

**PARTNERS IN THE HORN OF AFRICA**

FINANCIAL STATEMENTS

(Audited)

December 31, 2010

**ROSSWORN HENDERSON LLP.**

Chartered Accountants

# **PARTNERS IN THE HORN OF AFRICA**

December 31, 2010

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Partners in the Horn of Africa.

### Report on the Financial Statements

We have audited the accompanying financial statements of Partners in the Horn of Africa which comprise the statement of financial position as at December 31, 2010 and the statement of changes in net assets, statement of operations, and statement of 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*

The Society's 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 an audit to obtain reasonable assurance about whether the financial statements are free of 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 audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Partners in the Horn of Africa as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### *Emphasis of Matter*

In common with many non-profit organizations, the Society 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.

May 6, 2010



Chartered Accountants

# PARTNERS IN THE HORN OF AFRICA

(Incorporated under the laws of Canada)

Statement of Financial Position

(Audited)

As at December 31, 2010

	2010	2009
<b>Assets</b>		
Current		
Cash	\$ 506,952	\$ 357,385
Marketable securities (Note 2)	1,475,583	1,161,174
	<u>\$ 1,982,535</u>	<u>\$ 1,518,559</u>
<b>Liabilities</b>		
Current		
Accounts payable	8,935	-
Funds held in trust	22,024	12,486
	<u>30,959</u>	<u>12,486</u>
<b>Net assets</b>		
Unrestricted net assets		
Cumulative excess of revenues over expenditures	1,951,576	1,505,834
Cumulative net unrealized gain/(loss) on available-for-sale financial assets	-	239
	<u>1,951,576</u>	<u>1,506,073</u>
	<u>\$ 1,982,535</u>	<u>\$ 1,518,559</u>

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

## PARTNERS IN THE HORN OF AFRICA

Statement of Net Assets

(Audited)

For the year ended December 31, 2010

	2010	2009
Net assets beginning of year	\$ 1,506,073	\$ 1,171,278
Excess of revenue over expenditures	445,742	334,556
Unrealized gain/(loss) on marketable securities	(239)	239
Net assets end of year	\$ 1,951,576	\$ 1,506,073

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



Rossborn Henderson LLP  
Chartered Accountants

## PARTNERS IN THE HORN OF AFRICA

Statement of Financial Activity

(Audited)

For the year ended December 31, 2010

	2010	2009
Revenues		
Donations received	\$ 1,045,619	\$ 960,113
Investment income	22,767	35,841
	<u>1,068,386</u>	995,954
Expenses		
Contributions to projects	585,907	609,991
Interest and bank charges	4,062	3,017
	<u>589,969</u>	613,008
Income before the following:	478,417	382,946
Gain/(Loss) on disposal of marketable securities	1,331	(24,126)
Foreign exchange gain/(loss)	(34,006)	(24,264)
Excess of revenue over expenditures	<u>\$ 445,742</u>	<u>\$ 334,556</u>

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 Changes in Financial Position

(Audited)

For the year ended December 31, 2010

	2010	2009
Cash provided by (used for)		
Donations received for the year	\$ 1,045,619	\$ 960,113
Collection costs	(4,062)	(3,017)
Contributions to projects	(585,907)	(609,991)
Interest received	22,767	40,246
Foreign exchange gain or (loss)	(34,005)	(24,024)
Cash paid to suppliers	8,934	
	<u>453,346</u>	<u>363,327</u>
Investments		
Purchase (disposal) of marketable securities	(314,648)	(378,160)
Gain on sale of investments	1,331	
Funds held in trust	9,538	12,486
	<u>(303,779)</u>	<u>(365,674)</u>
Increase (decrease) in cash	149,567	(2,347)
Cash beginning of year	357,385	359,732
Cash end of year	<u>\$ 506,952</u>	<u>\$ 357,385</u>

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, 2010

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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>2010</u>	2009
Portfolio investments	\$ 25,000	\$ 46,717
Term deposit	1,450,583	1,106,973
Accrued interest		7,246
Unrealized gains		239
	<u>\$ 1,475,583</u>	<u>\$ 1,161,175</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, 2010, there were 62 unfinished projects (2009 - 68). Financial obligations upon completion of all these contracts amount to Ethiopian Birr \$7,804,260 or approximately \$475,290 Canadian (2009 - \$8,561,680 Birr or 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, 2010

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### **4. Subsequent events**

Subsequent to year end, Partners entered into 16 contracts to complete in Ethiopia. Partners share of the 16 contracts project costs will be 5,375,902.88 Ethiopian Birr (approximately \$304,276 Canadian.)

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### **5. 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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### **6. 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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