

**PARTNERS IN THE HORN OF AFRICA**

FINANCIAL STATEMENTS

(Audited)

December 31, 2009

**ROSSWORN HENDERSON LLP.**

Chartered Accountants

# **PARTNERS IN THE HORN OF AFRICA**

December 31, 2009

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## AUDITORS' REPORT

To the Directors of  
Partners in the Horn of Africa:

We have audited the statement of financial position of Partners in the Horn of Afric ("the Organization") as at December 31, 2009 and the statements of financial activity, net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Organization'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 revenue 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 revenue, assets and net assets.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2009 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.

May 5, 2010



Chartered Accountants

# PARTNERS IN THE HORN OF AFRICA

(Incorporated under the laws of Canada)

Statement of Financial Position

(Audited)

As at December 31, 2009

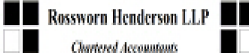
	2009	2008
<b>Assets</b>		
Current		
Cash	\$ 357,385	\$ 359,734
Marketable securities (Note 2)	1,161,174	811,545
	<b>\$ 1,518,559</b>	<b>\$ 1,171,279</b>
<b>Liabilities</b>		
Current		
Funds held in trust	\$ 12,486	
<b>Net assets</b>		
Unrestricted net assets		
Cumulative excess of revenues over expenditures	1,505,834	\$ 1,171,406
Cumulative net unrealized gain/(loss) on available-for-sale financial assets	239	(127)
	<b>\$ 1,518,559</b>	<b>\$ 1,171,279</b>

Approved by the Directors:

Director

Director

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

 Rossworn Henderson LLP  
Chartered Accountants

## PARTNERS IN THE HORN OF AFRICA

Statement of Net Assets

(Audited)

For the year ended December 31, 2009

	<b>2009</b>	2008
Net assets beginning of year	\$ 1,171,279	\$ 906,852
Excess of revenue over expenditures	334,555	264,554
Funds held in trust	12,486	
Unrealized gain/(loss) on marketable securities	239	(127)
Net assets end of year	\$ 1,518,559	\$ 1,171,279

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

## PARTNERS IN THE HORN OF AFRICA

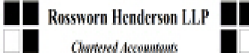
Statement of Financial Activity

(Audited)

For the year ended December 31, 2009

	2009	2008
Revenues		
Donations received	\$ 960,113	\$ 831,339
Investment income	35,841	30,607
	<u>995,954</u>	861,946
Expenses		
Contributions to projects	609,991	626,737
Interest and bank charges	3,018	2,704
	<u>613,009</u>	629,441
Income before the following:	382,945	232,505
Gain/(Loss) on disposal of marketable securities	(24,126)	13,397
Foreign exchange gain/(loss)	(24,264)	18,652
Excess of revenue over expenditures	<u>\$ 334,555</u>	<u>\$ 264,554</u>

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

 Rossworn Henderson LLP  
Chartered Accountants

## PARTNERS IN THE HORN OF AFRICA

Statement of Changes in Financial Position

(Audited)

For the year ended December 31, 2009

	2009	2008
<hr/>		
Cash provided by (used for)		
Donations received for the year	\$ 960,113	\$ 831,339
Collection costs	(3,017)	(2,704)
Contributions to projects	(609,991)	(626,737)
Interest received	40,246	30,018
Foreign exchange gain or (loss)	(24,024)	18,524
	<hr/>	<hr/>
	363,327	250,440
Investments		
Purchase (disposal) of marketable securities	(378,160)	49,994
Funds held in trust	12,486	
	<hr/>	<hr/>
Increase (decrease) in cash	(2,347)	300,434
Cash beginning of year	359,732	59,298
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Cash end of year	\$ 357,385	\$ 359,732
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The accompanying summary of significant policies, notes to financial statements and schedule are an integral part of these statements.

# PARTNERS IN THE HORN OF AFRICA

Notes to Financial Statements

(Audited)

For the year ended December 31, 2009

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

## 1. Significant accounting policies

### a) Revenue recognition

The Organization follows the deferral method of accounting for revenue.

Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred.

Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on available for sale assets are included directly in net assets until the asset is removed from the Statement of Financial Position.

In kind contributions are recognized at the fair market value of the contribution at the date of donation. The cost of donated volunteer time is not reflected in the statements.

### b) Marketable securities

Investments in temporary marketable securities are classified as available for sale, and as such, unrealized gains and losses are recorded as an adjustment to net assets.

### c) Use of estimates

The financial statements of Partners in the Horn of Africa have been prepared by management in accordance with Canadian generally accepted accounting principles. As such, management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in the opinion of management been prepared using careful judgement within the reasonable limits of materiality and within the framework of the accounting policies identified.

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## 2. Marketable securities

Marketable securities consist of the following:

	<u>2009</u>	2008
Portfolio investments	\$ 46,716	\$ 51,233
Term deposit	1,106,973	748,788
Accrued interest	7,246	11,651
Unrealized gains	239	(127)
	<u>\$ 1,161,174</u>	<u>\$ 811,545</u>

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## 3. 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, 2009, there were 68 unfinished projects (2008 - 46). US bank drafts are acquired to pay the obligations. Upon completion of these contracts, the organization will pay Ethiopian Birr 8,561,680, approximately \$716,459 Canadian (2008 - 5,602,123, approximately \$673,332 Canadian).

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# **PARTNERS IN THE HORN OF AFRICA**

Notes to Financial Statements

(Audited)

For the year ended December 31, 2009

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## **4. Related parties**

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

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## **5. Financial instruments**

Partners' financial instruments consist of cash and marketable securities. The fair value of cash approximate the carrying values.

The fair value of marketable securities are disclosed in the financial statements, based on quoted market rate as at the year end date.

It is management's opinion that Partners' is not exposed to significant interest or credit risks arising from these financial instruments.

Partners is subject to foreign currency exchange risk due to contracts payable in Ethiopian Birr.

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