

Ethiopiaid Canada
Financial Statements
December 31, 2021

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, 2021, 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, 2021, and its results of 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. My audit opinion on the financial statements for the year ended December 31, 2020 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.

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
May 5, 2022

Numeris CPA Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

Ethiopiaid Canada
Statement of Financial Position
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Assets		
Current		
Cash	\$ 192,031	\$ 211,378
Accounts receivable	70,613	11,198
Prepaid expenses	1,073	1,223
Advances to projects	<u>80,790</u>	<u>50,812</u>
	<u>\$ 344,507</u>	<u>\$ 274,611</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 110,854	\$ 53,180
Unearned revenue	45,941	53,808
Government remittances payable	<u>7,403</u>	<u>8,151</u>
	164,198	115,139
Unrestricted net assets	<u>180,309</u>	<u>159,472</u>
	<u>\$ 344,507</u>	<u>\$ 274,611</u>

On behalf of the Board

_____ Member

_____ Member

Ethiopiaid Canada
Statement of Operations
and Changes in Net Assets
Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Donations	\$ 476,891	\$ 329,015
Global Affairs Canada	301,786	287,768
Grant from Ethiopiaid UK	50,632	73,668
COVID subsidies	8,425	8,499
Grants	4,446	-
Interest income	483	2,497
	<u>842,663</u>	<u>701,447</u>
Expenditures		
Program support in Ethiopia, Schedule 1	661,015	628,012
Fundraising and communications, Schedule 1	107,031	116,716
Management and administration, Schedule 1	53,780	54,806
	<u>821,826</u>	<u>799,534</u>
Excess (deficiency) of revenues over expenditures	20,837	(98,087)
Balance, beginning of year	<u>159,472</u>	<u>257,559</u>
Balance, end of year	<u>\$ 180,309</u>	<u>\$ 159,472</u>

Ethiopiaid Canada
Statement of Cash Flows
Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 20,837	\$ (98,087)
Items not affecting cash		
Accounts receivable	(59,415)	60,568
Prepaid expenses	150	(11)
Advances to projects	(29,978)	(50,812)
Accounts payable and accrued liabilities	57,674	(69,122)
Unearned revenue	(7,867)	53,808
Government remittances payable	<u>(748)</u>	<u>8,151</u>
Net decrease in cash	(19,347)	(95,505)
Cash, beginning of year	<u>211,378</u>	<u>306,883</u>
Cash, end of year	<u>\$ 192,031</u>	<u>\$ 211,378</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 \$ nil (2020 - \$ 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 \$50,632 in grants from Ethiopiaid UK (2020 - \$73,668). In 2021 these funds were restricted to the partner cost sharing portion of the Global Affairs Canada project. In 2020 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, 2021

	<u>2021</u>	<u>2020</u>
Program support in Ethiopia		
Global Affairs Canada	\$ 350,417	\$ 330,927
AWSAD - Addis Ababa	61,240	58,837
Afar Pastoralist Development Association	59,938	47,863
Salaries - project management and administration	40,720	36,450
Hope and Light Civil Society	40,000	-
Cheshire Services Ethiopia	39,970	52,920
Afro Ethiopia Integrated Development	38,070	37,500
Healing Hands of Joy	15,000	60,000
Relief Society of Tigray	14,970	-
Wire payment fees	690	730
Project monitoring	-	2,785
	<u>\$ 661,015</u>	<u>\$ 628,012</u>
Fundraising and communications		
Salaries	\$ 43,608	\$ 58,056
Printing	30,057	27,508
Direct mail fundraising	25,742	20,958
Donation data processing	3,672	2,720
Other	3,152	6,204
Design	800	1,270
	<u>107,031</u>	<u>116,716</u>
Management and administration		
Accounting and audit	20,962	18,091
Salaries	19,797	36,086
Rent	5,663	9,399
Equipment and software	2,823	1,877
Insurance	1,560	1,455
Office expense	1,310	1,590
Website	932	-
Telephone	704	701
Bank charges	29	27
Postage	-	513
Management and administration GAC	-	(14,933)
	<u>\$ 53,780</u>	<u>\$ 54,806</u>
	<u>\$ 821,826</u>	<u>\$ 799,534</u>

During the year, the organization received \$50,632 in grants from Ethiopiaid UK (2020 - \$73,668). In 2021 these funds were restricted to the partner cost sharing portion of the Global Affairs Canada project. In 2020 there were no restrictions on this grant and it was used primarily to offset fundraising and administration costs.