

HOPE FOR RURAL CHILDREN & ORPHANS (HORCO)

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

ANNUAL REPORT OF ACTIVITIES

Highlights of 2015

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 for water and sanitation improvements that would impact about 1,500 people in the Jejiga Village of 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. He retired in June, 2015, and was replaced by Mr. Bereket Gebretsion, who worked with Mr. Mehari for 15 years before working elsewhere, and then returned when recruited by EKHC.
- During the year EKHC underwent some government- required restructuring to separate itself entirely from the Church. It has been re-named the EKHC Development Commission; it has a new Board, new finance and admin staff, and is currently searching for a new Commissioner (Mr. Kurkura Waffo was the former Director). Time will tell if and how the changes at EKHCDC will affect HORCO.
- HORCO received interim project updates and financial summaries (on file) throughout the year, as required in our agency agreement. An official 2015 audit by Ethiopian Auditors has been received.
- 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 and 2014 HORCO had discussions with World Serve about the possibility of a partnership or merger. At the end of 2014, there was a change in leadership at World Serve, and discussions with HORCO were put on hold (see Annual Report 2014).
- In 2015, David Hiebert, a former Board Member of HORCO, was appointed as a Regional Director with World Serve. David resigned from the HORCO Board when it became apparent there were too many direct and potential conflicts of interest in his holding these two positions.
- Interest in pursuing discussions waned as both sides lost interest in the idea of partnership or merger.

Charitable Activities

HORCO's charitable activities in 2015 consisted of partnering with EKHDC and the Jejiga Village to complete water and sanitation work for about 1,500 people. In 2012, HORCO helped the Fencha Village develop a clean water source by protecting a spring and connecting it to a free-flowing water point. This was a high capacity spring that was capable of supplying more than one village. In 2015, half of the spring flow was diverted to a new 9,000 L reservoir which in turn fed 3 new water points by regulated gravity flow, located in the Jejiga Village which was 3 km away. Clothes washing tables and livestock troughs were also built as part of the clean water system. Sanitation and personal hygiene were taught in small groups throughout the year. A community sanitation team was established to continue training and monitoring of sanitary practices. HORCO provided approximately \$45,000 for this project. Dagim and Bob visited this community in February, 2016, to join them in the Inaugural Celebration of the completed work. A detailed report was submitted to the Board.

Appendix A is a summary of HORCO's charitable activities since 2009.

Fund-raising

- **2016 Project.** Discussions regarding a project and budget for 2016 began in October and continued through December. The proposed project was with the Menjigso Gora Villages; it was a large project with a significantly higher budget than HORCO has funded previously. After discussion it was agreed that the project would be done over two-years, and we settled on a total budget of 1,582,455 ET Birr (\$105,147 CAD), with sub-totals of 935,675 ET Birr (\$62,171 CAD) and 646,180 ET Birr (\$42,975 CAD) for 2016 and 2017, respectively. The fund-raising challenge for 2016 was significant.
- **Ethiopian Dinner.** We held our 8th annual fund-raising event, *In Celebration of Clean Water*, on November 7th, which was an Ethiopian dinner similar to those served each year since 2008. The event was held at Oakridge Presbyterian Church in London. Besides the popular Ethiopian food, the evening featured interviews with Denku and Ruth Almaw (who had visited Ethiopia and HORCO project sites in June, 2015) along with new photos and video interviews from HORCO's previous work. The London Amabile Boys Training Choir also performed (free-of-charge), much to the delight of the guests.
 - The event maxed out the new facilities, 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.
 - Sponsorships by the *Sansin Corporation (\$2,000)*, *Quench Water Canada Inc (\$1,480)* and *Robertson Hall Insurance (\$350)* covered much of the cost of the event, thereby allowing nearly all of the ticket revenue at \$20 each to go toward the Gimbichu Project Fund.
 - The total money raised for Gimbichu from ticket sales, coffee sales (*donated by Personal Service Coffee*) and donors (96) at the dinner was \$18,146
 - 42% of the donors at the dinner were new.

