

SOMBRILLA REFUGEE SUPPORT SOCIETY

FINANCIAL STATEMENTS

AUGUST 31, 2005

AUDITOR'S REPORT

To the Director of
Sombrilla Refugee Support Society

I have audited the statement of financial position of Sombrilla Refugee Support Society as at August 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 charitable organizations, the organization derives revenue from donations and other sources the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as August 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures are based upon financial statements which were reported on by Lorn B. Stanners, C.M.A. October 22, 2004.



Edmonton, Alberta
February 10, 2006

CHARTERED ACCOUNTANT

SOMBRILLA REFUGEE SUPPORT SOCIETY
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2005

ASSETS	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash (note 5)	\$ 35,036	\$ 82,610
Accounts receivable	64,370	48,208
Inventory	600	2,691
Prepaid expenses	<u>1,460</u>	<u>1,292</u>
	101,466	134,801
PROPERTY, PLANT AND EQUIPMENT (note 6)	<u>227</u>	<u>417</u>
	<u>\$ 101,693</u>	<u>\$ 135,218</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 11,111	\$ 7,371
Deferred revenue (note 7)	<u>85,083</u>	<u>71,819</u>
	<u>96,194</u>	<u>79,190</u>
NET ASSETS - UNRESTRICTED		
Net assets - unrestricted, beginning of the year	56,028	72,931
Excess (deficiency) of revenues over expenses	<u>(50,530)</u>	<u>(16,903)</u>
Net assets - unrestricted, end of the year	<u>5,498</u>	<u>56,028</u>
	<u>\$ 101,692</u>	<u>\$ 135,218</u>

APPROVED ON BEHALF OF THE BOARD:

Rosamond McCue Director

Sarah Cashmore Director

SOMBRILLA REFUGEE SUPPORT SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2005

	<u>2005</u>	<u>2004</u>
RESTRICTED REVENUE		
Contributions (note 8)	\$ 140,904	\$ 268,195
Other	141	369
Fund raising	-	9,719
	<u>141,045</u>	<u>278,283</u>
 PROGRAM EXPENSES		
Agricultural development - Honduras	55,620	79,750
Primary health care project II	42,876	113,229
Argentina	33,023	3,151
Public engagement	7,713	7,303
Scholarship	1,225	1,101
Peace accord project - Guatemala	-	51,304
	<u>140,457</u>	<u>255,838</u>
	<u>588</u>	<u>22,445</u>
 ADMINISTRATION EXPENSES		
Wages and honorariums	25,446	28,177
Travel and monitoring	16,511	1,110
Professional fees	5,436	3,726
Office	3,019	3,145
Miscellaneous	466	2,222
Amortization	190	514
Bank charges	50	454
	<u>51,118</u>	<u>39,348</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (50,530)</u>	<u>\$ (16,903)</u>

SOMBRILLA REFUGEE SUPPORT SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2005

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of revenues over expenses for the year	\$ (50,530)	\$ (16,903)
Adjustments:		
Amortization	<u>190</u>	<u>514</u>
	<u>(50,340)</u>	<u>(16,389)</u>
Changes working capital balances		
Accounts receivable	(16,162)	(47,974)
Inventory	2,091	274
Prepaid expenses	(167)	(1,292)
Accounts payable	3,740	3,640
Deferred revenue grants	<u>13,264</u>	<u>(8,418)</u>
	<u>2,766</u>	<u>(53,770)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term investments	<u>-</u>	<u>76,105</u>
	<u>-</u>	<u>76,105</u>
NET INCREASE (DECREASE) DURING THE YEAR	(47,574)	5,946
CASH, beginning of year	<u>82,610</u>	<u>76,664</u>
CASH, end of year	<u>\$ 35,036</u>	<u>\$ 82,610</u>

SOMBRILLA REFUGEE SUPPORT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

1. NATURE OF THE ORGANIZATION

The Sombrilla Refugee Support Society (The Society) is incorporated under the provisions of the Canada Corporations Act as a not-for profit organization. The Society is a Canadian Public Foundation registered under the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Society was created to sponsor refugees from Central America and to administer projects in Central and South America.

2. ACCOUNTING POLICIES

These financial statements have been prepared following the deferral method of accounting for contributions in accordance with Canadian generally accepted accounting principles. Significant accounting policies are as follows:

a) Fund accounting:

The Society follows the deferral method of accounting for contributions.

