



November 16, 2012

INDEPENDENT AUDITORS' REPORT

To the 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, 2012 and the statements of income and funds under administration and cash flows 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 auditors consider 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Friends of Makerere in Canada Inc. derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Friends of Makerere in Canada Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, assets and net assets.

Independent Auditors' Report to the Members of Friends of Makerere in Canada Inc. (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Friends of Makerere in Canada Inc. as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Craig & Rose

Chartered Accountants

FRIENDS OF MAKERERE IN CANADA INC.
Statement of Financial Position
March 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 3,188	\$ 11,324
Royfund Canadian Money Market fund	33,120	32,914
Guaranteed investment certificates	37,639	37,369
	\$ 73,947	\$ 81,607
 LIABILITIES AND FUNDS UNDER ADMINISTRATION		
CURRENT		
Accounts payable and accrued charges	\$ 1,621	\$ 1,621
 FUNDS UNDER ADMINISTRATION		
Funds under administration	72,326	79,986
	\$ 73,947	\$ 81,607

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, 2012

	2012	2011
REVENUES		
Dues and donations	\$ 1,681	\$ 6,693
Interest earnings	240	252
	<u>1,921</u>	<u>6,945</u>
EXPENSES		
Benefit dinner	60	-
Charitable projects	8,827	1,677
(Gain) loss on foreign exchange	(198)	729
Office and administration expenses	892	748
	<u>9,581</u>	<u>3,154</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ (7,660)	\$ 3,791

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

FRIENDS OF MAKERERE IN CANADA INC.
Statement of Cash Flows
Year Ended March 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,921	\$ 6,945
Cash paid to suppliers and employees	(9,581)	(3,155)
(DECREASE) INCREASE IN CASH FLOW	(7,660)	3,790
CASH - BEGINNING OF YEAR	81,607	77,817
CASH - END OF YEAR	\$ 73,947	\$ 81,607
CASH CONSISTS OF:		
Cash	\$ 3,188	\$ 11,324
Guaranteed investment certificates	37,639	37,369
Royfund Canadian Money Market fund	33,120	32,914
	\$ 73,947	\$ 81,607

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, 2012

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, 2012, the organization's funds under administration equity was \$72,326 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.

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FRIENDS OF MAKERERE IN CANADA INC.

Notes to Financial Statements

Year Ended March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FUTURE ACCOUNTING CHANGES - NEW ACCOUNTING FRAMEWORK

THE CICA issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards and Accounting Standards for Not-for-Profit Organizations, whichever suits them best. The organization currently plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning on April 1, 2012. The adoption of these standards will not have any impact on the financial position and results of operation of the organization.
