

WORLD NEIGHBOURS CANADA SOCIETY

JUNE 30, 2005



Kemp Harvey Casorso Inc.

**Certified General Accountants
A Member of the Kemp Harvey Group**

Associated offices in Burnaby, Grand Forks, Kelowna, North Vancouver, Osoyoos, Penticton, Vernon

WORLD NEIGHBOURS CANADA SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2005

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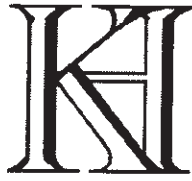
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STRENGTH IN NUMBERS

Stan R. Casorso, CGA
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AUDITORS REPORT

To the members of World Neighbours Canada Society

We have audited the statement of financial position of World Neighbours Canada Society as at June 30, 2005 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the society'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 society as at June 30, 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.

Oliver, BC
December 22, 2005

Kemp Harvey Casorso Inc.
CERTIFIED GENERAL ACCOUNTANTS

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005
(Audited)

STATEMENT A

	2005	2004	2003
REVENUES			
Unrestricted donations	\$ 78,120	\$ 53,143	\$ 55,779
Restricted donations	3,000	-	-
Canadian International Development Agency - Note 3	50,000	50,000	31,750
Fundraises	530	2,478	3,641
Investment income	1,012	629	220
	<u>132,662</u>	<u>106,250</u>	<u>91,390</u>
PROJECT COSTS			
Bank charges	356	327	133
Travel expenses	5,309	2,759	4,866
Honduras	44,296	40,266	44,655
Nepal	55,978	38,920	31,420
Peru	8,000	-	-
Nepal school renovations	6,036	-	-
Honduras library	18,946	4,010	-
	<u>138,921</u>	<u>86,282</u>	<u>81,074</u>
	<u>(6,259)</u>	<u>19,968</u>	<u>10,316</u>
ADMINISTRATIVE EXPENSES			
Licenses and dues	100	60	130
Office expenses	996	784	1,076
Professional fees	1,403	1,144	1,074
	<u>2,499</u>	<u>1,988</u>	<u>2,280</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (8,758)	\$ 17,980	\$ 8,036

See accompanying notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005
(Audited)

STATEMENT B

	2005	2004	2003
RESTRICTED			
Beginning balance	\$ 12,759	\$ 22,483	\$ 70
Excess (deficiency) of receipts over expenses	-	10,518	9,206
Transfers from unrestricted funds	-	(20,242)	13,207
Ending balance- Statement C	\$ 12,759	\$ 12,759	\$ 22,483
	2005	2004	2003
UNRESTRICTED			
Beginning balance	\$ 30,471	\$ 2,767	\$ 17,143
Excess of expenditures over receipts	(8,760)	17,980	8,037
(Increase) decrease in restricted funds	-	9,724	(22,413)
Ending balance - Statement C	\$ 21,711	\$ 30,471	\$ 2,767

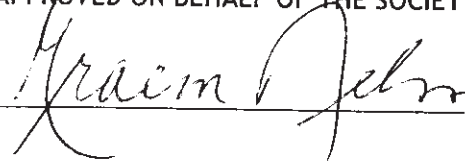
See accompanying notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2005
 (Audited)

STATEMENT C

	2005	2004	2003
ASSETS			
CURRENT ASSETS			
Cash	\$ 35,420	\$ 44,140	\$ 1,150
Short-term investments	-	-	25,000
	<u>\$ 35,420</u>	<u>\$ 44,140</u>	<u>\$ 26,150</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 950	\$ 910	\$ 900
NET ASSETS			
Restricted - Statement B	12,759	12,759	22,483
Unrestricted - Statement B	<u>21,711</u>	<u>30,471</u>	<u>2,767</u>
	<u>34,470</u>	<u>43,230</u>	<u>25,250</u>
	<u>\$ 35,420</u>	<u>\$ 44,140</u>	<u>\$ 26,150</u>

APPROVED ON BEHALF OF THE SOCIETY

 Director

See accompanying notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005
(Audited)

STATEMENT D

	2005	2004	2003
OPERATIONS			
Receipts	\$ 131,650	\$ 105,621	\$ 91,170
Receipts from other income	1,012	629	220
Payments to suppliers for goods and services	(8,125)	(5,064)	(7,328)
Research and development costs	(133,256)	(83,196)	(76,075)
CASH PROVIDED (USED)	(8,719)	17,990	7,987
INVESTMENTS			
Proceeds from investments	-	25,000	-
Acquisition of investments	-	-	(15,000)
CASH PROVIDED (USED)	-	25,000	(15,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,719)	42,990	(7,013)
BEGINNING CASH AND CASH EQUIVALENTS	44,140	1,150	8,163
ENDING CASH AND CASH EQUIVALENTS	\$ 35,421	\$ 44,140	\$ 1,150

See accompanying notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

(Audited)

Note 1 PURPOSE OF THE ORGANIZATION

The World Neighbours Canada Society provides a direct channel for Canadians to help people in the developing countries of the world. To break the cycle of poverty through programs of World Neighbours Inc.. The society is a registered charity within the definition of the Income Tax Act and therefore, is exempt from income taxes and may issue charitable receipts.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

The deferral method of accounting for contributions is used. Contributions made for a specific purpose are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably determined and collection is reasonably assured.

b) Investments

Investments are carried at cost. The carrying value is written down below cost if there is a loss of value which is considered to be other than temporary.

Note 3 CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Funds received from Canadian International Development Agency (C.I.D.A.) that are not fully utilized in the year to fulfil contract obligations are segregated and disclosed. During the year the Society received funding from C.I.D.A. for two projects. The projects have a three year completion with program payments advanced semi-annually based on appropriate filings to C.I.D.A..
