

CAMPBELL, SAUNDERS & CO.

THE OBAKKI FOUNDATION  
FINANCIAL STATEMENTS  
APRIL 30, 2012

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# CAMPBELL, SAUNDERS & CO.

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

To: The Members of  
The Obakki Foundation

We have audited the accompanying financial statements of The Obakki Foundation, which comprise the statement of financial position as at April 30, 2012, and the statements of changes in net assets, revenue and expenses 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.

### 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 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 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 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 of Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue in the form of donations, 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 Foundation and we were not able to determine whether any adjustments might be necessary to these revenues, changes in net assets, total assets and net assets.

### Qualified Opinion

In our opinion, except for the 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 The Obakki Foundation as at April 30, 2012, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



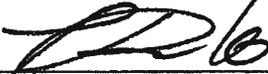
CHARTERED ACCOUNTANTS

Vancouver, B.C.  
October 3, 2012

**THE OBAKKI FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT APRIL 30, 2012**

	2012	2011 (Unaudited) (Note 4)
<b>ASSETS</b>		
Cash	\$ 691	\$34,646
HST receivable	1,461	68
Prepaid expenses	<u>868</u>	<u>-</u>
	<u>\$ 3,020</u>	<u>\$34,714</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,000	\$ 1,800
Advances from directors (Notes 3 and 5)	<u>380,000</u>	<u>-</u>
	<u>386,000</u>	<u>1,800</u>
<b>NET ASSETS</b>	<u>(382,980)</u>	<u>32,914</u>
	<u>\$ 3,020</u>	<u>\$34,714</u>

**APPROVED BY THE DIRECTORS:**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**THE OBAKKI FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2012**

	2012	2011 (Unaudited) (Note 4)
<b>BALANCE - BEGINNING OF YEAR</b>	\$ 32,914	\$ 3,460
Excess of (expenses over revenue) revenue over expenses	<u>(415,894)</u>	<u>29,454</u>
<b>BALANCE - END OF YEAR</b>	<u>\$ (382,980)</u>	<u>\$32,914</u>

**THE OBAKKI FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED APRIL 30, 2012**

	2012	2011 (Unaudited) (Note 4)
<b>REVENUE</b>		
Donations (Note 5)	<u>\$ 199,350</u>	<u>\$32,148</u>
<b>EXPENSES</b>		
Accounting	6,000	1,800
Bank charges	318	-
Donations (Note 5)	531,685	-
Insurance	2,177	-
Projects	55,264	894
Travel	300	-
Website development	<u>19,500</u>	<u>-</u>
	<u>615,244</u>	<u>2,694</u>
<b>EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES</b>	<u>\$ (415,894)</u>	<u>\$29,454</u>

**THE OBAKKI FOUNDATION**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED APRIL 30, 2012**

	2012	2011 (Unaudited) (Note 4)
<b>OPERATIONS</b>		
Excess of (expenses over revenues) revenue over expenses	\$(415,894)	\$29,454
Changes in other operating accounts		
HST receivable	(1,393)	362
Prepaid expenses	(868)	603
Accounts payable and accrued liabilities	4,200	
Advances from directors	<u>380,000</u>	<u>1,800</u>
	<u>(33,955)</u>	<u>32,219</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	(33,955)	32,219
Cash - beginning of year	<u>34,646</u>	<u>2,427</u>
<b>CASH - END OF YEAR</b>	<u>\$ 691</u>	<u>\$34,646</u>

**THE OBAKKI FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2012**

**NOTE 1 - NATURE OF OPERATIONS**

The Obakki Foundation is a non-for-profit charitable organization whose mission statement is using creativity as the medium for change and facilitate humanitarian efforts. The current focus of the Foundation is partnering with like minded organizations to provide clean water and educational supplies to the people of Africa. The Foundation receives significant support from directors and Companies controlled by its directors.

The Foundation was incorporated on June 16, 2009 under the Society Act of British Columbia and is a registered charitable foundation under the Canadian Income Tax Act.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cash

Cash is comprised of operating cash.

Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and HST receivable.

Financial liabilities measured at amortized cost include accounts payable and advances from directors.

Use of Estimates

The preparation of financial statements in accordance with accounting standards for private enterprises 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 reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**THE OBAKKI FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Significant estimates included in these financial statements include but are not limited to recoverability of valuation of useful lives intangible assets and completeness accounts payable and accrued liabilities.

**Foreign Currency Translation**

Foreign currency accounts are translated into Canadian dollars as follow:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

**Volunteer Services**

The work of the Foundation is dependent on the efforts of many volunteers. Because these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

**Future Accounting Changes**

The Canadian Accounting Standards Board (AcSB) confirmed that the use of International Financial Reporting Standards (IFRS) or Part III - Accounting Standards for Not-for-Profit Organizations would be required for Not-for-Profit organizations for the years beginning on or after January 1, 2012. IFRS and Part III - Accounting Standards for Not-for-Profit Organizations uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. First reporting under IFRS or Part III - Accounting Standards for Not-for-Profit is required for the Foundation's annual financial statements beginning on May 1, 2012. The Foundation is in the process of reviewing the potential impact of these two accounting standards on this reporting framework and financial statements.

**THE OBAKKI FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2012**

**NOTE 3 - ADVANCES FROM DIRECTORS**

Advances from Directors are unsecured, non-interest bearing and have no fixed terms of repayment.

**NOTE 4 - COMPARATIVE FIGURES**

The comparative figures, which are unaudited were not subject to a review.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

Transaction with related parties comprise the following:

	2012	2011
Liabilities		
Advances from directors	<u>\$380,000</u>	<u>\$ -</u>
Revenue		
Donations received from directors and companies controlled by directors	<u>\$135,640</u>	<u>\$19,800</u>
Expenses		
Donations made to The Obakki Foundation USA	<u>\$531,685</u>	<u>\$ -</u>

The advances from directors are unsecured, non-interest bearing and have no fixed terms of repayment.

The Obakki Foundation and The Obakki Foundation USA have common management, identical aims and objectives and coordinate their action plans.

The above transactions were carried out in the normal course of operations and are recorded at the exchange value.

**THE OBAKKI FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2012**

**NOTE 6 - FINANCIAL INSTRUMENTS RISK**

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Financial instruments that potentially subject the Foundation to significant concentrations of currency risk consist of cash.

Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.