

Tres Islas Orphanage Fund

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Cheyenne, WY 82001

IRS Federal Identification Number: 84 -1408725

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Please visit the Fund's website at: www.orphanagefunds.org**

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Tres Islas Main Number (Donelle & Tom Manton) 1-888-459-TIOF (8463)

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Mazatlan Telephone Numbers:

(When dialing from outside Mexico, first dial 01152669)

Bob and Janet Schmitt 916-01-22

Gaudelia "Fella" Cruz Hernandez 982-25-80

Annual Report 2005

November 15, 2005

To Our Dear and Benevolent Tres Islas Orphanage Fund Donors:

Thank you for your continued support of the wonderful children in the Mazatlan, Mexico orphanages whom the Tres Islas Orphanage Fund is grateful and blest to serve, because of you and your benevolences . . .

Once again, because of your loyal support through the Fund, you continue to make the children's lives good, full of nourishment, with an excellent education and safe. Thank you for being "moms and dads," "grandmas and grandpas" to the children through your love and support, and most of all, thank you for being their friends, the people they can rely upon the most to help them as they grow up.

Introduction

Because of your support this last year, the Fund continued to make major improvements in the children's lives.

The Fund (all of you!) continued to serve Mazatlan's girls' orphanage, Orfanatorio Mazatlan, and the Salvation Army Orphanage full-time (year-round) in buying the children's food, school supplies and shoes. And because of your donations, this past year, the Fund was also able to serve the boys' orphanage, Hogar San Pablo

year-round! Just like Orfanatorio Mazatlan and the Salvation Army Orphanage, your donations have allowed the Fund to buy food for the boys' orphanage year-round for the first time!

If not for your donations, the children in these three orphanages would not have otherwise received the excellent care they received.

All amounts listed in this report are in U.S. dollars. Everything purchased in Mexico was purchased with pesos. The Fund has Canadian donors who make their donations in Canadian dollars. The Fund's banking institution is in Cheyenne, Wyoming; so, we want to be clear which monetary amount we report to you with.

Because of your continued support. . . *drum roll, please!*. . . from October 30, 2004 to October 29, 2005, the Fund contributed \$36,961.39 to the children in the orphanages! This brings the Fund's total purchases for Mazatlan's orphanages since the late 1980s right at \$137,000.00 worth of food, school supplies, school shoes, advanced education, medical supplies and medical needs, and improvements (such as appliances). Please feel very proud of the improvement you have made in these children's lives!

Here is your tally of all you did for the children this past year . . .

This report will, as always, be for the same time frame as are all the Fund's reports to you, from October 30, 2004 through October 29, 2005. We report to you during this time frame so we may include the most recent school supplies, school shoes and school uniforms purchased and not have you wait another year to know what was spent the year before for these needed educational supplies.

Orphanages Served

These are the orphanages the Fund continues to humbly serve, their addresses, phone numbers and names of the orphanage directors:

Orfanatorio Mazatlan (the first orphanage the Fund began helping in the late-1980s, which the Fund currently assists full-time)

Avenida Zaragoza 227-A, El Centro

Mazatlan, Sinaloa, Mexico C.P. 82000

Telephone: (When dialing outside Mexico): 0011526699812214

Telephone: (When dialing in or around Mazatlan) 981-22-14

Executive Director: Cristina Pena de Herrera (whose grandmother was a board president and whose great-grandmother was treasurer)

Ejercito de Salvacion (Salvation Army Orphanage) (Served part-time by the Fund since 1998, and full-time by the Fund since 2003)

Angel Flores S/N Antiguo Camino a la Culebra, El Venadillo

Mazatlan, Sinaloa, Mexico C.P. 82129

Telephone: (When dialing outside Mexico): 011526699807609

Telephone: (When dialing from in or around Mazatlan) 980-76-09

Director: Israel Garcia Cruz

Hogar San Pablo (Served part-time by the Fund since 2003 and full-time by the Fund this year)

Paseo del Centenario S/N, Apdo Postal 1233

Mazatlan, Sinaloa, Mexico

Telephone/fax: (When dialing outside Mexico): 0011526699823720 and 011526699816121;

Telephone/fax: (When dialing in or around Mazatlan) 982-37-20 and 981-61-21

Executive Director: Padre Pedro Tovar Cortes (Fr. Tovar)

The lists of the children in each orphanage the Fund serves are attached for you, along with thank you letters from the directors of each of the orphanages for all the help you gave them. The number of children in each orphanage fluctuates throughout the year and is usually between 50 and 85 for all three orphanages. As of this writing, there are a total of 68 children.

