

Ethiopiaid Canada
Financial Statements
December 31, 2022

Independent Auditor's Report

To the board of directors of
Ethiopiaid Canada

Qualified Opinion

I have audited the financial statements of Ethiopiaid Canada, which comprise the statement of financial position as at December 31, 2022, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Qualified 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. My audit opinion on the financial statements for the year ended December 31, 2022 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 qualified 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.

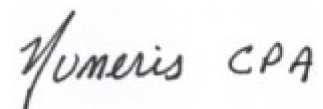
Those charged with governance are responsible for overseeing the organization's financial reporting process.

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.



Ottawa, ON
September 12, 2023

Numeris CPA Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

Ethiopiaid Canada
Statement of Financial Position
As at December 31, 2022

	<u>2022</u>	<u>2021</u>
Assets		
Current		
Cash	\$ 363,113	\$ 192,031
Accounts receivable	31,120	70,613
Prepaid expenses	720	1,073
Advances to projects	<u>-</u>	<u>80,790</u>
	<u>\$ 394,953</u>	<u>\$ 344,507</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 257,680	\$ 110,854
Unearned revenue	14,714	45,941
Government remittances payable	<u>-</u>	<u>7,403</u>
	272,394	164,198
Unrestricted net assets	<u>122,559</u>	<u>180,309</u>
	<u>\$ 394,953</u>	<u>\$ 344,507</u>

On behalf of the Board

Horla Torkornoo Member

Stewart Kerr Member

Ethiopiaid Canada
Statement of Operations
and Changes in Net Assets
Year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Revenues		
Global Affairs Canada	\$ 503,804	\$ 301,786
Donations	337,133	476,891
Grants	9,328	4,446
Fundraising events	2,187	-
Interest income	766	483
Grant from Ethiopiaid UK	-	50,632
COVID subsidies	-	8,425
	<u>853,218</u>	<u>842,663</u>
Expenditures		
Fundraising and communications, Schedule 1	77,687	107,031
Management and administration, Schedule 1	101,163	53,780
Program support in Ethiopia, Schedule 1	<u>732,118</u>	<u>661,015</u>
	<u>910,968</u>	<u>821,826</u>
(Deficiency) excess of revenues over expenditures	(57,750)	20,837
Balance, beginning of year	<u>180,309</u>	<u>159,472</u>
Balance, end of year	<u>\$ 122,559</u>	<u>\$ 180,309</u>

Ethiopiaid Canada
Statement of Cash Flows
Year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Operating activities		
(Deficiency) excess of revenues over expenditures	\$ (57,750)	\$ 20,837
Items not affecting cash		
Accounts receivable	39,493	(59,415)
Prepaid expenses	353	150
Advances to projects	80,790	(29,978)
Accounts payable and accrued liabilities	146,826	57,674
Unearned revenue	(31,227)	(7,867)
Government remittances payable	<u>(7,403)</u>	<u>(748)</u>
Net increase (decrease) in cash	171,082	(19,347)
Cash, beginning of year	<u>192,031</u>	<u>211,378</u>
Cash, end of year	<u>\$ 363,113</u>	<u>\$ 192,031</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

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned.

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 \$ - (2021 - \$ -).

(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 \$nil in grants from Ethiopiaid UK (2021 - \$50,632). In 2021 these funds were restricted to the partner cost sharing portion of the Global Affairs Canada project.

Schedule 1
Ethiopiaid Canada
Schedule of Expenditures
Year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Fundraising and communications		
Salaries	\$ 30,993	\$ 43,608
Printing	21,021	30,057
Direct mail fundraising	18,123	25,742
Other	3,711	3,152
Donation data processing	3,089	3,672
Design	<u>750</u>	<u>800</u>
	<u>77,687</u>	<u>107,031</u>
Management and administration		
Salaries	65,097	19,797
Accounting and audit	20,195	20,962
Rent	5,366	5,663
Equipment and software	3,421	2,823
Office expense	2,930	1,310
Insurance	1,593	1,560
Website	1,222	932
Telephone	961	704
Postage	282	-
Bank charges	<u>96</u>	<u>29</u>
	<u>101,163</u>	<u>53,780</u>
Program support in Ethiopia		
Global Affairs Canada	565,573	350,417
Hope and Light Civil Society	34,940	40,000
Cheshire Services Ethiopia	34,940	39,970
Salaries - project management and administration	31,814	40,720
Afro Ethiopia Integrated Development	16,870	38,070
Healing Hands of Joy	15,000	15,000
Afar Pastoralist Development Association	14,970	59,938
Simien Mountains Mobile Medical	14,970	-
Project monitoring	2,565	-
Wire payment fees	476	690
AWSAD - Addis Ababa	-	61,240
Relief Society of Tigray	<u>-</u>	<u>14,970</u>
	<u>732,118</u>	<u>661,015</u>
	<u>\$ 910,968</u>	<u>\$ 821,826</u>

During the year, the organization received \$nil in grants from Ethiopiaid UK (2021 - \$50,632). In 2021 these funds were restricted to the partner cost sharing portion of the Global Affairs Canada project.