

October 5, 2011

INDEPENDENT AUDITORS' REPORT

To the President and Members of Friends of Makerere in Canada Inc.

We have audited the accompanying financial statements of Friends of Makerere in Canada Inc., which comprise the statement of financial position as at March 31, 2011, and the statement of income and funds under administration for the year then ended, 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 generally accepted accounting principles, 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.

Auditors' 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 require 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 auditors' 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 purpose 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.

Qualification

In common with many charitable organizations, the organization derives revenue from donations, 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 donations revenue, excess of revenues over expenses, assets and net assets.

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Independent Auditor's Report to the President and Members of Friends of Makerere in Canada Inc.
(continued)

Opinion

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 donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Friends of Makerere in Canada Inc. as at March 31, 2011, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

FRIENDS OF MAKERERE IN CANADA INC.

Statement of Financial Position

March 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 11,324	\$ 7,291
Royfund Canadian Money Market fund	32,914	32,750
Guaranteed investment certificates	37,369	37,776
	<u>\$ 81,607</u>	<u>\$ 77,817</u>
LIABILITIES AND FUNDS UNDER ADMINISTRATION		
CURRENT		
Accounts payable and accrued charges	\$ 1,621	\$ 1,622
FUNDS UNDER ADMINISTRATION	<u>79,986</u>	<u>76,195</u>
	<u>\$ 81,607</u>	<u>\$ 77,817</u>

ON BEHALF OF THE BOARD

Director

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

FRIENDS OF MAKERERE IN CANADA INC.
Statement of Income and Funds Under Administration
Year Ended March 31, 2011

	2011	2010
REVENUES		
Benefit dinner	\$ -	\$ 6,950
Dues and donations	6,693	9,054
Interest earnings	252	281
	<u>6,945</u>	<u>16,285</u>
EXPENSES		
Benefit dinner	-	5,774
Charitable projects	1,677	6,949
Loss on foreign exchange	729	2,647
Office and administration expenses	748	1,396
	<u>3,154</u>	<u>16,766</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	3,791	(481)
FUNDS UNDER ADMINISTRATION - BEGINNING OF YEAR	<u>76,195</u>	<u>76,676</u>
FUNDS UNDER ADMINISTRATION - END OF YEAR	\$ 79,986	\$ 76,195

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

FRIENDS OF MAKERERE IN CANADA INC.

Notes to Financial Statements

Year Ended March 31, 2011

1. NATURE OF ACTIVITIES

Friends of Makerere in Canada Inc. is a not for profit organization incorporated under the laws of the Province of Manitoba.

The organization is a registered charity and is exempt from taxation in accordance with the Income Tax of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The organization follows the deferral method of accounting for dues and donations

- a) Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Restricted funds received for which the related expenses have not been incurred as at the organization's year end are recorded as deferred revenue.
- b) Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. Financial instruments include cash, money market funds, guaranteed investment certificates and accounts payable. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Unless otherwise stated, it is management's opinion that the organization is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the book value of the organization's financial assets and liabilities approximate their fair value, due to their short term maturity.

Capital management

Capital is comprised of the organization's funds under administration and any debt that it may issue. As at March 31, 2011, the organization's funds under administration equity was \$79,986 and \$1,621 outstanding debt. The organization's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities, and continue to provide benefits and services to its stakeholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

The Board of Directors considers fundraising, donations, membership fees and investment income to ensure that sufficient funds will be available to meet the organization's short and long term objectives.
