

PARTNERS IN THE HORN OF AFRICA

FINANCIAL STATEMENTS

December 31, 2004

MURRAY ROSSWORN INC.
Chartered Accountants

PARTNERS IN THE HORN OF AFRICA

December 31, 2004

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AUDITORS' REPORT

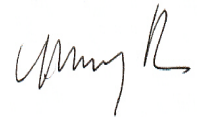
To the Directors of:
Partners in the Horn of Africa

We have audited the balance sheet of Partners in the Horn of Africa as at December 31, 2004 and the statements of income, net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

January 22, 2004


Inc.

Chartered Accountants

PARTNERS IN THE HORN OF AFRICA

(Incorporated under the laws of Canada)

Balance Sheet

As at December 31, 2004

	2004	2003
Assets		
Current		
Cash	\$ 46,393	\$ 47,750
Marketable securities(Note 1 & 2)	96,822	10,255
	\$ 143,215	\$ 58,005
Liabilities		
Net assets		
Net assets available	\$ 143,215	\$ 58,005
	\$ 143,215	\$ 58,005

Approved by the Directors:

Director

Director

PARTNERS IN THE HORN OF AFRICA

Statement of Net Assets

For the year ended December 31, 2004 with comparatives to the year ended December 31, 2003

	2004	2003
Net assets beginning of year	\$ 58,005	\$ 11,525
Excess of revenue over expenditures	85,210	46,480
Net assets end of year	\$ 143,215	\$ 58,005

PARTNERS IN THE HORN OF AFRICA

Statement of Income

For the year ended December 31, 2004 with comparatives to the year ended December 31, 2003

	2004	2003
Donations received	\$ 190,023	\$ 103,423
Interest income	1,365	
	191,388	103,423
Expenses		
Donations to projects	106,178	56,943
Excess of revenue over expenditures	\$ 85,210	\$ 46,480

PARTNERS IN THE HORN OF AFRICA

Statement of Changes in Financial Position

For the year ended December 31, 2004 with comparatives to the year ended December 31, 2003

	2004	2003
Cash provided by (used for)		
Operations		
Net income for the year	\$ 85,210	\$ 46,480
Changes in non-cash working capital		
Marketable securities	(86,567)	(10,255)
Increase (decrease) in cash	(1,357)	36,225
Cash beginning of year	47,750	11,525
Cash end of year	\$ 46,393	\$ 47,750

PARTNERS IN THE HORN OF AFRICA

Notes to Financial Statements
For the year ended December 31, 2004

The Association is a registered charity that solicits donations in Canada to be applied towards joint projects in Ethiopia.

1. Significant accounting policies

- a) Revenue recognition
Revenue is recorded on an accrual basis.
 - b) Investments
Investments in temporary marketable securities are carried at cost.
 - c) Contractual obligations and contingencies
The organization has entered into a number of partnerships with various organizations within Africa to do various projects. As of December 31, 2004 there were four unfinished projects. US bank drafts are acquired to pay the obligations. Upon completion of these contracts, the organization will pay approximately \$36,000 Canadian.
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2. Marketable securities

	<u>2004</u>	2003
Credit Union term deposit	10,631	10,255
Manulife GIC	75,000	
Accrued interest	923	
	<u>\$ 86,554</u>	<u>\$ 10,255</u>
