

*Financial Statements of*

**THE OTTAWA NETWORK**

*June 30, 2008*

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## Auditors' Report

To the Members of  
The Ottawa Network

We have audited the statement of financial position of The Ottawa Network as at June 30, 2008 and the statements of revenue and expenses and of changes in net assets for the year then ended. These financial statements are the responsibility of The Ottawa Network'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 not-for-profit organizations, The Ottawa Network derives revenue from events and memberships, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification was limited to the amounts recorded in the records of The Ottawa Network and we were unable to determine whether any adjustments for unrecorded revenues might be necessary to event and membership revenue, 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 revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of The Ottawa Network 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. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants  
Licensed Public Accountants

September 22, 2008

**THE OTTAWA NETWORK**  
**Financial Statements**  
June 30, 2008

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**THE OTTAWA NETWORK**  
**Statement of Financial Position**  
**as at June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 35,082	\$ 45,745
GST recoverable	180	79
Prepaid expenses	763	763
	<u>36,025</u>	<u>46,587</u>
<b>CAPITAL ASSETS (Note 4)</b>	<u>183</u>	<u>440</u>
	<u>\$ 36,208</u>	<u>\$ 47,027</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,916	\$ 1,909
<b>NET ASSETS</b>		
Unrestricted	34,109	44,678
Invested in capital assets	183	440
	<u>34,292</u>	<u>45,118</u>
	<u>\$ 36,208</u>	<u>\$ 47,027</u>

APPROVED BY THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements

**THE OTTAWA NETWORK**  
**Statement of Financial Position**  
as at June 30, 2008

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APPROVED BY THE BOARD

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements

**THE OTTAWA NETWORK**  
**Statement of Revenue and Expenses**  
year ended June 30, 2008

	<u>2008</u>	<u>2007</u>
Revenue		
Sponsorships	\$ -	\$ 16,200
Events	1,786	1,743
Memberships	75	1,300
	<u>1,861</u>	<u>19,243</u>
Expenses		
Amortization of capital assets	257	601
Events	9,484	4,315
Insurance	837	837
Marketing	509	1,887
Miscellaneous	510	3,787
Professional fees	1,090	1,036
	<u>12,687</u>	<u>12,463</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ (10,826)</b>	<b>\$ 6,780</b>

See accompanying notes to the financial statements

**THE OTTAWA NETWORK**  
**Statement of Changes in Net Assets**  
year ended June 30, 2008

	Invested in Capital Assets	Unrestricted	Total 2008	2007
BALANCE, BEGINNING OF YEAR	\$ 440	\$ 44,678	\$ 45,118	\$ 38,338
Excess (deficiency) of revenue over expenses	-	(10,826)	(10,826)	6,780
Amortization of capital assets	(257)	257	-	-
<b>BALANCE, END OF YEAR</b>	<b>\$ 183</b>	<b>\$ 34,109</b>	<b>\$ 34,292</b>	<b>\$ 45,118</b>

See accompanying notes to financial statements

# THE OTTAWA NETWORK

## Notes to the Financial Statements

year ended June 30, 2008

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### 1. DESCRIPTION OF OPERATIONS

The Ottawa Network (the "Organization") was incorporated under Part II of the Canada Corporations Act on March 27, 2003. It was established to assist individuals in the Ottawa technology community to meet, interact, learn and share ideas. The Ottawa Network is a not-for-profit organization and, as such, is exempt from income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

#### *Financial instruments*

Effective July 1, 2007, the Organization adopted the following recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3865, *Hedges*; Section 3861, *Financial Instruments - Disclosure and Presentation*; and amendments to Section 4400, *Financial Statement Presentation by Not-For-Profit Organizations*. These new Handbook Sections provide comprehensive requirements for the recognition, measurement and disclosure of financial instruments. The amendments to Handbook Section 4400 require certain gains and losses to be recognized initially as direct entries to the Statement of Changes in Net Assets for the period.

The new Handbook Section 3855 provides comprehensive requirements for the recognition and measurement of financial instruments. Financial instruments are initially recognized at fair value with subsequent measurement depending on the classification as described below. The new standard requires adoption on a retrospective basis with changes in fair value related to the prior fiscal year presented as an adjustment to the opening net asset balance.

There was no impact on the Organization's opening net asset balance as a result of the adoption of these new policies.

All financial assets are classified as either held-for-trading, held-to-maturity, loans and receivables or available-for-sale. All financial liabilities are classified as held-for-trading or other liabilities.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of said instruments at the time of initial recognition. Settlement date accounting is used and transaction costs related to investments are expensed as incurred. Interest on interest-bearing financial assets is calculated using the effective interest rate method. Transaction costs related to investments are expensed as incurred.

# THE OTTAWA NETWORK

## Notes to the Financial Statements

year ended June 30, 2008

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial instruments (Continued)*

Classification of the financial assets and the financial liabilities of the Organization is as follows:

Cash	Held-for-trading
GST recoverable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

#### Held-for-trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in interest income.

#### Loans and receivables

These financial assets are measured at amortized cost using the effective interest rate method, less any impairment.

Related party transactions are recorded at the exchange amount.

#### Other liabilities

These financial liabilities are recorded at amortized cost using the effective interest rate method.

Related party transactions are recorded at the exchange amount.

#### *Revenue recognition*

The Organization earns revenues from events, sponsorships and memberships. Revenues from sponsorships are recognized at the time the event occurs relating to the sponsorship. Revenues from events are recognized at the time the event occurs along with the associated costs of holding the event. Membership revenues are recognized over the period to which they relate, typically the fiscal year.

#### *Donated materials and services*

The recorded revenue of the Organization does not include the value of donated materials and services.

# THE OTTAWA NETWORK

## Notes to the Financial Statements

year ended June 30, 2008

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Capital assets and impairment of long-lived assets*

Capital assets are capitalized and amortized over their useful lives. Computer equipment is being amortized on a straight-line basis over three years.

The Organization's policy is to review all capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, the Organization will estimate the future cash flows expected to result from the use of the assets and their eventual disposition and record an impairment loss if required.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management makes estimates relating to GST recoverable and accrued liabilities. Actual results could differ from these estimates.

#### *Future accounting changes*

In December 2006, the CICA issued Section 3862, *Financial Instruments - Disclosures*; Section 3863, *Financial Instruments - Presentation*; and Section 1535, *Capital Disclosures*. Sections 3862 and 3863 can be optionally deferred until fiscal years commencing October 1, 2008. Section 1535 will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Organization will adopt Section 1535 for its fiscal year beginning on July 1, 2008. Section 3862 on financial instruments disclosures requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance; and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the Statement of Financial Position date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about the entity's objectives, policies and processes for managing capital. The Organization is currently evaluating the impact on its financial statements. The Organization does not expect that the adoption of these new Sections will have a material impact on its financial statements.

**THE OTTAWA NETWORK**  
**Notes to the Financial Statements**  
year ended June 30, 2008

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**3. STATEMENT OF CASH FLOWS**

A statement of cash flows has not been prepared as information relating to cash flows is otherwise adequately disclosed.

**4. CAPITAL ASSETS**

	<b>2008</b>		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	<b>\$ 1,986</b>	<b>\$ 1,803</b>	<b>\$ 183</b>

  

	<b>2007</b>		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	<b>\$ 1,986</b>	<b>\$ 1,546</b>	<b>\$ 440</b>