Please remember that although Elizabeth, who resides at Orfanatorio Mazatlan, is older than the other children in the orphanage, she cannot hear nor speak. She has lived at Orfanatorio Mazatlan the majority of her life and most likely, will never leave. Loved, appreciated and valued as a sweet human being, Elizabeth is included in every orphanage activity and is incredibly happy, and of course safe, in the only home she has ever really known. This past year, Elizabeth began working part-time bagging groceries at a local mercado – an accomplishment for which she and all of us are proud! When at home at the orphanage, Elizabeth takes care of the younger children and enjoys cleaning and helping tidy the orphanage.

Purchases

During last year's reporting period, thanks to your benevolent contributions, the total money dedicated to the care of the orphanages for food, school supplies, school shoes, school uniforms and Christmas dinners amounted to \$19,760.78. Again, the Fund was serving the boys' orphanage, Hogar San Pablo, part-time.

This year, thanks to your blessed donations, the total money dedicated to the care of the children in the orphanages (food, school supplies, school shoes and school uniforms totaled \$22,897.93. The Fund's expenditures increased over last year's due to serving Hogar San Pablo on a regular basis. Thank you, donors, for helping these children!

The itemization of the benefits from your contributions is as follows:

Food

Food/milk for Orfanatorio Mazatlan: \$6,834.88 (Last year: \$6,838.95)

Food for Salvation Army Orphanage: \$5,711.03 (Last year: \$4,316.61)

Food for Hogar San Pablo: \$5,216.28 (Last year, \$2,306.19 (32 weeks)

Total food purchased for all three orphanages this year: \$17,762.19; (Last year: \$13,461.75); an increase of \$4,300.44.

There are presently 68 children in the three orphanages the Fund feeds weekly from your donations. When you do the math, this equals \$321.81 spent per child for the year for groceries, or, \$6.19 per week, per child for healthy, nourishing food.

Food purchases represents 77.57% of the Fund's expenditures, not including construction costs.

(Last year's food purchases represented 70% of the Fund's expenditures.)

Thank you, wonderful donors!

Christmas Dinners

We itemize the orphanages' Christmas dinners separately for you because they are a special event so that you will know exactly how your donations have been spent.

Last year during the Christmas season, Hogar San Pablo was treated to spaghetti and meatballs by a wonderful Canadian organization in Mazatlan. Because the dinner was provided to them in the spirit of Christmas, they felt it would be respectful to count that as their Christmas dinner; so, they did not request the Fund purchase them the customary Christmas turkey and dressing dinner.

Hogar San Pablo did not have a Christmas tree, however, and they were thrilled to have the Fund buy them one for \$20.38.

The amount spent for Christmas dinners totaled \$216.94 for Orfanatorio Mazatlan (\$162.76 the previous year) and \$298.17 for the Salvation Army Orphanage (\$141.05 the previous year).

Christmas dinners for the 49 children in these two orphanages averaged \$10.51 per child.

Shoes

Orfanatorio Mazatlan: \$826.59 (two pairs for the year) Last year: \$654.31

Salvation Army Orphanage: \$711.43 (Last year: \$944.15)

Hogar San Pablo: None this year. (Last year: \$744.76)

Alburgue Infantil: None this year. Last year: \$261.61.

School shoes purchased throughout the year totaled \$1,538.02.

(Last year: \$2,604.83 for four orphanages, including Alburgue Infantil.)

School shoes purchased represent 6.72% of the Fund's expenditures, not including construction.

(Last year, school shoes purchased represented 13% of the Fund's expenditures.)

School Supplies

Orfanatorio Mazatlan

School supplies: \$877.47 (\$348.05 the previous year).

Replace non-functioning computer monitor & keyboard for homework: \$160.30.

Material for required school uniforms for the children: \$242.01 (\$238.96 the previous year).

Back packs: No back packs were purchased for the children at Orfanatorio Mazatlan this year because the backpacks the Fund purchased for the children last year

were still in good shape. Additionally, kind Canadian visitors during the year also brought some backpacks with them, so backpacks that were worn-out were replaced with those. They requested to apply that money to the purchase of school supplies.

There were more school supplies purchased this year than last because there are eight more children who have either entered school for the first time and/or now attend private schools this year than last year. Private schools provide more educational subjects than do regular schools. Because of this, more subjects equal more school supplies - but - a better education for the children's future. The eight additional children attending private school this year are: Cesar, Lupita, Rosita, Alejandra, Paty, Isabel, Angelica and Dulce.

Salvation Army Orphanage

School supplies: \$254.98

School Uniforms: \$328.70

Back packs: \$280.45

Last year the total for both school supplies and back packs was \$289.79

Hogar San Pablo

School supplies: \$253.04

Back packs: \$165.28

Expenditures for school supplies, school shoes, school uniforms and backpacks for the 68 children in all three orphanages for 12 months totaled \$3,939.95 (Last year: \$3,582.93.)

Please remember, part of the increase is due to the Fund purchasing school supplies and backpacks for Hogar San Pablo and first-time students and school supplies for private school attendance by some children from Orfanatorio Mazatlan.

School supplies (including computer monitor and keyboard) represent 6.75 % of the Fund's expenditures.

School shoes represent 6.72 % of the Fund's expenditures.

School uniforms represent 2.49 % of the Fund's expenditures.

School backpacks represent 1.95 % of the Fund's expenditures.

This year, all school related items (supplies, uniforms and backpacks represent 17.91 % of the Fund's expenditures

(Last year, all school related items (supplies, uniforms and backpacks represented 18% of the Fund's expenditures.)

Appliances

Orfanatorio Mazatlan: None this year. (Last year: \$800.00 for freezer)

Salvation Army Orphanage: \$161.90 for shower hot water heater. (None last year.)

Hogar San Pablo: Appliances purchased this year are included in the Hogar San Pablo restoration summary that follows. (Last year: refrigerator for Hogar San Pablo: \$1,090.00; hot water heater for kitchen: \$113.54, for a total of \$2,003.54.)

We also want to note that in purchasing the refrigerator last year, we negotiated the repair of the broken chest freezer at no charge.

Hogar San Pablo Restoration Project

This summer we sent each of you a CD presentation detailing the major restoration work your kind and generous donations provided along with a thank you letter from Fr. Tovar for your truly great assistance. If you did not receive the CD presentation and thank you letter from Fr. Tovar, please let us know and we'll resend it.

In 2003 and 2004, we wrote you all, making an appeal for help for Hogar San Pablo. The deteriorated orphanage had placed the good boys at risk from a health and welfare standpoint. From toilets that would not flush unless you poured water in them, to no proper sewage drainage, to windows and doors rusted open, to floors where the tile has come up and cockroaches easily come in, to deteriorated, corroded mirrors due to years of being adjacent to the ocean climate, to non-working appliances and no playground for the boys, Hogar San Pablo has been in need of a major restoration.

Thanks to your benevolent response, \$13,782.79 in repairs and upgrades (including furniture and tables for the boys to study on) has been made to Hogar San Pablo!

The cost of repairs totaled \$12,675.83. The cost of repairs is verified by the accompanying statement of checks written on the Fund's Construction account at the Cheyenne-Laramie County Employees Credit Union, the Fund's banking institution. An additional \$1,106.96 was spent by the Fund on family room sofas, chairs and tables, where before, there was none. The Fund paid an additional \$500.00 for Hogar San Pablo water, electricity, trash pickup and property taxes for the orphanage, which was made by a donor-specific contribution.

Thanks to your donations, the orphanage Hogar San Pablo is now a sanitary place, a healthy place, and a workable, usable true home to Fr. Tovar's boys.

We genuinely and deeply thank you, thank you, thank you, those who could help.

The care given the boys by the kindly Fr. Tovar and Sisters Amalia, Victoria and Imelda is wonderful. The boys are safe here and know it. The boys are properly loved and treated with respect and are helped and encouraged with their education.

The Fund must now acknowledge, with a great amount of gratitude, Lenda and John McKay, Mazatlan residents who helped the Fund upgrade the deteriorating conditions at the orphanage.

Tres Islas donors Lenda and John McKay secured the volunteer time and expertise of Mazatlan's highly respected and talented architect, Armando Galvan Gazcon, to restore the orphanage. Armando volunteered his time and expertise to complete this project. Armando and Lenda made sure every improvement was completed as specified and with the high quality workmanship. Also each week, Bob and Janet Schmitt, Tres Islas Orphanage Fund facilitators, verified the work at Hogar was completed as outlined and wrote the Tres Islas checks to pay for the work completed. We cannot pay enough tribute to Bob and Janet Schmitt for the tremendous help they were in verifying the work and paying for the improvements. Thank you!

Before and after pictures of each stage of restoration were taken by Lenda and John and receipts from beginning to end were provided to the Fund in two large volumes. Lenda worked day-by-day with Armando to ensure the top-notch workmanship and completion of the boys' orphanage.

Lenda is devoted to orphaned children, too, and is hard-working on their behalf. She secured every construction estimate, and she and John hauled paint and other supplies and oversaw each of the projects to the end.

Lenda is a joy to work with and has become a friend and permanent team-member of the Fund. We look forward to you all having the pleasure of meeting her when you are in Mazatlan.

The underground storm sewer has been completely repaired and now no longer spills on to the orphanage grounds.

The once bacteria-filled kitchen has been replaced with a commercial-grade stainless steel kitchen, including stainless-steel counter tops and complete, for the first time, with a hot water heater so dishes may be sanitized when washed. It also boasts a new refrigerator and the freezer and oven have been repaired. Two new stovetops and a kitchen exhaust fan have been installed as well as new ceramic floors and walls throughout.

The majority of roofs have been sealed with three coats of roofing sealant and no longer leak. All doors now have screens and properly open and shut. The floors are all tiled and cockroaches no longer have access to rooms. The majority of broken and rusted-open windows have been repaired.

The family room is painted and for the first time, the boys have couches and chairs to sit on, foot stools to rest their feet on as well as an area rug and pillows to snuggle on and tables and chairs on which they may do homework or play games.

And, for the first time, Fr. Tovar has a chair to sit in which has decent back support and arm rests to help him get in and out of, where before, he needed assistance from a cane or a helping hand.

Work Remaining at Hogar San Pablo

The locker room: The boys have no place to hang their clothes or store their shoes and personal items. If the money is raised for the lockers, they will be made of concrete with heavy doors and will last a lifetime. The estimate to complete this work is \$2,000.00.

Doors and door jams throughout and kitchen cupboards need replacing due to the salt air environment and termite infestation over the years, the front doors and some windows in the church need replacing as well as a few miscellaneous windows throughout the orphanage. The estimate to repair these is \$2,500.00.

While there is a basketball court, there are no hoops or bleachers and, concrete and debris from various projects has been dumped in the "back yard" over the years - forbidding any area for the boys to play such as soccer or baseball. The estimate for completing this is \$750.00.

The chapel, where the boys also go to read and spend quiet time, is in dire need of paint - it is peeling in most places. The estimate to paint the entire chapel is \$800.00. The paint should last approximately 7 years.

Repairs Made at Orfanatorio Mazatlan

Last May while we were making repairs and painting at Hogar San Pablo, we learned of the much needed bathroom repairs at Orfanatorio Mazatlan. Showers, sinks and toilets were not working properly. A good portion of the paint was peeling. The old tile was cracking.

Thanks to a specific donation from two Tres Islas donors for work at each orphanage, the Fund was able to purchase all the tile, toilets and sinks for the restoration.

This came to \$633.88 and was deducted from the construction fund.

Photos of this work and the completed bathroom were included in this summer's CD presentation sent to you and a photo is included in this year's annual report.

Again, if you haven't received a copy of the CD presentation, please let us know and we'll send one to you.

Work Remaining at Orfanatorio Mazatlan

While the girls have locker rooms, their orphanage receives clothes and shoes in a greater abundance than the other orphanages because of its central location.

Presently clothes received are piled on top of one another or kept in large plastic bags and it is impossible to manage them, plus, rodents riffle through the piles and damage the clothes because they are not properly stored.

The directors at Orfanatorio Mazatlan would like a storage room where clothes may be sorted by size, type and gender and held for the girls as they grow into them or distributed to the other orphanages as needed (the also receive boys clothing here) or take the clothes which won't be used by the children at Orfanatorio Mazatlan to the needy children in the colonias (poor housing projects). The storage unit would include many shelves and places to hang clothes on hangers and will not permit rodents to enter. It will be made of bricks and concrete and will last forever.

The estimated cost is \$4,000.00

Work Remaining at Salvation Army Orphanage

There is no "tight" (mouse, rat and rodent free) place to store food at the Salvation Army Orphanage. It would be prudent to be able to buy larger quantities of food for the orphanage when it is on sale; but it cannot be done unless they have a place to store food that is rodent-free.

The director and the Fund would like the orphanage to have stainless steel storage units that will never have to be repaired nor replaced. These are commercial grade, will cost \$4,000.00 and will last indefinitely.

“Sisters-and-Brothers-By-Heart”

In addition to the monetary contributions by Tres Islas donors to make repairs, once a year Tres Islas donors gather in Mazatlán in what has become known as the “Sisters-and-Brothers-By-Heart” spring volunteer restoration mission, a hands-on restoration.

In our CD presentation, we also introduced you to Tres Islas donor Laura Morrow, of Saratoga, Wyoming and Bodden Town, Grand Cayman Island who began organizing the “Sisters-and-Brothers-By-Heart” mission as part of her Tres Islas volunteerism at Hogar two years ago.

“Laura & Company” (her wonderful friends from Oregon to Wyoming to Colorado and Florida) may not have spoken a word of Spanish, but they wasted no time in making a wonderful, spruced-up difference at Hogar.

When “Laura & Company” “work” at the orphanage, it is the same as seeing bees in action or putting a 33 rpm record on 78. Things happen fast! Things move quickly! Rejuvenation is in high gear!

Broad-grinned smiles and “Gracias” from the boys who saw their once sad orphanage transfer to a sanitary and shining home translates to be the same in every language.

From re-grouting tile to repairing and replacing toilets to painting the kitchen and family room, these hands-on experiences, side-by-side with the boys, makes a positive difference in the orphanage.

Thank you, my dear childhood friend, and friend for 40 years, Laura, for always being there for me, helping the children, raising money and giving of yourself to improve the children’s lives. How blest I am, to know you, and call you, “friend.”

And thank you, “Sisters-and-Brothers-By-Heart” for returning to Mazatlan year-after-year to make a difference in the children’s lives.

If you would like to participate in this coming year’s trip from May 13 to May 21, please let us know. Here you’ll work alongside the children, continuing to improve their homes. Donors are already signing up and everyone is welcome.

We promise you will:

- Experience a rewarding and memorable time
- Interact one-on-one with the children - who will be thrilled
- Make a positive difference in the children’s lives
- Meet other donors who, like yourself, care about the children
- Share smiles and laughter and the most wonderful “work” you’ll ever know in one week and have a lot of fun
- Want to return to participate in the children’s lives again and again

Please come join us!

Additional Items

The local milk supplier, who previously supplied milk and orange juice to Orfanatorio Mazatlan free-of-charge for years, has begun supplying milk once again.

The board of directors at Orfanatorio Mazatlan has asked the Fund to continue to supply the orphanage \$130.00 of food each week based on:

- The number of youngsters at the orphanage
- Many of the youngsters are now teenagers or pre-teen which equates to that number eating more food than babies and children
- The increased cost of food over the years buys less than before.

As long as donations continue to be made to the Fund as they have in the past, we believe this is a reasonable request and we would like to continue to purchase \$130.00 worth of food each week for Orfanatorio Mazatlan.

We would like to purchase \$130.00 worth of food for each orphanage each week if donations increase. All of the children can definitely use the nourishing food. Since the Fund began serving the orphanages in the 1980s at \$100.00 per week, this is the first time in over 15-years we have considered an increase based on prudent needs.

This year you will notice a few additions to your annual report. We have included week-by-week signed statements by each of the orphanage caregivers for the purchases for each orphanage. We thought this would better help you realize the significance your donations provide for these children. In addition, to accompany these statements, we have provided a table showing the expenditure for the items purchased for each orphanage by category.

We always do our best to provide you the most detailed and accountable information for your donations because we value you and your contributions. Without you, the Fund would not exist.

The food, school supplies and shoes for all four orphanages continue to be purchased by Gaudelia "Fella" Cruz Hernandez. Were it not for her dedication, generosity, love and good-heartedness, the Fund could not operate as it does.

Annually I proclaim, yet, I cannot say it enough: if there are angels on earth, then Fella is surely one of them. She is truly one of my heroes.

And, the Fund continues to be blessed by the good Bob and Janet Schmitt, winter residents of Mazatlan each year from November 1st to May 1st.

From November until May, Bob and Janet help Fella purchase the food and deliver it to the orphanages each week. They also host barbecue and swim parties for the children at their condominium throughout the year, take the children out to dinner on their birthdays (as part of Bob and Janet's donations), purchase piñatas and cakes for them on special days such as 3 Kings' Day (the Day of the Children each January in Mexico) and on their birthdays, encourage the children, participate in the children's lives, and keep us informed of every detailed happening while we are away.

Janet organizes the Fund's "Adopt-a-Child-for-Christmas" for the children at the Salvation Army Orphanage each Christmas. Bob and Janet take photos of the children and record the children's clothing and shoe sizes. They then post the children's pictures and needs for winter residents and visitors to adopt. They then collect all the gifts, wrap those that are not wrapped, buy treats and take any one who would like to participate to the orphanage to share in the children's Christmas. As you have seen over the years in the accompanying photos, the children are thrilled to receive such lovely gifts. If you would like to sponsor a child for Christmas, we encourage you to do

so! We'll email you the picture of "your" child and the gifts you bought then if you can't make it to Mazatlan for the Christmas party. Bob and Janet do an outstanding job of making Christmas special for each child and they are to be commended for their painstaking efforts.

