

WORLD NEIGHBOURS CANADA SOCIETY

JUNE 30, 2006



STRENGTH IN NUMBERS

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



Kemp Harvey Casorso Inc.

Certified General Accountants
A Member of the Kemp Harvey Group

STRENGTH IN NUMBERS

Stan R. Casorso, CGA
Tel: 250.498.4977
Fax: 250.498.4330

December 20, 2006

Graem Nelson and Michael Newman
World Neighbours Canada Society
Box 1771
Oliver BC V0H 1T0

Dear Mr Nelson and Mr Newman:

We enclose copies of the financial statements of World Neighbours Canada Society for the year ended June 30, 2006. Please sign the balance sheet before the statements are circulated.

We would like to remind you that the T3010 "Registered Charity Information Return" must be filed with Canada Revenue Agency prior to December 31, 2006 in order to maintain your status as a registered charity.

We would also like to remind you that the Form 11 "Society Annual Report" must be filed with the B.C. Ministry of Finance and Corporate Relations within thirty days of the annual general meeting in order to comply with the Society Act.

We also enclose copies of the year end adjusting journal entries for your records.

Thank you for allowing us to be of service to you; we appreciate your business. If you or any of your associates require any of our many services, please do not hesitate to contact us.

Respectfully,
KEMP HARVEY CASORSO INC.


Michael J. Sutton, CGA

Enclosures

WORLD NEIGHBOURS CANADA SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2006

WORLD NEIGHBOURS CANADA SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2006

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Kemp Harvey Casorso Inc.

Certified General Accountants
A Member of the Kemp Harvey Group

Stan R. Casorso, CGA
Mike Sutton, CGA
Andrea Kemp, CGA
Tel: 250.498.4977
Fax: 250.498.4330

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, 2006 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, 2006 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 18, 2006

Kemp Harvey Casorso Inc.
CERTIFIED GENERAL ACCOUNTANTS

WORLD NEIGHBOURS CANADA SOCIETY
 STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2006
 (Audited)

STATEMENT A

	2006	2005	2004
REVENUES			
Unrestricted donations	\$ 59,488	\$ 78,120	\$ 53,143
Restricted donations	10,000	3,000	-
Canadian International Development Agency - Note 3	27,500	50,000	50,000
Fundraises	-	530	2,478
Investment income	1,126	1,012	629
	<u>98,114</u>	<u>132,662</u>	<u>106,250</u>
PROJECT COSTS			
Bank charges	315	356	327
Travel expenses	3,426	5,309	2,759
Honduras	29,763	44,296	40,266
Nepal	40,628	55,978	38,920
Peru	8,000	8,000	-
Nepal school renovations	-	6,036	-
Honduras library	9,670	18,946	4,010
Hurricane relief	100	-	-
	<u>91,902</u>	<u>138,921</u>	<u>86,282</u>
	6,212	(6,259)	19,968
ADMINISTRATIVE EXPENSES			
Licenses and dues	30	100	60
Office expenses	1,117	996	784
Professional fees	1,416	1,403	1,144
	<u>2,563</u>	<u>2,499</u>	<u>1,988</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 3,649	\$ (8,758)	\$ 17,980

See accompanying notes to financial statements

Kemp Harvey Casorso Inc.

WORLD NEIGHBOURS CANADA SOCIETY
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006
 (Audited)

STATEMENT B

	2006	2005	2004
RESTRICTED			
Beginning balance	\$ 12,759	\$ 12,759	\$ 22,483
Excess (deficiency) of receipts over expenses	-	-	10,518
Transfers from unrestricted funds	-	-	(20,242)
Ending balance- Statement C	\$ 12,759	\$ 12,759	\$ 12,759
	2006	2005	2004
UNRESTRICTED			
Beginning balance	\$ 21,711	\$ 30,471	\$ 2,767
Excess of receipts over expenditures -	3,650	(8,760)	17,980
(Increase) decrease in restricted funds	-	-	9,724
Ending balance - Statement C	\$ 25,361	\$ 21,711	\$ 30,471

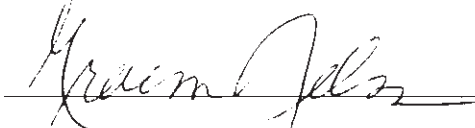
See accompanying notes to financial statements

WORLD NEIGHBOURS CANADA SOCIETY
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2006
 (Audited)

STATEMENT C

	2006	2005	2004
ASSETS			
CURRENT ASSETS			
Cash	\$ 39,095	\$ 35,420	\$ 44,140
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 975	\$ 950	\$ 910
NET ASSETS			
Restricted - Statement B	12,759	12,759	12,759
Unrestricted - Statement B	25,361	21,711	30,471
	38,120	34,470	43,230
	\$ 39,095	\$ 35,420	\$ 44,140

APPROVED ON BEHALF OF THE SOCIETY

 Director

See accompanying notes to financial statements

Kemp Harvey Casorso Inc.

WORLD NEIGHBOURS CANADA SOCIETY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006
 (Audited)

STATEMENT D

	2006	2005	2004
OPERATIONS			
Receipts	\$ 96,988	\$ 131,650	\$ 105,621
Receipts from other income	1,126	1,012	629
Payments to suppliers for goods and services	(6,378)	(8,125)	(5,064)
Research and development costs	<u>(88,061)</u>	<u>(133,256)</u>	<u>(83,196)</u>
CASH PROVIDED (USED)	<u>3,675</u>	<u>(8,719)</u>	<u>17,990</u>
INVESTMENTS			
Proceeds from investments	-	-	25,000
CASH PROVIDED	<u>-</u>	<u>-</u>	<u>25,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,675	(8,719)	42,990
BEGINNING CASH AND CASH EQUIVALENTS	<u>35,421</u>	<u>44,140</u>	<u>1,150</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 39,096</u>	<u>\$ 35,421</u>	<u>\$ 44,140</u>

See accompanying notes to financial statements

Kemp Harvey Casorso Inc.

WORLD NEIGHBOURS CANADA SOCIETY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

(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..

WORLD NEIGHBOURS CANADA SOCIETY
Statement of operation and changes in fund balance
For the year ended June 30, 2006

	<u>General Funds</u>		<u>Restricted Funds</u>	
	2006	2005	2006	2005
C.I.D.A	2,000	3,650	25,500	46,350
Contributions	1,000	1,825	68,488	79,825
Investment income	417	619	709	393
Fund raisers				
	<u>3,417</u>	<u>6,094</u>	<u>94,697</u>	<u>126,568</u>
Travel			3,426	5,309
Project payment			88,161	133,257
Money transfer fees			315	356
Monitoring				
Licence	30	100		
Office	1117	996		
Professional fees	1416	1,403		
	<u>2,563</u>	<u>2,499</u>	<u>91,901</u>	<u>138,922</u>
Excess (deficiency) of revenue over expenses	854	3,595	2,796	(12,355)
Fund balance, beginning	<u>30,055</u>	<u>26,460</u>	<u>4,415</u>	<u>16,769</u>
	30,909	30,055	7,211	4,415
Interfund transfers	0	0	0	0
Fund balances, ending	<u><u>30,909</u></u>	<u><u>30,055</u></u>	<u><u>7,211</u></u>	<u><u>4,415</u></u>