

**Buy-A-Net Malaria Prevention
Group**

**Financial Statements
For the year ended June 30, 2010**

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Auditors' Report

To the Members 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, 2010 and the statements of changes in net assets, operations 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 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 donation revenues, excess of revenue over expenditures, 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Kingston, Ontario
October 12, 2010

Buy-A-Net Malaria Prevention Group Statement of Financial Position

June 30	2010	2009
Assets		
Current		
Cash	\$ 23,926	\$ 34,111
Short-term investments	42,375	38,013
Accounts receivable (Note 3)	1,174	10,496
Prepaid expenses	1,552	191
	69,027	82,811
Capital assets (Note 4)	2,778	4,749
	\$ 71,805	\$ 87,560

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 16,096	\$ 4,192
Deferred contributions	874	1,923
	16,970	6,115
Net Assets		
Invested in capital assets	1,904	2,826
Unrestricted	52,931	78,619
	54,835	81,445
	\$ 71,805	\$ 87,560

On behalf of the Board:

_____ Director

_____ Director

Buy-A-Net Malaria Prevention Group Statement of Changes in Net Assets

<u>For the year ended June 30</u>	<u>2010</u>			<u>2009</u>	
	Invested in capital assets	Unrestricted	Total	Total	
Net assets, beginning of year	\$ 2,826	\$ 78,619	\$ 81,445	\$	61,026
Excess of revenue over expenses (expenses over revenue) for the year (Note 5)	(1,011)	(25,599)	(26,610)		20,419
Net change in investment in capital assets (Note 5)	89	(89)	-		-
Net assets, end of year	\$ 1,904	\$ 52,931	\$ 54,835	\$	81,445

Buy-A-Net Malaria Prevention Group Statement of Operations

For the year ended June 30	2010	2009
Revenue		
Donations	\$ 202,790	\$ 337,811
Amortization of deferred contributions	1,049	1,398
	203,839	339,209
Expenses		
Bed nets and medications	109,584	144,766
Advocacy	10,351	-
Honorariums	34,055	32,155
Office	13,221	20,865
Professional fees and dues	9,868	6,237
Program implementation	23,790	85,346
Promotional materials	22,489	23,282
Telephone	7,091	6,139
	230,449	318,790
Excess of revenue over expenses (expenses over revenue) for the year	\$ (26,610)	\$ 20,419

Buy-A-Net Malaria Prevention Group Statement of Cash Flows

For the year ended June 30	2010	2009
Cash flows from operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	\$ (26,610)	\$ 20,419
Adjustments for items not involving cash		
Amortization of capital assets	2,060	5,583
Amortization of deferred contributions	(1,049)	(1,398)
	<u>(25,599)</u>	24,604
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	9,322	16,922
Decrease (increase) in prepaid expenses	(1,361)	127
Decrease (increase) in accounts payable and accrued liabilities	11,904	(2,704)
	<u>(5,734)</u>	38,949
Cash flows from investing activities		
Increase (decrease) in investments and marketable securities	(4,362)	(38,013)
Additions to capital assets	(89)	(3,323)
	<u>(4,451)</u>	(41,336)
Decrease in cash and cash equivalents during the year	(10,185)	(2,387)
Cash and cash equivalents, beginning of year	34,111	36,498
Cash and cash equivalents, end of year	\$ 23,926	\$ 34,111

Buy-A-Net Malaria Prevention Group Summary of Significant Accounting Policies

June 30, 2010

Nature of Business

The organization is a charity incorporated without share capital under the Corporations Act of Ontario. The organization is committed to reducing the incidence of malaria in Uganda through 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 and accordingly is exempt from tax under subparagraph 149(1)(f) of the Canadian Income Tax Act, provided certain requirements of the Income Tax Act are met.

Revenue Recognition

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

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collections 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.

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.

Short-term 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.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	-	30	% straight-line basis
Computer software	-	100	% straight-line basis

Buy-A-Net Malaria Prevention Group Summary of Significant Accounting Policies

June 30, 2010

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

All financial assets and liabilities are classified according to their characteristics, management's intention or the choice of category in certain circumstances. All financial assets must be classified as either held-for-trading, held-to-maturity, available-for-sale or loans and receivables. Financial liabilities must be classified as held-for-trading or other liabilities. Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading, and are accounted for at fair value with the change in the fair value recognized in the results of operations. Those instruments that have a fixed maturity date, where the organization intends and has the ability to hold to maturity, are classified as held-to-maturity and accounted for at amortized cost using the effective interest rate method. Loans and receivables are also accounted for at amortized cost using the effective interest rate method. When initially recognized, all financial assets and liabilities are recorded at fair value on the balance sheet. In subsequent periods, financial instruments will be valued at fair value, except for items that are classified in the following categories, which will be measured at amortized cost. These categories are loans and receivables, investments held-to-maturity and financial liabilities not held-for-trading purposes.

An allowance for impairment that is other than temporary for financial assets categorized as loans and receivables and investments held-to-maturity is recognized in the results of operations.

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

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.

Buy-A-Net Malaria Prevention Group Notes to Financial Statements

June 30, 2010

1. Financial Statement Presentation

In some instances, comparative figures have been reclassified in order to comply with current year's presentation.

2. Cash and Cash Equivalents

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

3. Accounts 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, 2010, the excess of funds provided to these individuals, less amounts expended, was \$1,174 (2009 - \$10,496).

4. Capital Assets

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment \$	6,910	\$ 4,132	\$ 2,778	\$ 6,821	\$ 2,072	\$ 4,749
Computer software	8,070	8,070	-	8,070	8,070	-
	\$ 14,980	\$ 12,202	\$ 2,778	\$ 14,891	\$ 10,142	\$ 4,749

During the year, capital assets were acquired at a cost of \$89 (2009 - \$3,323) for cash. Amortization in the amount of \$2,060 (2009 - \$5,583) is included in office expense on the statement of operations.

Buy-A-Net Malaria Prevention Group Notes to Financial Statements

June 30, 2010

5. Investment in Capital Assets

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

	2010	2009
Capital assets	\$ 2,778	\$ 4,749
Deferred contributions	(874)	(1,923)
	\$ 1,904	\$ 2,826

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

	2010	2009
Excess of revenues over expenses		
Amortization of capital assets	\$ (2,060)	\$ (5,583)
Amortization of deferred contributions	1,049	1,398
	\$ (1,011)	\$ (4,185)
 Net change in investment in capital assets		
Purchase of capital assets	\$ 89	\$ 3,323

6. Financial Instruments

The organization's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of cash, accounts receivable and accounts payable and accrued liabilities are equivalent to their respective carrying values given the short-term nature of the accounts. Short-term investments are measured at fair value on the balance sheet.

Buy-A-Net Malaria Prevention Group Notes to Financial Statements

June 30, 2010

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, 2010, management believes the organization has valid defences and appropriate insurance coverage 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.

8. Commitments

The organization has an operating lease for its premises at \$250 per month, under a lease expiring in February 2011.

The minimum annual lease payments for the next year is as follows:

2011	\$	2,000
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9. New Accounting Pronouncements

Recent accounting pronouncements that have been issued, but are not yet effective, and have a potential implication for the organization are as follows.

Financial Instruments

The Canadian Institute of Chartered Accountants has recently amended CICA Handbook section 3855, Financial Instruments – Recognition and Measurement. These amendments clarify the application of the effective interest method after a debt instrument has been impaired and when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These amended standards are effective for fiscal periods beginning on or after January 1, 2011, however, early adoption is permitted.

The organization is currently assessing the impact of these amended accounting standards on its financial statements.