

HOPE FOR RURAL CHILDREN & ORPHANS (HORCO)

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

ANNUAL REPORT OF ACTIVITIES IN 2012

Administrative Activities

Administratively, 2012 was a good year! HORCO completed its first year with the Ethiopian Kale Heywet Church (EKHC) Development Office as its agent for charitable work in Ethiopia. EKHC's *Integrated Water, Sanitation and Hygiene Program*, under the direction of Mr. Mogus Mehari, contracted with HORCO to implement the Board-approved work with the Goro Buchara Villages of the Gimbichu District (see summary below). Having met with Mr. Kurkura Waffo, Deputy General Director of the EKHC Development Office, and Mr. Mehari in Addis Ababa in spring 2012, a very good working relationship was established between us personally, and our two organizations. Mr. Mehari is an extremely good communicator and EKHC has in place all of the business practices expected of an experienced NGO that has had significant funding from well-known international agencies and foundations. They know what we expect of them in terms of accountability and timeliness, and they have expressed to us their expectations of HORCO.

HORCO received frequent updates on the progress of the work, with financial summaries submitted at various times throughout the year, as required in our agency agreement. Final reports of the work completed and details of project expenses were received early in 2013. Overall, it was a pleasure to work with EKHC staff. They achieved more than we expected with the funds that were sent, and were prompt in answering any questions that we asked throughout the year. They seem happy with our relationship and are encouraging HORCO to consider 3-year project proposals.

The Board of Directors began a process of strategic planning during the summer. A SWOT analysis was done, however further planning was delayed until a later date. This will be part of the agenda at the 2012 AGM.

A new webmaster was engaged and the HORCO webpage was upgraded and updated with new photos, videos and stories. It is important to maintain an up-to-date presence on the internet.

In 2012 there were some changes in our Board of Directors. We said good-bye to Mr. Kevin Webb, one of our founding Directors. Kevin, experienced in international development procedures and funding with Rotary Clubs, was instrumental in helping HORCO to become established and focused on the right track from the beginning. With his change in responsibilities at the CRCID, he will leave the Director's position with HORCO but remain a consultant.

We were very fortunate to add 3 new Directors to the Board:

- Dr. Jane Rylett, a Distinguished University Professor at Western, is Chair of Physiology and Pharmacology and Assistant Director at the Robarts Research Institute. Jane has been a faithful

supporter of HORCO since its beginning, and has experience on Boards of other non-profits and charities.

- Mr. David Hiebert, a relative newcomer to London, has valuable experience in International Development as a result of postgraduate studies at Trinity Western University, and NGO leadership field experience in Canada, India, and several African Countries. David has an entrepreneurial spirit and a heart for working with “young” NGOs who are seeking to empower the poor.
- Mr. Dan Kalmar is a recent graduate of Western, now working in Toronto with an internet marketing company. Dan was recruited by Kevin Webb as a young man interested in becoming involved in development work. He brings technical savvy which will be helpful in elevating HORCO’s presence and fund-raising on the web.

Charitable Activities in Ethiopia

HORCO continued to work toward its 5-year goal starting in 2010, of developing improved water sources and effective sanitation practices in at least one rural community in the Gimbichu District of Ethiopia each year. In the last 3 years, we have completed work with six communities, serving an estimated total population of 10,600 adults and children (see attached table for details).

In 2012, EKHC staff worked with four different communities to develop improved water sources and provide training in sanitation and hygiene for an estimated population of 5,800 adults and children. The approved project called for work with just two villages, Goro Buchara and Dibdibe, using a large, near-by Government water main as the water source. A large reservoir was constructed with water distribution points located close-by to each of the villages, providing families with unlimited access to safe water. Pit latrines were constructed by many of the families. Dagim and Bob visited the project site in April, 2012. They took photos and videos of the work in progress, which were placed on the web and shown at the fund-raising dinner in November.

