

Ethiopiaid Canada
Financial Statements
December 31, 2018

Independent Auditor's Report

To the Members of
Ethiopiaid Canada

Opinion

I have audited the financial statements of Ethiopiaid Canada, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

Independent Auditor's Report

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Numeris CPA

Numeris CPA Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

Ottawa, ON
June 11, 2019

Ethiopiaid Canada
Statement of Financial Position
As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Assets		
Current		
Cash	\$ 342,081	\$ 297,391
Accounts receivable	6,405	4,958
Prepaid expenses	<u>4,635</u>	<u>11,935</u>
	<u>\$ 353,121</u>	<u>\$ 314,284</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 56,957	\$ 10,163
Government remittances payable	<u>6,899</u>	<u>2,040</u>
	63,856	12,203
Balance	<u>289,265</u>	<u>302,081</u>
	<u>\$ 353,121</u>	<u>\$ 314,284</u>

On behalf of the Board

_____ Member

_____ Member

See accompanying notes to the financial statements

**Ethiopiaid Canada
Statement of Operations
and Changes in Net Assets
Year ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
Revenues		
Donations	\$ 328,691	\$ 304,753
Grant from Ethiopiaid UK	159,940	184,124
Interest income	<u>2,302</u>	<u>2,419</u>
	<u>490,933</u>	<u>491,296</u>
Expenditures		
Program support in Ethiopia, Schedule 1	351,099	296,980
Fundraising and communications, Schedule 1	91,752	129,336
Management and administration, Schedule 1	<u>60,898</u>	<u>71,511</u>
	<u>503,749</u>	<u>497,827</u>
Deficiency of revenues over expenditures	(12,816)	(6,531)
Balance, beginning of year	<u>302,081</u>	<u>308,612</u>
Balance, end of year	<u>\$ 289,265</u>	<u>\$ 302,081</u>

See accompanying notes to the financial statements

Ethiopiaid Canada
Statement of Cash Flows
Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Operating activities		
Deficiency of revenues over expenditures	\$ (12,816)	\$ (6,531)
Change in non-cash working capital items		
Accounts receivable	(1,447)	2,639
Prepaid expenses	7,300	5,718
Accounts payable and accrued liabilities	46,794	2,218
Government remittances payable	<u>4,859</u>	<u>(5,615)</u>
Net increase (decrease) in cash	44,690	(1,571)
Cash, beginning of year	<u>297,391</u>	<u>298,962</u>
Cash, end of year	<u>\$ 342,081</u>	<u>\$ 297,391</u>

See accompanying notes to the financial statements

1. Nature of operations

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 aims to empower impoverished people in Ethiopia to live healthy and productive lives and seeks lasting change by supporting interventions driven by local partners.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) 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 when the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Capital assets

The organization expenses its capital assets. During the current year, capital expenditures included \$ nil (2017 - \$ nil).

(c) Financial instruments

The organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

3. Related party transactions

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

During the year, the organization received \$159,940 in grants from Ethiopiaid UK (2017 - \$184,124). There were no restrictions on this grant and it was used primarily to offset fundraising and communications expenses.

4. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Schedule 1
Ethiopiaid Canada
Schedule of Expenditures
Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Program support in Ethiopia		
WAHA International	\$ 90,051	\$ 89,274
AWSAD - Addis Ababa	80,000	40,000
AMREF Canada	80,000	-
Cheshire Services Ethiopia	56,000	56,243
Afar Pastoralist Development Association	20,000	45,500
Salaries - project management and administration	17,929	21,312
Project monitoring	6,879	4,381
Wire payment fees	240	270
AMREF Ethiopia	-	40,000
	<u>\$ 351,099</u>	<u>\$ 296,980</u>
Fundraising and communications		
Salaries	\$ 42,798	\$ 54,982
Printing	22,256	24,943
Direct mail fundraising	12,004	38,686
Other	10,164	4,974
Donation data processing	2,965	3,386
Design	1,565	2,365
	<u>\$ 91,752</u>	<u>\$ 129,336</u>
Management and administration		
Salaries	\$ 26,201	\$ 31,968
Accounting and audit	13,353	12,941
Rent	12,003	13,370
Office expense	3,979	5,776
Consultancy	1,819	-
Postage	1,551	2,555
Insurance	1,228	1,193
Telephone	640	570
Equipment and software	112	3,041
Bank charges	12	97
	<u>\$ 60,898</u>	<u>\$ 71,511</u>