

## HOPE FOR RURAL CHILDREN & ORPHANS (HORCO)

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

# ANNUAL REPORT OF ACTIVITIES Highlights of 2014

### Administrative Activities

#### EKHC Partnership.

- EKHC's *Integrated Water, Sanitation and Hygiene Program*, under the direction of Mr. Mogus Mehari, contracted with HORCO to implement a plan that would impact almost 9,000 people in the Gimbichu District.
- Mr. Mehari continued to be an extremely good communicator and EKHC has in place all of the business practices expected of an experienced NGO that continues to have significant funding from well-known international agencies and foundations.
- HORCO received interim financial summaries (on file) throughout the year, as required in our agency agreement. An official 2014 audit by Ethiopian Auditors is forthcoming.
- Overall, as in previous years, it was a pleasure to work with EKHC staff and they were prompt in answering any questions that we asked throughout the year.

#### Integration with World Serve.

- In 2013 discussions with World Serve about a partnership or merger were initiated.
- In 2014, HORCO was visited by several members of the *World Serve's* leadership team, including Steve Wile (President). After positive discussions and with Board approval, David Hiebert and Steve Wile drew up a *Memorandum of Agreement* (on file) for a 5-year plan to move toward a full integration of HORCO within World Serve.
  - The two organizations would work together with independent budgets for 2 years, to provide holistic development (water/sanitation and ministry activities, respectively) for villages in Gimbichu.
  - After 2 years, the possibility of a full integration would be entertained. If agreed, HORCO's Team would continue to function as is for 3 years, but all HORCO assets would be turned over to World Serve, and HORCO would cease to exist.
  - Steve Wile and the HORCO Board agreed on the Terms of Reference for such a plan, and David and Bob began to draw up a timeline for activities that would involve World Serve, HORCO and potential Ethiopian Partners including EKHC.
- Abruptly, just before the end of 2014, Steve Wile submitted his resignation and discussion drew to a halt. World Serve continues on its search for a new President as of May, 2015. David Hiebert has since been appointed a Regional Director with World Serve with specific duties of managing activities of World Serve Thrift Stores across Canada.

## Charitable Activities in Ethiopia

In 2014, HORCO completed its 5-year goal starting in 2010, of developing improved water sources and effective sanitation practices in rural communities in the Gimbichu District of Oromia Regional State, Ethiopia (**Appendix A**). With resources made available by HORCO donors, we have been able to answer the call for help from 12 rural villages, a small town and a school. Working with our Ethiopian Partners, HORCO has impacted the lives of almost 25,000 adults and children through clean water and sanitation. We have a good relationship with the Head of the District Water Office and hear many reports of appreciation of the EKHC staff that daily interact with villagers.

**Summary of work in 2014.** Project funds wired = \$43,475 CAD. (This does not include \$3,000 cost overrun, which was wired in 2015.) See **Appendix B** for EKHC Financial Report.

- **Town of Cheffe Donsa** (8,000 people) needed a new, safe water source for the entire town, as their current source was failing and people were once again going to the river for water. A large underground spring with multiple sources was identified. With persistence and careful excavation, all sources were isolated and the spring was capped.
  - Its constant flow of nearly 5 L/sec will be more than enough to handle the expected growth of the town in the next 5-10 years. Spring water flows through a pipeline 800 m into a cistern in the pump house, from which it is pumped to large reservoirs on a hill above the town.
  - Overflow from the cistern is used to irrigate crops in nearby fields.
- **The Ancheta Village** (1,800 people) is quite distant and roads are poor to this part of Gimbichu.
  - The Gimbichu-Fentale Water Pipeline runs nearby the village. This allowed a Government-approved tap into the pipeline to take water several kms to the village, where a water point is now available for people to have access to unlimited, clean water 24/7.
  - Families and children were trained in sanitation and personal hygiene and encouraged to construct family pit latrines.
- Dagim, David and Bob visited Cheffe Donsa and previous work sites in February, 2014. Their report was tabled previously.

**Solar Water Pumps.** Following their 2014 Ethiopia trip David and Bob investigated the possibility of using solar pumps for the water systems in the Kersa Villages and Cheffe Donsa. Several meetings were held with a large solar company, including detailed engineering discussions regarding the feasibility. After these promising discussions the company abruptly withdrew from any further discussions or contact. Frequent attempts were made to re-connect.

## Fund-raising for 2015

- After discussions with EKHC a goal of raising \$41,747 CAD to complete water/sanitation services with the Jejiga Village in Gimbichu was set for 2015 – this was based on a Board-approved project proposal submitted by EKHC. An additional \$3,000 would be required to cover a cost overrun for the 2014 project.

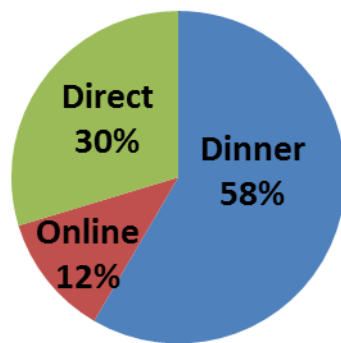
- **World Water Day.** Two Western students set up a donation table in the Medical Sciences Building to raise awareness of water needs in Ethiopia and the work of HORCO. Their bake sale generated a net of \$217.00
- **Ethiopian Dinner.** We held our 7<sup>th</sup> annual fund-raising event, *In Celebration of Clean Water*, on November 8<sup>th</sup>, which was an Ethiopian dinner similar to those served each year since 2008. The event was held again at Hillside Church in London. The evening featured interviews with EKHC guests Kukura Waffo and Mogus Mehari, along with new photos and video interviews from HORCO's work in Ethiopia.
  - This was our largest event to date, with 220 seated guests 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. A sponsorship by the *Sansin Corporation* provided \$3,500 toward the cost of the event, thereby allowing nearly all of the ticket revenue at \$20 each to go towards the Gimbichu Project Fund.
  - The total money raised for Gimbichu from tickets, "kolo" sales and donors (85) at the dinner was \$13,117. Corporate donations from *Quench Water Canada, Inc* and *Robertson Hall Insurance* also helped to defray travel costs for Ethiopian guests.
  - 30 (35%) of the 85 donors at the dinner were new; 29 donors from 2012 who did not donate in 2013 were contacted by phone/message: 1 donated.

- **Summary of all donations.**

	2014		2013	
Receipted Donors	109	\$ 28,830.30	99	\$ 29,584.26
Qualified Donors (churches)	2	\$ 3,758.27	4	\$ 4,015.18
CanadaHelps Donors (online)	17	\$ 9,487.00	20	\$ 11,647.32
Corporate Sponsors	3	\$ 4,720.00	3	\$ 4,500.00
Anonymous/Non-receiptable	14	\$ 647.00	24	\$ 500.20
<b>Total # Donors</b>	<b>145</b>	<b>\$ 47,442.57</b>	<b>150</b>	<b>\$ 50,246.96</b>

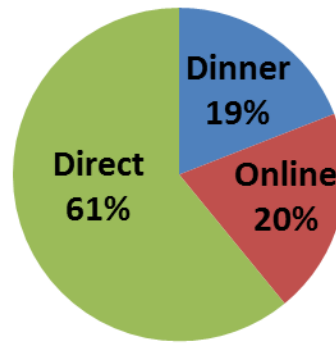
### 2014 Donors

Total number = 145



### 2014 Donations

Total = \$47,442

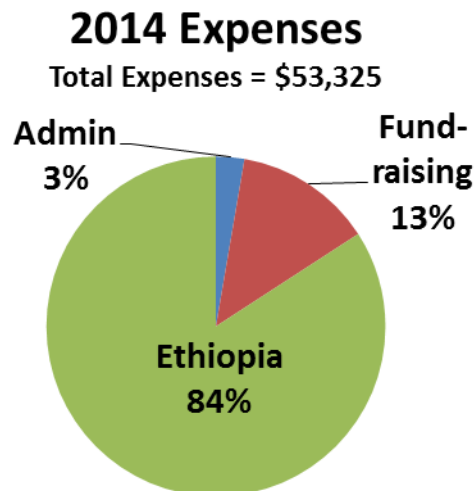
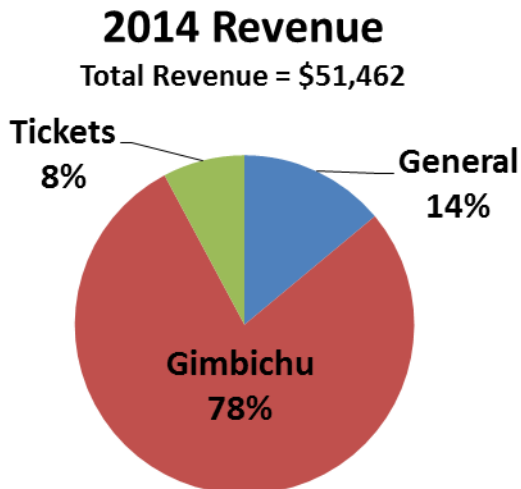


- The dinner attracted the greatest number of donors
- Online donations and dinner donations were about equal

- Direct donations were the largest source of income – this includes corporate sponsors and qualified donors
- 40% of the donors were new; 9 donors gave 60% of the total donations

## Financial Report

We are pleased to report as shown below that 84% of HORCO's disbursements in 2014 were used to support work in Ethiopia. **Details of 2014 finances are attached (Appendix C).** The 2014 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.



