectively adopted the recommendations and therefore the 2007 comparative figures have not been restated.

# BUY-A-NET MALARIA PREVENTION GROUP

Notes to Financial Statements (continued)

Year ended June 30, 2008

---

## 2. Accounting changes - financial instruments (continued):

### *Investments*

The Organization has designated its investments as held for trading and, as such, any such investments will be recorded at fair value.

The adoption of this standard had no impact on opening net assets as there were no such investments at July 1, 2007.

## 3. Future accounting standards:

The Canadian Institute of Chartered Accountants has issued accounting recommendations that will come into effect for the Organization's fiscal year beginning July 1, 2008, except as otherwise indicated. The Organization is currently assessing the impact of these standards on its financial statements. The following is an overview of these recommendations:

### Section 1535, Capital Disclosure

This section establishes standards for disclosing information about an entity's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate the Organization's objectives, policies and procedures for managing capital.

### Section 3031, Inventories

This section replaces the Handbook Section 3030 "*Inventories*". Section 3031 aligns accounting for inventories under Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards (IFRS) and provides additional guidance on the measurement and disclosure requirements for inventories. Specifically, Section 3031 requires inventories to be measured at the lower of cost and net realizable value.

### Section 3862, Financial Instruments – Disclosures

This section describes the required disclosures related to the significance of financial instruments on the Organization's financial position and performance and the nature and extent of risks arising from financial instruments to which the Organization is exposed and how the Organization manages those risks. This section complements the principles of recognition, measurement, and presentation of financial instruments in Section 3855, "*Financial Instruments – Recognition and Measurement*" and Section 3863, "*Financial Instruments – Presentation*". This standard comes into effect for fiscal years beginning on or after October 1, 2009, with early adoption permitted.

# BUY-A-NET MALARIA PREVENTION GROUP

Notes to Financial Statements (continued)

Year ended June 30, 2008

### 3. Future accounting standards (continued):

#### Section 3863, Financial Instruments – Presentation

This section establishes standards for presentation of financial instruments and non-financial derivatives. It replaces Section 3861, "Financial Instruments – Disclosure and Presentation". This standard comes into effect for fiscal years beginning on or after October 1, 2009, with early adoption permitted.

#### Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations

In September 2008, the CICA issued amendments to various accounting standards relating to not-for-profit organizations and issued a new accounting standard; Handbook Section 4470 "Disclosure of Allocated Expenses by Not-For-Profit Organizations". The amendments and standard are effective for the Organization's reporting period beginning on July 1, 2009.

The amendments and new standard affect the financial statement presentation and disclosure requirements for not-for-profit organizations.

### 4. Amounts receivable:

As part of its operations, the Organization regularly transfers funds to parties who assist it in its mission. These parties arrange for local purchases and delivery of supplies and materials. At June 30, 2008, the excess of funds provided to these individuals, less amounts expended, was \$27,418 (2007 - \$Nil).

### 5. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 3,497	\$ 525	\$ 2,972	\$ -
Computer software	8,071	4,034	4,037	-
	\$ 11,568	\$ 4,559	\$ 7,009	\$ -

(Unaudited)

# BUY-A-NET MALARIA PREVENTION GROUP

Notes to Financial Statements (continued)

Year ended June 30, 2008

## 6. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2008	2007
		(Unaudited)
Capital assets	\$ 7,009	\$ -
Deferred contributions	(3,321)	-
	\$ 3,688	\$ -

(b) Change in investment in capital assets is calculated as follows:

	2008	2007
		(Unaudited)
Excess of revenues over expenses:		
Amortization of capital assets	\$ (4,559)	\$ -
Amortization of deferred contributions	873	-
	\$ (3,686)	\$ -
Net change in investment in capital assets:		
Purchase of capital assets	\$ 11,568	\$ -
Deferred contributions	(4,194)	-
	\$ 7,374	\$ -

## 7. Contingencies:

The nature of the Organization's activities is such that there may be litigation pending or in prospect at any given time. With respect to claims at June 30, 2008, management believes the Organization has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Organization's financial position.

# BUY-A-NET MALARIA PREVENTION GROUP

Notes to Financial Statements (continued)

Year ended June 30, 2008

---

## **8. Fair value of financial instruments:**

The carrying value of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments.