



**ETHIOPIAID CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**



**ETHIOPIAID CANADA**

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**DECEMBER 31, 2015**

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# Ray Folkins, CPA, CA

Chartered Professional Accountant / Licensed Professional Accountant  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Ethiopiaid Canada:**

### *Report on the Financial Statements*

I have audited the accompanying financial statements of Ethiopiaid Canada, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in net assets and 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*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **Ray Folkins, CPA, CA**

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### **INDEPENDENT AUDITOR'S REPORT (Continued)**

#### ***Basis for Qualified Opinion***

In common with similar organizations, Ethiopiaid Canada derives revenue in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses for the year, assets and unrestricted net assets.

#### ***Qualified Opinion***

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ethiopiaid Canada as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Ray Folkins, CPA, CA*

#### **RAY FOLKINS, CPA, CA**

Chartered Professional Accountant  
Licensed Public Accountant

Ottawa, Ontario, Canada  
March 9, 2015



**ETHIOPIAID CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 381,477	\$ 225,920
HST receivable	4,270	7,773
	\$ 385,747	\$ 233,693
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 80,026	\$ 7,621
<b>NET ASSETS</b>		
Unrestricted	305,721	226,072
	\$ 385,747	\$ 233,693

Approved on behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**ETHIOPIAID CANADA**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
Grant from Ethiopiaid UK *	\$ 221,000	\$ 250,000
Donations	245,834	260,634
Interest and other	2,245	4,249
	<u>469,079</u>	<u>514,883</u>
<b>EXPENSES</b>		
Fundraising and communications	91,101	195,384
Management and administration	51,126	34,639
Programming	247,203	245,492
	<u>389,430</u>	<u>475,515</u>
<b>Excess of revenue over expenses for the year</b>	79,649	39,368
<b>Net assets, beginning of year</b>	<u>226,072</u>	<u>186,704</u>
<b>Net assets, end of year</b>	<u>\$ 305,721</u>	<u>\$ 226,072</u>

\* See note 4, page 8.



**ETHIOPIAID CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 79,649	\$ 39,368
Changes in non-cash working capital items		
Decrease (increase) in accrued receivable	-	627
Decrease (increase) in HST receivable	3,503	725
Increase in accounts payable and accrued liabilities	72,405	854
<b>Increase in cash for the year</b>	<b>155,557</b>	<b>41,574</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>225,920</b>	<b>184,346</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 381,477</b>	<b>\$ 225,920</b>
Cash and equivalents consist of:		
Cash	\$ 310,497	\$ 155,920
Short-term bank deposits	70,980	70,000
	<b>\$ 381,477</b>	<b>\$ 225,920</b>

**ETHIOPIAID CANADA  
SCHEDULE OF EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>Fundraising and communications</b>		
Design	\$ 3,174	\$ 4,036
Direct mail fundraising	29,207	101,530
Printing	44,606	77,051
Salaries	14,114	12,767
	91,101	195,384
<b>Management and administration</b>		
Bank charges	95	137
Donation data processing	3,088	2,533
Equipment and software	2,866	2,481
Insurance	1,350	1,458
Office expenses	9,203	4,257
Postage	2,576	3,226
Professional fees	3,844	3,121
Rent	5,151	4,200
Salaries	22,381	12,767
Telephone	572	459
	51,126	34,639
<b>Programming</b>		
Addis Ababa Fistula Hospital	85,000	110,000
AMREF Canada	15,687	-
Hope Enterprises	40,000	55,000
Cheshire Services Ethiopia	34,300	39,750
KMG Ethiopia	-	13,170
WAHA International	40,000	-
Salaries - project management	28,228	25,533
Project monitoring	3,988	2,039
	247,203	245,492
	\$ 389,430	\$ 475,515



## ETHIOPIAID CANADA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 1. PURPOSE OF THE ORGANIZATION

Ethiopiaid Canada was incorporated on June 22, 2009 under the Canada Corporations Act as a not-for-profit organization and is a Registered Charity under the Income Tax Act. Ethiopiaid Canada received its Certificate of Continuance under the Canada Not-for-profit Corporations Act on September 6, 2012.

Ethiopiaid Canada aims to create lasting and positive change in Ethiopia by tackling the problems of poverty, ill health and poor education through direct contributions to local Ethiopia community projects.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and consist of the following significant accounting policies.

*a) Accrual basis of accounting*

Revenue and expenses are recorded on the accrual basis, whereby they are reflected in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

*b) Financial instruments*

The organization's cash and equivalents are measured at fair value at the balance sheet date. Any changes in fair value, both realized and unrealized, are recorded as adjustments to revenue and expenses. Government rebates receivable and accounts payable and accrued liabilities are accounted for at amortized cost using the effective interest rate; they include all receivables and financial liabilities.

*c) Capital assets*

Capital assets are expensed in the year of purchase. During the period, office equipment of \$1,154 (2014 - \$225) was purchased and expensed.

*d) Revenue recognition*

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*e) Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and any potential adjustments are reported in the periods in which they become known.

## **ETHIOPIAID CANADA**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015**

#### **3. FINANCIAL INSTRUMENTS**

The organization's financial instruments consist of cash and equivalents, HST receivable, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate their fair value due to their short term maturity or capacity for immediate liquidation.

It is management's opinion that the organization is not exposed to significant interest rate, credit or currency risk arising from these financial instruments.

#### **4. RELATED PARTY TRANSACTIONS**

There are four international branches of Ethiopiaid: Australia, Canada, Ireland and The United Kingdom and each branch operates independently.

During the year, the organization received \$221,000 in grants from Ethiopiaid UK (2014 - \$250,000). There were no restrictions on this grant and it was primarily used to offset fundraising and communications expenses.

#### **5. COMPARATIVE FIGURES**

Certain of the 2014 comparative figures have been reclassified to conform with the current year's financial statement presentation.