- Donations make-up 92% of total revenue
- Fund-raising expenses were increased due to travel expenses for EKHC Guests

## HORCO Board Members in 2014

Howard Katz	President and Director (5Dec2005)
Dagim Almaw	Vice President and Director (5Dec2005)
Bob Kline	Secretary/Treasurer and Director (5Dec2005)
Tendayi Gwaradzimba	Director (9Apr2011)
Jane Rylett	Director (8Jul2012)
David Hiebert	Director (8Jul2012)
Dan Kalmar	Director (8Jul2012)
Botossa Balcha	Director (9Nov2013)

## Appendix A

### Summary of Water/Sanitation Work by HORCO in Gimbichu District of Ethiopia

Date	Site	Work Done	People Benefitted	Implementation	Actual Project Costs	\$CAD		Follow-up
						Community In Kind	HORCO Management	
2009/10	Lem Lem Community	Improved water source	400 families est. 2,400 people	HORC	\$28,300		\$1,500	Apr, 2011 - Dagim Apr, 2012 - Dagim/Bob
2011	Dire Kebele Community	Improved water source	400 families est. 2,400 people	HORC	\$26,800		\$0	Apr, 2011 - Dagim Apr, 2012 - Dagim/Bob
2012	Goro Buchara Area Villages	12 month Integrated WaSH	4 villages est. 5,800 people	EKHC	\$34,752		\$556	Apr, 2012 - Dagim/Bob Apr, 2013 - Dagim
2013	Kersa Kebele Villages	12 month Integrated WaSH	4 villages + school est. 3,600 people	EKHC	\$43,489	\$2,267	\$800	Apr, 2013 - Dagim Feb, 2014 - Dagim, David, Bob
2014	Cheffe Donsa Ancheta Village	12 month Integrated WaSH	Town + Village est. 10,000	EKHC	\$46,451	\$1,710	\$1,400	Feb 2014 - Dagim, David, Bob Apr 2015 - Dagim
2015	Jejiga Village	12 month Integrated WaSH	est 1,500 people	EKHC	in progress		\$0	Apr 2015 - Dagim
		<b>Cumulative for 2009 through 2014</b>	<b>Total People</b>		<b>\$179,792</b>			<b>Per person cost ~ \$10; per family cost ~ \$65</b>

Notes: HORCO Management costs include a computer for EKHC (2012) and partial travel costs for follow-up visits by HORCO

## Appendix B

<b>EKHC HORCO WASH Project - Cheffe Donsa and Ancheta Village</b>					
<b>Financial Report from Jan 2014 to Dec 2014</b>					
S/N	Activities	Budget from Jan to Dec 2014		Actual Expenses (Jan to Dec)	Variance
		CAD	Birr	Birr	Birr
1	<b>Human Resource</b>				
1.2	<b>General / Experise</b>				
	Team Leader	2,360.32	41,400.00	49,051.25	(7,651.25)
	Water Technicians (ass. team lea	1,505.13	26,400.00	28,528.61	(2,128.61)
	Mason crew/ trainee	1,824.40	32,000.00	48,250.00	(16,250.00)
1.3	<b>Community Education team</b>		-		-
	Health educator/ social worker	2,189.28	38,400.00	28,047.41	10,352.59
	Local Social worker	1,026.23	18,000.00		18,000.00
1.4	<b>Perdiem and labour cost</b>		-		-
	On the spot/ project stuff	9,122.01	160,000.00	155,063.00	4,937.00
1.5	<b>Training</b>		-		-
	WASH/CBO training (4 days)	628.56	11,025.00	5603	5,422.00
	Monitoring by sector office	399.09	7,000.00	11,473.35	(4,473.35)
	<b>Sub Total Human Resources</b>	<b>19,055.02</b>	<b>334,225.00</b>	<b>326,016.62</b>	<b>8,208.38</b>
2	<b>Transport (material &amp; personel)</b>		-		
	Use of Truck for material transport	285.06	5,000.00	6,200.00	(1,200.00)
	light vehicle (transport serv)	5,131.13	90,000.00	114,830.35	(24,830.35)
	<b>Sub total</b>	<b>5,416.19</b>	<b>95,000.00</b>	<b>121,030.35</b>	<b>(26,030.35)</b>
3.3	<b>Tools</b>		-		
3.3.1	tools for team & Scheme cretakers	570.13	10,000.00	6,315.95	3,684.05
	<b>Sub total</b>	<b>570.13</b>	<b>10,000.00</b>	<b>6,315.95</b>	<b>3,684.05</b>
4.1	<b>Construction materials</b>		-		
	GI Pipes		-		
	HDPE and GI pipes	8,551.88	150,000.00	164,693.98	(14,693.98)
	Pipe, Fitting (various type)	1,140.25	20,000.00	34,715.93	(14,715.93)
	Cement	627.14	11,000.00	16,033.90	(5,033.90)
	Reinforcement bars/ Mesh wire	1,282.78	22,500.00	23,235.13	(735.13)
	Sand	598.63	10,500.00	14,954.99	(4,454.99)
	Gravel for concrete	456.10	8,000.00	7,909.00	91.00
	Stone for masonry	570.13	10,000.00	10,000.00	(0.00)
	Form work and miscellaneous	456.10	8,000.00	12,407.91	(4,407.91)
	IEC training materials for CBOs	342.08	6,000.00		6,000.00
	<b>Sub total</b>	<b>14,025.09</b>	<b>246,000.00</b>	<b>283,950.84</b>	<b>(37,950.84)</b>
5	<b>Other Program Service costs</b>		-		
	Sign Boards and Identification plates	456.10	8,000.00	5700	2,300.00
	<b>sub total</b>	<b>456.10</b>	<b>8,000.00</b>	<b>5,700.00</b>	<b>2,300.00</b>
	<b>Total Cost of the action (direct)</b>	<b>39,522.52</b>	<b>693,225.00</b>	<b>743,013.76</b>	<b>(49,788.76)</b>
6	Administration Allocation (10%)	3,952.25	69,322.50	69,322.50	(0.00)
	<b>Total fund requested from HORCO</b>	<b>43,474.77</b>	<b>762,547.50</b>	<b>812,336.26</b>	<b>(49,788.76)</b>
7	Community Contribution	1,710.38	30,000.00	31000	(1,000.00)
	<b>Grand total cost</b>	<b>45,185.15</b>	<b>792,547.50</b>	<b>843,336.26</b>	<b>(50,788.76)</b>
	Beginning Fund balance as of Jan 01/2014		ET Birr	(1,199.08)	
	Income received during the period			761,354.47	
	Income for international travel			29,320.01	
	<b>Total Income</b>				<b>790,674.48</b>
	International travel Expense			27,588.59	
	expense during the Period			812,336.26	
	<b>Total Expense</b>				<b>839,924.85</b>
	Fund balance as of DEC 31 2014			<b>(50,449.45)</b>	
	<b>Cost over-run for 2014 (additional cost for HORCO)</b>		<b>CAD</b>	<b>2,976</b>	Jan 15, 2015 exchange

## **Appendix C**

### **HORCO Financial Summary for 2014**

<b>Balances 1Jan 14</b>	<b>46,761.47</b>	
General Fund	2,378.36	
Gimbichu Fund	44,383.11	
<b>Revenue</b>		
<b>General</b>		
Donors	2,456.40	
Qualified Donors	-	Registered charities
Sponsors	4,720.00	Non-receiptable
Other	-	
<b>Sub-Total</b>	<b>7,176.40</b>	
<b>Gimbichu</b>		
Donors	36,507.90	
Qualified Donors	3,758.27	Registered charities
Sponsors	-	Non-receiptable
Other	4,020.00	Ticket revenue + sales
<b>Sub-Total</b>	<b>44,286.17</b>	
<b>TOTAL REVENUE</b>	<b>51,462.57</b>	
<b>Expenses</b>		
<b>General</b>		
Admin	205.36	Bank Fees: monthly + wire charges
Office	1,235.09	Copies, printer, tax receipts, accounting software, & insurance (\$1,080)
Fund-raising	7,009.86	Website, Toronto event, poster display, brochures, dinner expenses (\$6,233)*
<b>Sub-total</b>	<b>8,450.31</b>	
		* Includes publicity, invitations, mailing supplies, food, decorations, rental fees, music, plus travel expenses for Kurkura and Mogus
<b>Gimbichu</b>		
EKHC	<b>43,475.00</b>	2014 project expenses in two installments
HORCO Management	1,400.00	Travel Assistance - David, Dagim
<b>Sub-total</b>	<b>44,875.00</b>	
<b>TOTAL EXPENSES</b>	<b>53,325.31</b>	
<b>Balances 31Dec14</b>	<b>44,898.73</b>	
General Fund	1,104.45	
Gimbichu Fund	43,794.28	Committed to 2015 project + cost overrun for 2014 project