

HOPE FOR RURAL CHILDREN & ORPHANS (HORCO)

(Ontario Corporation No.1670425; CRA No. 82604 0941 RR001)

ANNUAL REPORT OF ACTIVITIES IN 2011

Administrative Activities

The year 2011 was in some ways administratively challenging for HORCO Canada. While successful in implementing an approved water project (see below) in partnership with a local Ethiopian community and our affiliated NGO in Ethiopia, called *Hope for Rural Children (HORC)*, there were some ongoing difficulties with obtaining clear audits and complete financial reports from Dr. Getenesh Sintayehu. After many months of two-way communications via email and the occasional phone call, in July, the Board decided to set two conditions for continuing the partnership with HORC: 1) that HORC would obtain new financial audits by auditors of our choice (paid for by us), and 2) that HORC would demonstrate its ability to increase its capacity by obtaining support from additional donors/sources. HORC cannot depend solely on HORCO for its operating funds as the admin/management component of our approved budgets is just not enough to support all of the expenses of an NGO. Sadly, these conditions were never addressed and we told HORC that we would be talking with other NGOs for 2012. [Note: Bob and Dagim met Dr. Getenesh and her Board of Directors in Ethiopia in April, 2012, to discuss these issues and bring closure to this 3-year relationship. A report of this meeting was tabled at the 2012 AGM.]

Upon the recommendation of Dagim Almaw, we contacted Mr. Kurkura Waffo, Director of the Development Program of the Ethiopian Kale Heywet Church (EKHC) in Addis Ababa. This indigenous group has a history of over 25 years in relief and development work in rural Ethiopia, being funded by well-known agencies and foundations. Of interest to us was their WASH Program, an integrated approach to community development involving water, sanitation and hygiene. We initiated a series of fruitful email and phone exchanges, in which we shared our respective values, goals and expectations. Although they had never worked in the Gimbichu District, they were open to our request to continue work in that area. They agreed to do a "site visit" of the area and send us a preliminary proposal if work for them in the Gimbichu District were possible. We eventually accepted a proposal for work to be done in 2012. Details of the journey are documented in Board Minutes from 2011 and in a report tabled at the 2012 AGM, submitted by Dagim and Bob, who spent time recently with EKHC staff in Ethiopia. Overall, this seems to be a very positive development for HORCO and its future.

For several years HORCO has been looking to expand the Board of Directors. In 2011, we were very fortunate to add Ms. Tendayi Gwaradzimba to the Board. Tendayi is a very gifted and experienced African woman in areas of community development. Originally from Zimbabwe, where she received training as a nurse, she has worked with several large NGOs in a number of different African Nations. Currently she is employed in London as a Community Outreach Worker of the Life Resource Centre, an outreach to recent immigrants, which was established by North Park Community Church.

Charitable activities in Ethiopia

HORCO continued to work toward its 5-year goal of developing improved water sources in at least one community in rural Ethiopia each year, starting in 2010. In 2011, work was undertaken with the Dire Kebele Community in partnership with our affiliated Ethiopian NGO, *Hope for Rural Children*. With an approved budget of \$26,200, work was begun in March, 2011. Under the guidance of Mr. Kassahun

Hiyile Mikael, a water engineer employed by HORCO, the plan was to isolate and protect three separate springs originating from deep underground sources, which had come to the surface in this area. Water would be channeled to a large reservoir (~10,000 L), from which a single pipe would provide water to a regulated access point where there were four faucets that could be used for filling water containers. Community members worked together to provide unskilled labor, sand and rocks. HORCO provided all other materials, skilled labor and training for community personnel who would look after maintaining the completed facility.

Dagim visited the site in April/May, 2011. Work was completed in July. District Water Authorities commented that this was the best facility in Gimbichu – a model system for rural communities. Photos and videos of the work were shown at the annual fund-raising dinner in October, and were posted on HORCO's facebook page. [Note: Bob and Dagim visited the site again with Dr. Getenesh in April, 2012. Things are working well and the community is very happy. A summary of this site-visit was tabled at the 2012 AGM.]

Fund-raising

Annual Event. A goal of raising sufficient funds to complete water/sanitation services for a group of villages in Gimbichu (\$30,000) was set for 2011 – this was based on the project proposal submitted by EKHC. We held an Event on October 29th, *In Celebration of Water*, which was an Ethiopian dinner similar to those served each year since 2008. The event was held again at Hillside Church in London, and *Joy in the Harvest* Drum Choir, a local African Ladies' Group, provided entertainment for the second straight year. By all measures the evening was again a great success. Approximately 150 people plus volunteers attended the event. London's Ethiopian Community provided help with the event, and donated 200 injera for the meal! Ethiopian food was purchased from the ENAT Restaurant in London. Tickets at \$20 each helped to cover the costs for the evening (total cost = \$3,225), and 70(61 last year) individuals donated \$10,777 (\$12,174 last year). Corporate sponsorships from *Quench Water Canada, Inc* and *Trojan UV* also helped to defray event costs. Complete details of dinner finances are in Board Minutes of November, 2011.

By the end of 2011, with additional donations from monthly donors (~\$6,300) and other donors contacted by mail (~\$16,000) we had raised over \$33,100 for the third Gimbichu Project, to be done in partnership with EKHC and the Goro Bauchara Villages, starting in early 2012. Tax receipts were sent out for those who donated funds in 2010. We had 116 donors overall, which was about a 10% increase over last year. It is great to see new donors joining the HORCO Family, but it seems that each year we also lose 40-50% of donors from the previous year. We tried to address that in 2011 by sending special letters to donors from previous years who had not donated in 2010. There was little response.

Ethiopian Community. We continue to look for active support from Ethiopian Communities across Canada, but have not made much progress to date. Letters and email have been sent, and personal contact made with several groups but without any success. Dagim and Bob were not able to take HORCO to Ethiopians in Toronto last year, as the usual Ethiopian-Canadian Day celebration in September, ran into funding difficulties. A few people from Toronto came to our dinner in October. It is our goal to get Ethiopians engaged in supporting HORCO Canada and initiating fund-raising activities for HORCO Canada on their own (e.g. *Sunfest*). While this partnership is developing in London, it is a slow process and we have not been able to get Ethiopians to take the initiative. It was our suggestion that the fund-raising dinner in the Fall be an Ethiopian event to support HORCO Canada, rather than a HORCO Canada fund-raiser supported by Ethiopians. We will continue to work toward that!

Financial Report

We are pleased to report as shown on the attached summary that 88% of HORCO's disbursements in 2011 were used to support work in Ethiopia. The 2011 records and reports of HORCO Canada were reviewed by Mr. R. James Connelly, C.A. His letter and the summary report will be presented at the AGM and attached to this report. This is not a formal audit, but rather an "audit engagement" by a qualified accountant. Ontario Corporations with revenues <\$100,000 per year are not required to have formal audits if Board Members agree that an audit engagement is sufficient to provide accountability for financial dealings of the corporation. Mr. Connelly donated his time and expertise to complete this review.

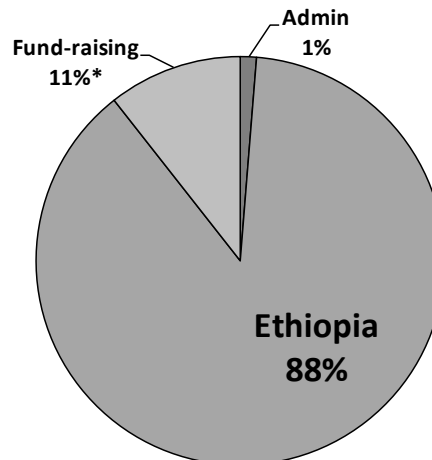
HORCO Board Members in 2011

Howard Katz	President and Director
Dagim Almaw	Vice President and Director
Bob Kline	Secretary/Treasurer and Director
Kevin Webb	Director and Development Consultant
Tendayi Gwaradzimba	Director

HORCO FINANCIAL SUMMARY - AGM 2012

Summary of Finances 2011		
Balance Forward	28,047.88	Jan. 1/11
General Fund	1,192.93	
Gimbichu Fund	26,854.95	
Revenue - Donations		
General Fund	2,980.20	Mail, online & dinner-related donations (net proceeds from dinner = \$12,135.42)
Gimbichu Water Fund	33,069.23	
Sub-Total	36,049.43	116 donors
Revenue - Other		
General Fund	3,100.00	Dinner tickets & sales
Revenue Total	39,149.43	
Expenses		
Admin	388.67	Bank, publicity, office costs
Fundraising Expenses	3,223.73	Dinner-related costs
Gimbichu Water Project	26,801.18	Funds sent to Ethiopia
Expenses Total	30,413.58	
Balance	36,783.73	Dec. 31/11
General Fund	3,660.73	
Gimbichu Fund	33,123.00	

Summary of Disbursements in 2011



* Note: 96% of fund-raising expenses were paid for by sale of tickets and African articles including art and clothing.

Summary of Number and Amount of Donations

Receipted Donors	91	24,534.15
Qualified Donors	2	2,844.05
CanadaHelps Donors	15	8,471.23
Anonymous Donors	8	200.00
Total Donors	116	36,049.43

It is our commitment to the supporters of HORCO Canada to be transparent and accountable with respect to finances and activities. As a volunteer-based organization dedicated to improving the quality of life in rural Ethiopia, we strive to keep our administrative costs here in Canada to a minimum, while **guaranteeing that 100%** of gifts to the Gimbichu Water Fund are used for implementation of Board-approved projects by our Ethiopian partner NGO. Gifts to the General Fund are used to support administrative and fund-raising costs, and to supplement project funds when necessary and available.

Notes:

- The Gimbichu Water expenses were the funds required to implement the project with the Dire Kebele Community. Total cost of the project was \$26,200, plus \$601.18 for a laptop computer for the NGO Director, which Dagim Almwaw delivered in March, 2011, when he visited Ethiopia to monitor progress on the Dire Kebele Project and a follow-up evaluation of the 2010 Lem Lem Project.
- The balance at the end of the year includes \$3,660.73 in the General Fund and \$33,123.00 in the Gimbichu Fund. The latter is committed to the 2012 water, sanitation and hygiene project with the Goro Buchara and Dibdibe Villages in the Gimbichu District.



Kassahun Hiyile Mikael
Water Engineer

Dr. Getenesh Sintayehu
NGO Director

Dire Kebele Water Facility, Gimbichu District, Ethiopia, July 2011

Implementation partners: Dire Kebele Community, Ethiopian NGO, and HORCO Canada

Work began on this facility in February, 2011 and was completed in July. Prior to starting the work, the NGO and local water authorities met a number of times with the Community Water Committee to work out details about ownership and commitment to maintenance of the facility. The actual work involved isolation and protection of three underground springs, and subsequent construction of reservoirs with gravitational delivery systems to a single access point having four tap-controlled outlets. Work was directed by the water engineer while the labor force was composed of community members (adults and children), who isolated the springs, carried rocks, dug trenches for pipes, and mixed concrete. A few masonry workers built the reservoirs and access point. You can see samples of all this activity on the 11 minute video posted at www.facebook.com/horcocanada. It's rather moving to see the people digging with their hands – this is their water facility! After it was completed, several community members were trained to maintain and manage the facility; each family contributes a small amount of money monthly to support the care-takers and costs of maintenance. Average walking distance to the facility is about 1.5 km (a UN goal for rural communities in developing countries). Women and children use 5, 10 and 20 L containers to transport water – cleanliness of these is monitored by the care-takers. Typical water flow will allow families to collect 2-3 20 L jugs per day to meet all water needs (drinking, cooking, washing clothes and dishes, personal hygiene). UN guidelines call for 20 L/person/day. Obviously, Ethiopians know how to conserve water!