In the fall, with surplus materials and funds remaining in the budget, EKHC agreed to a Government request to speak with two additional communities in the area. As the Riqete Village was also close to the water main, Water Officials indicated that a separate connection to the large water main was possible if EKHC would construct a water point for the village. The Fencha Village, located elsewhere in Gimbichu had requested help to protect a contaminated, surface spring that they had been using as a water source. After appropriate conversations with community leaders, EKHC agreed to help them isolate and protect the spring, construct a water point and build a washing table. EKHC commented that this community was especially committed to the task.

In December, the communities held a joint celebration for the completion of the work. EKHC staff and Government Officials were invited. We received a narrative of the event plus photos, which were posted on facebook. Mogus commented on completion of the work: *“The project has been maximized from Dibdibe and Goro Buchara communities by extending the service to Riqete and Fencha communities with no additional funding. This is has been praised by the wereda [District] Water office to accomplish with limited amount of funds and time. The government official in his speech said " this is one of the most effective project in the wereda and other implementors can learn from this project.”*

[Actually, in completing the additional work, EKHC developed a deficit for the year of \$853 CDN. A detailed final report of all the work completed, including EKHC expenses, was received and circulated to Directors in April, 2013. The over-budget funds were included in the second project installment for 2013, wired to EKHC in April, 2013.]

Fund-raising

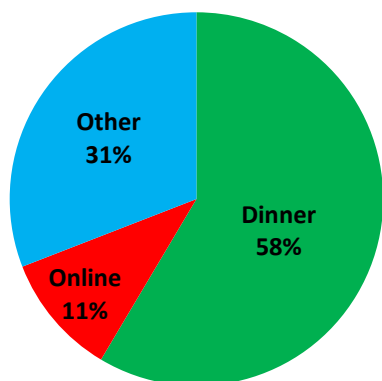
A goal of raising \$40,000 to complete water/sanitation services with another group of villages in Gimbichu was set for 2013 – this was based on a Board-approved project proposal submitted by EKHC. We held our 5th annual fund-raising event, *In Celebration of Clean Water*, on November 19th, which was an Ethiopian dinner similar to those served each year since 2008. The event was held again at Hillside Church in London. Entertainment was provided by London Jazz singer, Denise Pelley and her accompanist, Stephen Holowitz. *Joy in the Harvest* Drum Choir, a local African Ladies' Group, also participated for the 3rd straight year. A special guest was Mr. Kurkura Waffo from the EKHC Development Office in Addis Ababa. Mr. Waffo brought greetings from Ethiopia and thanked HORCO donors for their generous support of water and sanitation development in rural Ethiopia. We appreciated Mr. Waffo's commitment to coming to Canada to take part in our dinner, despite some severe health problems encountered during the summer. His presentation to the donors was both moving and challenging.

This was our largest event so far, with slightly over 200 paid guests (144 last year) plus about 25 volunteers. 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 = \$4,570), and 72 (70 last year) donors gave \$17,520 (\$11,449 last year). A corporate donation from *Quench Water Canada, Inc* also helped to defray event costs. Complete details of dinner finances are in the Board Minutes of March, 2013.

By the end of 2012, with donations from monthly donors (~\$6,300) and gifts from donors responding to our mail and email requests (~\$18,200), we had raised over \$42,000 for the fourth Gimbichu Project, to be done in partnership with EKHC and the Kersa Kebele Villages, starting in early 2013. Tax receipts were sent out for those who donated funds in 2012; we had 123 donors overall (116 last year), 43% of whom were new donors. It is great to see new donors join the effort, but we consistently lose 45-55% of donors from the previous year. This seems to be a trend in charitable giving that is not unique to HORCO.