Bob and Janet also represent the Fund in meeting those of you who visit Mazatlan when we are not there and take you on tours of the orphanages.

They are our board advisors and "lightening rods" - meaning, when we need advice, they are always there for us.

We thank and honor Bob and Janet Schmitt for the outstanding roles and unselfish time they give day-after-day to the Fund.

Additionally, Bob and Janet work with The Vineyard Christian Fellowship "La Vina" and its dedicated pastor, Fred Collom of Mazatlan, whose ministry connects the English and the Spanish-speaking communities and devotes itself to bettering the lives of those less fortunate than we.

Each week, Janet prepares food for those who live at Mazatlan's city dump in makeshift cardboard housing and Bob hosts a tour of the dump where the poorest of the poor live.

Here, the poor hunt for even the smallest of items brought on sanitation trucks, hoping they might find something of value that has been discarded by others as trash and find someone to buy it for a peso or two.

Bob and those who come for the tour feed the home-prepared sandwiches, piece of fruit and glasses of water to those who live at the dump. Then, Bob takes people on guided tours of the work the church is doing, such as building schools, community centers, churches and feeding the poor in that area.

Thank you, Bob and Janet, for your Godly dedication to all the children and the poor of Mazatlan. We are so proud and blest to know you. . .you truly make a positive difference in our world. . .

Next Year's Projections

As you will see when you read the weekly itemizations for each orphanage, there is no exact amount (to the penny) spent each week, although they are very close. Some weeks are a little higher and some are a little lower.

First, this is because the caregivers at the orphanages are honest. If someone brings the orphanage a couple chickens or cartons of milk - or other food - they don't buy food (spend your donations) unnecessarily.

They are very conservative. If they need more food, they ask for more, if they don't need more food, they never ask for more.

Likewise is the school situation. Hogar San Pablo, as an example, received school shoes and uniforms from Friends of Mexico, the group of Canadian and U.S. citizens who live in Mazatlan a good part of or throughout the year. So, Hogar San Pablo did not ask for duplicates from Tres Islas Orphanage Fund this year. They did, however, need school supplies and backpacks and so, the Fund purchased those.

Orfanatorio Mazatlan did not need their usual summer sandals but they did ask for the difference (increase) in school supplies so the children will receive the best education possible.

Hand-in-hand, the Fund is blest to work with the orphanage directors in this honest and genuinely caring capacity.

The Fund projects the following food purchases for the coming year:

- Food/milk for Orfanatorio Mazatlan: \$6,760.00 @\$130/week
- Food/milk for Salvation Army Orphanage: \$5,200.00 @\$100/week
- Food for Hogar San Pablo: \$5,200.00 @\$100/week
- Total estimate for food for all three orphanages: \$17,160.00
- Total estimate for Christmas dinners for all three orphanages: \$500.00

At the request of the caregivers at Hogar San Pablo and the Salvation Army Orphanage we would like to increase the food purchased for those orphanages to \$130.00 per week, the same as Orfanatorio Mazatlan, simply because costs have risen over the years and we would like to provide the same amount for each orphanage. The possibility of that increase occurring depends on the amount of donations the Fund receives in the coming year and at this point, we do not know if we will be able to do that. Please know they are truly grateful for the donations allowing \$100.00 worth of food purchased for them each week. If it is possible for you to increase your donations to help, it would be greatly appreciated.

Please know how very much each and all of you are needed and appreciated. Thank you. . .for if not for you, the orphanages would be in a perpetual dismal state.

If you all will please continue to support the Fund, as the Fund is so blessed, the Fund will continue our "labors of love" just as we have - each and every day - and we will continue to be accountable to you for your donations. This is our pledge.

The projections for the coming year are:

Orfanatorio Mazatlan	(16 to 30 children)	Salvation Army Orphanage	(25 to 38 children)
Food and milk	\$6,760.00	Food/milk	\$5,200.00
Christmas dinner	\$215.00	Christmas dinner	\$250.00
School supplies	\$900.00	School supplies	\$275.00
School shoes	\$800.00	School shoes	\$800.00
School uniforms	\$250.00	School uniforms	\$325.00
School backpacks	\$250.00	School backpacks	\$250.00
Summer sandals	<u>\$200.00</u>	Summer sandals	<u>\$200.00</u>
Total:	\$9,575.00	Total:	\$7,300.00
Hogar San Pablo	(15 to 25 children)	Alburgue Infantil	(25 children)
Food/milk	\$5,200.00	Christmas dinner	\$110.00
Christmas dinner	\$110.00		
School supplies*	\$253.00		
School shoes*	\$700.00		
School uniforms*	\$325.00		
School backpacks*	\$165.00		
Summer sandals*	<u>\$200.00</u>		
Total:	\$6,953.00		

* The Friends of Mexico has pledged to purchase these items for next year. However, the Fund has included these costs in our budget in the event the Friends of Mexico is unable to make the purchase.

