

Ethiopiaid Canada
Financial Statements
December 31, 2019

Independent Auditor's Report

To the Board of Directors of
Ethiopiaid Canada

Opinion

I have audited the financial statements of Ethiopiaid Canada, which comprise the statement of financial position as at December 31, 2019, 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, 2019, and its results of operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 my 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 and Those Charged with Governance 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.

Independent Auditor's Report, continued

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:

- ♦ 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.

Ottawa, ON
August 4, 2020

Numeris CPA
Numeris CPA Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

Ethiopiaid Canada
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Cash	\$ 306,883	\$ 342,081
Accounts receivable	71,766	6,405
Prepaid expenses	1,212	4,635
	\$ 379,861	\$ 353,121
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 122,302	\$ 56,957
Government remittances payable	-	6,899
	122,302	63,856
Unrestricted net assets	257,559	289,265
	\$ 379,861	\$ 353,121

On behalf of the Board

Paire Barbey Member
 August 6, 2020

Quintin Member
 August 6, 2020

Ethiopiaid Canada
Statement of Operations
and Changes in Net Assets
Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Revenues		
Donations	\$ 551,491	\$ 328,691
Grant from Ethiopiaid UK	151,741	159,940
Fundraising events	7,226	-
Interest income	<u>2,827</u>	<u>2,302</u>
	<u>713,285</u>	<u>490,933</u>
Expenditures		
Program support in Ethiopia, Schedule 1	542,725	351,099
Fundraising and communications, Schedule 1	115,564	91,752
Management and administration, Schedule 1	<u>86,702</u>	<u>60,898</u>
	<u>744,991</u>	<u>503,749</u>
Deficiency of revenues over expenditures	(31,706)	(12,816)
Balance, beginning of year	<u>289,265</u>	<u>302,081</u>
Balance, end of year	<u>\$ 257,559</u>	<u>\$ 289,265</u>

Ethiopiaid Canada
Statement of Cash Flows
Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Operating activities		
Deficiency of revenues over expenditures	\$ (31,706)	\$ (12,816)
Items not affecting cash		
Accounts receivable	(65,361)	(1,447)
Prepaid expenses	3,423	7,300
Accounts payable and accrued liabilities	65,345	46,794
Government remittances payable	<u>(6,899)</u>	<u>4,859</u>
Net (decrease) increase in cash	(35,198)	44,690
Cash, beginning of year	<u>342,081</u>	<u>297,391</u>
Cash, end of year	<u>\$ 306,883</u>	<u>\$ 342,081</u>

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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Events revenue is recognized in the year in which the event occurs.

(b) Capital assets

The organization expenses its capital assets. During the current year, capital expenditures included \$1,838 (2018 - \$ -).

(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 \$151,741 in grants from Ethiopiaid UK (2018 - \$159,940). There were no restrictions on this grant and it was used primarily to offset fundraising and administration costs.

Schedule 1
Ethiopiaid Canada
Schedule of Expenditures
Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Program support in Ethiopia		
AWSAD - Addis Ababa	\$ 135,424	\$ 80,000
WAHA International	129,050	90,051
Afar Pastoralist Development Association	98,000	20,000
Cheshire Services Ethiopia	73,438	56,000
Addis Ababa Fistula Hospital	30,000	-
Salaries - project management and administration	23,600	17,929
AMREF Ethiopia	21,000	-
Afro Ethiopia Integrated Development	17,500	-
Project monitoring	9,243	6,879
Other	5,000	-
Wire payment fees	470	240
AMREF Canada	-	80,000
	<u>\$ 542,725</u>	<u>\$ 351,099</u>
Fundraising and communications		
Salaries	\$ 55,300	\$ 42,798
Printing	28,968	22,256
Direct mail fundraising	19,909	12,004
Other	7,688	10,164
Donation data processing	2,749	2,965
Design	950	1,565
	<u>115,564</u>	<u>91,752</u>
Management and administration		
Salaries	48,890	26,201
Accounting and audit	13,928	13,353
Office expense	4,739	3,979
Rent	9,355	12,003
Equipment and software	5,282	112
Consultancy	2,319	1,819
Insurance	1,369	1,228
Telephone	603	640
Postage	206	1,551
Bank charges	11	12
	<u>\$ 86,702</u>	<u>\$ 60,898</u>
	<u>\$ 744,991</u>	<u>\$ 503,749</u>

During the year, the organization received \$151,741 in grants from Ethiopiaid UK (2018 - \$159,940). There were no restrictions on this grant and it was used primarily to offset fundraising and administration costs.