

**PARTNERS IN THE HORN OF AFRICA**

**FINANCIAL STATEMENTS**

**(Audited)**

**December 31, 2005**

**MURRAY ROSSWORN INC.**  
Chartered Accountants

# PARTNERS IN THE HORN OF AFRICA

December 31, 2005

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## AUDITORS' REPORT

To the Directors of  
Partners in the Horn of Africa:

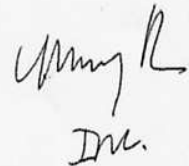
We have audited the balance sheet of Partners in the Horn of Africa as at December 31, 2005 and the statements of income, net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express 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 common with many non-profit organizations, the Corporation derives revenue from various fund raising activities, 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 organization and we were not able to determine whether any adjustments might be necessary to fund raising revenues, assets and net assets.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 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.

March 29, 2006



Mr.

Chartered Accountants

# PARTNERS IN THE HORN OF AFRICA

(Incorporated under the laws of Canada)

Balance Sheet

(Audited)

As at December 31, 2005

	2005	2004
<b>Assets</b>		
Current		
Cash	\$ 145,939	\$ 46,393
Marketable securities( Note 1 & 2)	204,324	95,899
Accrued interest	253	923
	<u>350,516</u>	<u>143,215</u>
	<u>\$ 350,516</u>	<u>\$ 143,215</u>
<b>Net assets</b>		
Net assets available (Note 4)	\$ 350,516	\$ 143,215
	<u>\$ 350,516</u>	<u>\$ 143,215</u>

Approved by the Directors:

Director

Director

The accompanying summary of significant policies and notes to the financial statements are an integral part of these statements.

# **PARTNERS IN THE HORN OF AFRICA**

Statement of Net Assets

(Audited)

For the year ended December 31, 2005

	<b>2005</b>		<b>2004</b>
Net assets beginning of year	\$ 143,215	\$	58,005
Excess of revenue over expenditures	<b>207,301</b>		<b>85,210</b>
Net assets end of year	<b>\$ 350,516</b>	\$	<b>143,215</b>

The accompanying summary of significant policies and notes to the financial statements are an integral part of these statements.

## PARTNERS IN THE HORN OF AFRICA

Statement of Income

(Audited)

For the year ended December 31, 2005

	2005	2004
Donations received	\$ 368,059	\$ 188,783
Tribute dinner (Note 3)	22,954	\$ 372
Gross margin	391,013	189,155
Interest income	2,062	1,365
	393,075	190,520
Expenses		
Donations to projects	189,617	105,310
Net income before the following:	203,458	85,210
Gain on disposal	3,843	
Excess of revenue over expenditures	\$ 207,301	\$ 85,210

The accompanying summary of significant policies and notes to the financial statements are an integral part of these statements.

## PARTNERS IN THE HORN OF AFRICA

Statement of Changes in Financial Position

(Audited)

For the year ended December 31, 2005

	2005	2004
Cash provided by (used for)		
Donations received for the year	\$ 368,059	\$ 188,783
Tribute dinner	22,954	372
Contributions to projects	(189,617)	(105,310)
Interest received	2,062	443
Other income	3,843	
	<u>207,301</u>	<u>83,916</u>
Investments		
Marketable securities	<u>(107,755)</u>	<u>(85,645)</u>
Increase (decrease) in cash	99,546	(1,357)
Cash beginning of year	<u>46,393</u>	<u>47,750</u>
Cash end of year	<u>\$ 145,939</u>	<u>\$ 46,393</u>

The accompanying summary of significant policies and notes to the financial statements are an integral part of these statements.

# PARTNERS IN THE HORN OF AFRICA

Notes to Financial Statements

(Audited)

For the year ended December 31, 2005

The Corporation 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) Tribute dinner

Tribute dinner costs are disclosed at net realizable value.

d) Financial Instruments

Partners' financial instruments consist of cash, investments, and marketable securities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that Partners' is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## 2. Marketable securities

Marketable securities consist of the following:

	2005	2004
Portfolio investments	\$ 28,815	\$ 10,268
Credit Union term deposit	100,000	
Manulife GIC	75,509	75,000
	<u>\$ 204,324</u>	<u>\$ 85,268</u>

## 3. Tribute dinner

During the year, the proceeds from a benefit dinner for one of the directors were provided for the corporation. The net proceeds of the benefit are as follows:

	2005	2004
Receipts	\$ 34,210	\$ 1,240
Event costs	(11,256)	(868)
	<u>\$ 22,954</u>	<u>\$ 372</u>



# **PARTNERS IN THE HORN OF AFRICA**

Notes to Financial Statements

(Audited)

For the year ended December 31, 2005

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## **4. Contractual obligations and contingencies**

Partners has entered into a number of partnerships with various organizations within Africa to do various projects. As of December 31, 2005 there were four unfinished projects. US bank drafts are acquired to pay the obligations. Upon completion of these contracts, the organization will pay Ethiopian Birr 944,628 approximately \$126,900 Canadian.

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## **5. Related parties**

A charitable foundation, "Friends of the Horn of Africa" has been established to support Partners' mandate, and to pay for costs to manage and administer the Corporation. Funding for this organization is derived from contributions from directors of Partners in the Horn of Africa.

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