Three Kings Day for all three orphanages \$200.00

Total projected expenditures for all four orphanages for the coming year: \$22,485.00

Total projected expenditures for all three orphanages for the coming year (minus the \$110.00 for Christmas dinner for Alburgue Infantil): 22,375.00

If you divide the projected \$22,375.00 (excludes Alburgue Infantil's \$110.00 projected for their Christmas dinner since they are not served by the Fund full-time) by the 68 children in the three orphanages at this time, this amounts to \$329.04 annually to provide nourishing, quality food, school supplies and shoes for each child, year-round. That is not very much money to help children have a nourishing, well-educated, productive and safe quality life for an entire year.

The goal of the Fund has always been to provide the type of life to each child in these orphanages that will help them grow up to be well-nourished, healthy, educated, motivated and a positive-contributing member of society.

The Fund operates on a "donations received basis"; meaning, we never know from year-to-year how much we will be able to provide the orphanages each year. We have always trusted in the Lord to provide and will continue to do so.

All donations continue to be deposited in the Fund's account at Cheyenne-Laramie County Employees Federal Credit Union in Cheyenne, Wyoming. Their toll-free number, should you have questions, is 1-888-918-8378. While any of the wonderful associates there can help you, the person who works closest with the Fund on a daily basis is loan-officer Jennifer Crockett.

General donations to the Fund this past year totaled \$17,063.66 with a \$12,000.00 donation made as a special tithe, to be used equally among the orphanages as needed, for a total of \$29,063.66 donated to the Fund this year. The previous year: \$23,078.00 was donated to the Fund.

The amount in the checking account 10/31/05: \$3,517.78. Last year: \$8,042.18

We always strive to stay one year ahead of the children's needs. While we have donations to feed, educate and clothe the children in all three orphanages for the coming year, we actually request donations for the next year. This way, we can commit to supporting the three orphanages year after year after year.

Please continue to help us feed, clothe and educate these children with your donations. Your help is invaluable and needed. You make the positive difference in the children's lives. We cannot do it without you.

Passages. . .

Many of you remember a lovely lady and Tres Islas Orphanage Fund donor named Gloria Geraths. For years, Gloria was my "right arm" in my endeavors on behalf of the orphanages.

Gloria organized the first-ever “adopt-a-child-for-Christmas” program in the orphanages where children were “adopted” and Christmas presents were purchased for them - where before they had little or none. Today that program continues just as Gloria began it, having now expanded to each of the orphanages the Fund serves. Each year, children in Mazatlan’s orphanages receive beautiful gifts, needed clothes and shoes they otherwise wouldn’t have received, if not for a generous program began by lovely Gloria.

Gloria made the children at Orfanatorio Mazatlan their first chocolate chip cookies and peanut butter cookies, taught the children how to make spaghetti and she and her husband Lloyd helped organize and host the first ocean side barbecues - a day outing where the children could frolic and be fed the best barbecue possible.

Year-after-year, week-after-week, Gloria would help Fella and me purchase groceries for the children.

If an appliance “broke” at one of the orphanages, (before the Fund ever had enough donations to fix it or even think of buying a new appliance), Lloyd would spent hours on his back on cold concrete floors doing his best to repair the appliance, if only for a short while, before he was called back to repair it once again.

When it came time to buy the children’s shoes, Gloria, Lloyd and I would load as many children as we could at a time in the back of their Dodge truck and head for the shoe store. There the children were blest, thanks to your donations, to select their very own pair of shoes for the year.

Afterwards, Gloria and Lloyd made sure they passed either the local ice cream store or pastry shop - and stopped - to complete the children’s outing with a treat.

A few years ago, Gloria was diagnosed with cancer and has been unable to return to Mazatlan, having undergone serious, painful surgeries and therapy. While her medicine is working, she faces many challenges.

This year we are proud to dedicate this annual report to our lovely and generous friend Gloria and her good husband, Lloyd Geraths, both who have never stopped caring about the children and contributing to their welfare; for all they helped me do in the Fund’s early days and for being the Fund’s and my cheering section yet today.