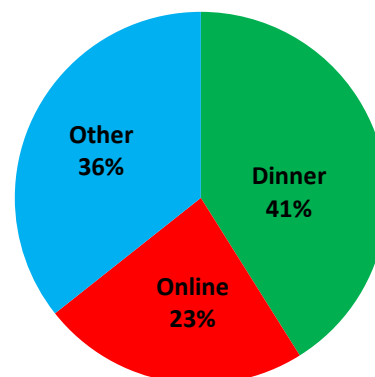
2012 Donors

Total No. = 123



2012 Donations

Total = \$42,651



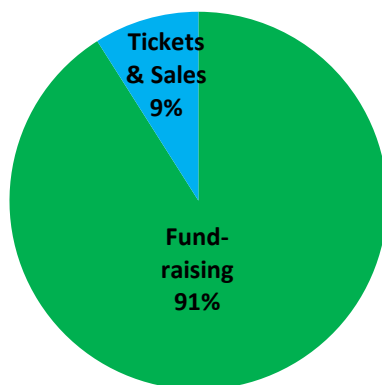
The importance of the fund-raising dinner can be seen by the large percentage of our donors who attend the dinner. Despite several attempts to attract additional online donors through information and challenges on facebook, the online donors remains around 10% of the total, although their donations tend to be larger. A summary of dinner stats over 5 years is attached.

Financial Report

We are pleased to report as shown below that 87% of HORCO's disbursements in 2012 were used to support work in Ethiopia. Details of 2012 finances are attached. The 2012 records and reports of HORCO were reviewed by Mr. R. James Connelly, C.A. His letter and summary report will be available at the AGM. 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.

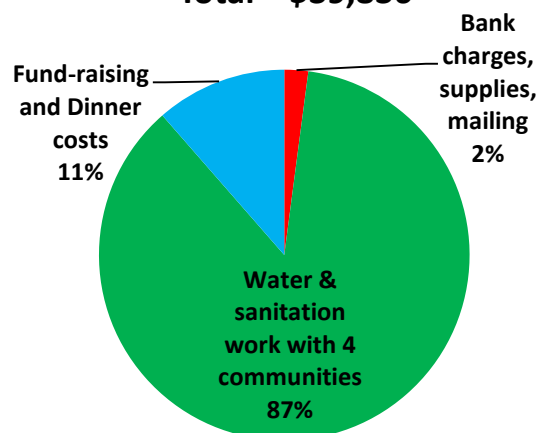
2012 Income

Total = \$46,866



2012 Expenses

Total = \$39,836



HORCO Board Members in 2012

Howard Katz	President and Director
Dagim Almw	Vice President and Director
Bob Kline	Secretary/Treasurer and Director
Kevin Webb	Director
Tendayi Gwaradzimba	Director
Jane Rylett	Director
David Hiebert	Director
Dan Kalmar	Director

Hope for Rural Children and Orphans (HORCO) Financial Report for 2012

Balances 1Jan 12		36,783.73		
	General Fund	3,660.73		
	Gimbichu Fund	33,123.00		
Revenue				
General				
	Donors	650.00		
	Qualified Donors	-		
	Other	4,215.00	Tickets, Sales	
	Sub-Total	4,865.00		
Gimbichu				
	Donors	40,309.83		
	Qualified Donors	1,690.81	Churches	
	Sub-Total	42,000.64		
TOTAL REVENUE		46,865.64		
Expenses				
General				
	Admin	517.91	Bank Charges (includes \$442.93 to wire US\$)	
	Office	310.50	See below*	
	Fund-raising	4,552.58	Dinner-related costs and mailing	
	Sub-total	5,380.99		
Gimbichu				
	EKHC	33,299.39	Budgeted Total (includes \$562.39 for laptop for Kurkura)	
	HORCO Management	1,156.00	Bob/Dagim in Ethiopia, Apr \$456; Kurkura in London, Nov \$700	
	Sub-total	34,455.39		
TOTAL EXPENSES		39,836.38		
Balances 31Dec12		43,812.99		
	General Fund	3,144.74		
	Gimbichu Fund	40,668.25	(commitment to 2013 project: 39,152)	
* "Other" Expenses: mailing tax receipts, printing supplies, annual fees for web site and accounting software				
Summary of Donations from DONATION Software				Summary of Expenses
# Received	92	\$30,650.50	% spent on fund-raising	11.4%
# Qualified Donors	2	\$1,690.81	% spent on admin/management	2.1%
# CanadaHelps Donors	13	\$9,922.33	% spent on charitable activities	86.5%
# Anonymous/Non-receiptable	16	\$387.00	% of fund-raising costs covered by tickets/sales	92.6%
Total # Donors	123	\$42,650.64		