The Operating Fund accounts for the Society's program delivery, administrative and other operating activities. This fund reports unrestricted resources and restricted operating contributions.

The Project Fund reports only restricted resources that are to be used for project activity in Central and South America, which is consistent with the Society's objects as described in note 1.

The Endowment Fund reports resources that are to be used for permanent endowment. Investment income earned on resources of the Endowment Fund is reported as revenue of the appropriate fund depending on the nature of any restrictions imposed by contributors of funds for endowment. As of August 31, 2005, the Society has not received contributions considered to be endowments.

b) Revenue recognition:

Unrestricted donations, are recorded as revenue of the Operating Fund when received. Amounts received from grants, donations for specific purposes are recognized as revenue of the Project Fund to the extent of the related expenses incurred.

c) Contributed services:

The Society is dependent on the voluntary services of individuals to carry out its activities. It is estimated in excess of 1,800 hours valued at \$10 per hour were donated by volunteers. In addition, in-kind contributions of materials, supplies and the use of equipment are received from cooperative institutions, external contributors and other sources both in Canada and in the countries where the projects are located. Neither the value of the contributions nor the cost of these goods and services is recognized in these financial statements unless officially receipted.

SOMBRILLA REFUGEE SUPPORT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

2. ACCOUNTING POLICIES continued

c) Contributed services: continued

The estimated value of non receipted in-kind donations is as follows:

Donation:	
Office space including utilities, janitorial and parking	\$ 6,360
Use of personal vehicles	335
Professional fees	<u>4,300</u>
	<u>\$ 10,995</u>

d) Inventory:

Inventory is stated at the lower of cost or net realizable value.

e) Property, plant and equipment:

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of assets. One half is claimed in year of acquisition. Estimated useful lives are as follows:

Computer Equipment	3 years
Computer Software	2 years
Office equipment	5 years

During the year, the society has not purchased any new furniture or equipment.

3. USE OF ESTIMATES

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of such estimates in future periods could be significant.

4. INCOME TAX STATUS

The Society is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

SOMBRILLA REFUGEE SUPPORT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

5. CASH

Cash consisted of restricted cash of \$29,991 to be spent on certain expenses as approved by Canadian International Development Agency (CIDA). The remaining balance of \$5,045 is unrestricted and can be used in general purpose.

6. PROPERTY, PLANT AND EQUIPMENT

	2005		2004	
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer equipment	\$ 5,232	\$ 5,232	\$ -	\$ -
Computer software	1,758	1,758	-	-
Office equipment	1,716	1,489	227	417
	\$ 8,706	\$ 8,479	\$ 227	\$ 417

7. DEFERRED REVENUE

The Society received public donations and funding from Canadian International Development Agency (CIDA) for its projects. Under the terms of the agreements, these funds must be spent only on project activity in Central America. The unexpended balance has been recorded as deferred project revenue and is being held by the Society in segregated bank accounts. Details of deferred revenues are as follows:

	2005	2004
Balance at beginning of the year	\$ 71,819	\$ 36,749
Funding received during the year	47,004	80,063
	118,823	116,812
Amount expended on qualifying activities during the year	33,740	44,993
Balance at end of the year	\$ 85,083	\$ 71,819

SOMBRILLA REFUGEE SUPPORT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

8. CONTRIBUTIONS

Contributions consist of the following grants and donations:

	2005		2004	
	<u>Operating Fund</u>	<u>Project Fund</u>	<u>Operating Fund</u>	<u>Project Fund</u>
Opening Deferred Contributions	\$ -	\$ 71,819	\$ -	\$ 80,237
CIDA	-	114,682	-	197,653
Catholic Charities	-	-	-	7,000
Christian Peacemakers International	-	24,836	-	16,275
Kindness In Action	-	-	-	3,000
Roncalli International Foundation	-	-	-	7,500
Defehr Foundation Inc.	-	5,000	-	-
Wild Rose Foundation	-	-	-	25,000
Others	-	9,650	9,719	3,349
Contributions during the year	-	154,168	9,719	259,777
Total contributions available	-	225,987	9,719	340,014
Less deferred contributions	-	(85,083)	-	(71,819)
	<u>\$ -</u>	<u>\$ 140,904</u>	<u>\$ 9,719</u>	<u>\$ 268,195</u>

9. COMPARATIVE FIGURES

Prior year figures were audited by Lorn B. Stanners, CMA.