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ETHIOPIAID CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2014



**ETHIOPIAID CANADA**

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**DECEMBER 31, 2014**

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

Chartered Professional Accountant / Licensed Professional Accountant  
251 Bank Street, 2<sup>nd</sup> Floor  
Ottawa, Ontario K2P 1X3

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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, 2014 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**

Chartered Professional Accountant / Licensed Professional Accountant  
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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, 2014 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.

***Other Matter***

The figures for the year ended December 31, 2013, presented for comparative purposes, are based on the financial statements of that year, which were reported on by another firm of chartered professional accountants. A modified opinion consistent with the basis for qualification paragraph above was expressed in their audit report dated June 18, 2014.

*Ray Folkins, CPA, CA*

**RAY FOLKINS, CPA, CA**  
Chartered Professional Accountant  
Licensed Public Accountant

Ottawa, Ontario, Canada  
May 18, 2015



**ETHIOPIAID CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 225,920	\$ 184,346
Accrued receivable	-	627
HST receivable	7,773	8,498
	<u>\$ 233,693</u>	<u>\$ 193,471</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 7,621	\$ 6,767
<b>NET ASSETS</b>		
Unrestricted	226,072	186,704
	<u>\$ 233,693</u>	<u>\$ 193,471</u>

Approved on behalf of the board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director



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ETHIOPIAID CANADA  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>REVENUE</b>		
Grant from Ethiopiaid UK	\$ 250,000	\$ 313,769
Donations	260,634	252,507
Interest and other	4,249	1,640
	<u>514,883</u>	<u>567,916</u>
<b>EXPENSES</b>		
Fundraising and publicity	197,917	187,386
Management and administration	32,106	33,932
Programming	245,492	242,394
	<u>475,515</u>	<u>463,712</u>
<b>Excess of revenue over expenses for the year</b>	39,368	104,204
<b>Net assets, beginning of year</b>	<u>186,704</u>	<u>82,500</u>
<b>Net assets, end of year</b>	<u>\$ 226,072</u>	<u>\$ 186,704</u>



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ETHIOPIAID CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 39,368	\$ 104,204
Changes in non-cash working capital items		
Decrease (increase) in accrued receivable	627	-
Decrease (increase) in HST receivable	725	(5,808)
Increase in accounts payable and accrued liabilities	854	2,360
<b>Increase in cash for the year</b>	41,574	100,756
<b>Cash and cash equivalents, beginning of year</b>	184,346	83,590
<b>Cash and cash equivalents, end of year</b>	\$ 225,920	\$ 184,346
<b>Cash and equivalents consist of:</b>		
Cash	\$ 155,920	\$ 124,346
Short-term bank deposits	70,000	60,000
	\$ 225,920	\$ 184,346

ETHIOPIAID CANADA  
SCHEDULE OF EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
<b>Fundraising and publicity</b>		
Design	\$ 4,036	\$ 2,379
Direct mail fundraising	101,530	97,013
Donation data processing	2,533	2,190
Event	-	1,268
Printing	77,051	73,310
Salaries	12,767	11,226
	<u>197,917</u>	<u>187,386</u>
<b>Management and administration</b>		
Bank charges	137	646
Insurance	1,458	1,247
Office expenses	9,964	13,104
Professional fees	3,121	3,162
Rent	4,200	4,200
Salaries	12,767	11,226
Telephone	459	347
	<u>32,106</u>	<u>33,932</u>
<b>Programming</b>		
Addis Ababa Fistula Hospital	110,000	85,000
Hope Enterprises	55,000	45,010
FIDO	-	32,775
Cheshire Services Ethiopia	39,750	41,150
KMG Ethiopia	13,170	14,000
Salaries - project management	25,533	22,452
Project monitoring	2,039	2,007
	<u>245,492</u>	<u>242,394</u>
	<u>\$ 475,515</u>	<u>\$ 463,712</u>



**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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 \$225 (2013 - \$258) 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.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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 \$250,000 in grants from Ethiopiaid UK (2013 - \$313,769). There were no restrictions on this grant and it was primarily used to offset fundraising and publicity expenses.

**5. COMPARATIVE FIGURES**

Certain of the 2013 comparative figures have been reclassified to conform with the current year's financial statement presentation.