If Gloria’s therapy continues to go well this year, she and Lloyd would like to return to Mazatlan for Christmas 2006 to visit their beloved, adopted “grandchildren” in the orphanages and friends they made over the years in Mazatlan and see how it all turned out.

Please remember the goodly Gloria and Lloyd in your prayers.

Thank you, Gloria and Lloyd, we dedicate this annual report this year to you. .
.we love you!

* * * * *

In order to better serve the children and steward your donations well, you will see in the attachments that the board has a new secretary, Marta Grunsky.

Please take a moment to acquaint yourself with Marta and see how blest the Fund is to have her on board.

Likewise, we welcome *your* participation!

If you have ideas, any time (great or small), thoughts, aspirations or even one recommendation, please contact us. We want and welcome participation and we welcome you.

This is your Fund! And we value and appreciate you! So do the children!
They would love your participation in any way. . .so would we. . .

* * * * *

E. Kent McCaulley.

I never met Kent McCaulley, although I wish I had. Like many of you, Kent learned about the Fund by word-of-mouth and began donating to help the children. And like many of you, I always hoped to shake his hand one day and thank him in person for helping the children through the Fund.

A quiet man, and proud father of two boys, Kent loved the great outdoors. For that reason, he lived in Saratoga, Wyoming where one of the pastimes he enjoyed most was boating and fishing on the great Platte River.

This past May while in his boat on the Platte, something happened for which we will all never quite be sure how. . .or why. . .

We do know the water was high and swift that day and we know that evening, Kent didn't get to come home. His capsized boat was recovered, but Kent's body never has been found.

Kent McCaulley was a good man who loved children - his own and those he never met but could help from afar. Kent is "laid to rest" somewhere in his beloved outdoors of Wyoming, along the fishing hole where he spent some of the best hours of his life.

Thank you, Kent. We honor you. We bid you farewell. . .

* * * * *

We continue to give a big "hats-off" to EPUERTO, "a leader in high quality services" and a company that cares. EPUERTO provides custom business solutions, web design, custom database development, touch screen applications, virtual tours, graphic design, video editing, web hosting, database integration, e-commerce, network management, consulting, systems repair, and technical support from South America to Canada. You can visit EPUERTO at <http://www.epuerto.com>.

Thank you!

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When you're away from Mazatlan, be sure and visit Mazatlan's best tourist news magazine, the *Pacific Pearl*, online at www.pacificpearl.com.

When you're in Mazatlan, be sure and pick up a copy - they're free!

Mike and Maricha Veselik have been the “eyes and ears” between the English speaking living and visiting community and Mazatlan for almost 20 years. They are benevolent and keep everyone posted about those in need.

* * * * *

We again invite you to visit the children any time you would like. Part of the beauty of the Tres Islas Orphanage Fund is you are welcome to participate in the children’s lives. So that donors may interact with one another, we especially invite donors to gather in Mazatlan each Christmas to see the work your donations has done over the years. You will enjoy Christmas dinners with the children and interact with them and see the great difference your contributions make. Anything we may do to help you as you make your plans, please let us know. Anytime from December 17 through January 3 would be a good time for you to plan to visit.

Likewise, the Fund’s next week of “Labors of Love” (hands-on work at the orphanages) will be May 13 through May 21. Donors have already pledged to participate and we welcome you all. As you saw in the CD presentation we sent you this summer, the rewards are many, true friendships are forged and you leave being thankful you came. Everyone is welcome!

* * * * *

In closing. . .

Thank you, each of you, more than I may adequately express, for your support of the Tres Islas Orphanage Fund and ultimately, the children in orphanages in Old Mexico whom the Fund serves.

Please feel welcome to let the Fund know your thoughts, as this is your Fund and without you, it would not be. . .

This coming year, as always, we humbly ask for your continued support, please. Your on-going support will be genuinely appreciated and will make a significant difference in the lives of many children who are equally grateful to you.

One hundred percent of all your donations go toward the betterment of the children. Nothing is ever taken out for administration. You may honestly deduct 100% of your Tres Islas Orphanage Fund donations because all donations truly go to the children.

You are welcome to visit the orphanages and interact with the children whenever you can.

Please feel welcome to call on us, Fella, Bob and Janet, Marta, and John.

Thank you. . .

May our Lord bless each of you and yours as you have blessed the children the Fund is honored to serve on behalf of you. . .

My kindest and best regards, and appreciation, on behalf of the children,

Donelle Manton, Founder