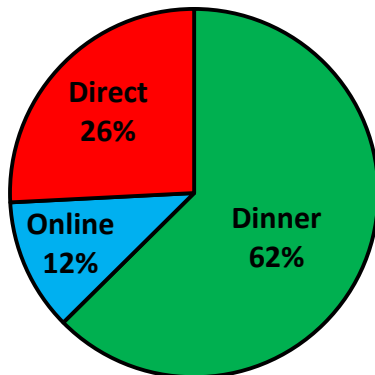
- **Summary of all donations.**

In addition to donations received at the dinner, HORCO also received donations online (CanadaHelps), directly in person, or through the mail. Most of the donations came in response to the mail/email request in the fall, although about \$800 comes in each month from monthly donors (CanadaHelps).

| | 2015 | | 2014 | |
|---------------------------|------------|---------------------|------------|---------------------|
| | # | \$ | # | \$ |
| Received | 120 | \$ 47,093.20 | 109 | \$ 28,830.30 |
| Qualified Donors | 4 | \$ 1,064.60 | 2 | \$ 3,758.27 |
| CanadaHelps Donors | 18 | \$ 11,565.40 | 17 | \$ 9,487.00 |
| Sponsors | 3 | \$ 3,830.00 | 3 | \$ 4,720.00 |
| Anonymous/Non-receiptable | 10 | \$ 465.00 | 14 | \$ 647.00 |
| Total | 155 | \$ 64,018.20 | 145 | \$ 47,442.57 |

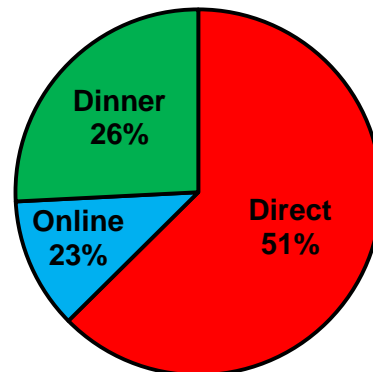
2015 Donors

Total No. = 155



2015 Donations

Total = \$64,018

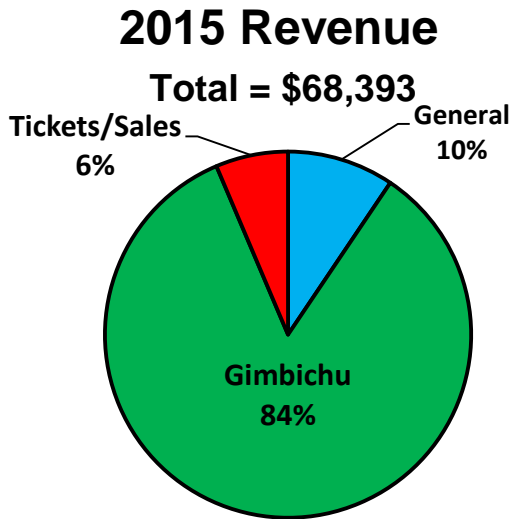


- The dinner attracted the greatest number of donors
- Online donations and dinner donations were about equal
- Direct donations accounted for over half of the revenue – this includes corporate sponsors and qualified donors
- 40% of the donors were new; 15% (23) of donors gave 70% of the total donations

Financial Report

We are pleased to report as shown below that 87% of HORCO's disbursements in 2015 were used to support charitable activities in Ethiopia. **Details of 2015 finances are attached (Appendices B and C).** The 2015 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 made-up 94% of total revenue

HORCO Board Members 2015

| Name | Position | Appointed (Resigned) |
|---------------------|-------------------------------|----------------------|
| Howard Katz | Director, President | 5Dec2005 |
| Dagim Almaw | Director, Vice President | 5Dec2005 |
| Bob Kline | Director, Secretary/Treasurer | 5Dec2005 |
| Tendayi Gwaradzimba | Director | 9Apr2011(15Jun2015) |
| Jane Rylett | Director | 8Jul2012 |
| David Hiebert | Director | 8Jul2012 (30Aug2015) |
| 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 (est) | 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 | \$45,600 (est) | | \$0 \$800 | Apr 2015 - Dagim Feb 2016 - Dagim, Bob |
| 2016/17 | Menjigsso Villages | 12 month Integrated WASH | est 2,100 people | EKH CDC | \$106,000 (est) | | | Feb 2016 - Dagim, Bob |
| Cumulative for 2009 through 2015 | | Total People | >25,000 people (~4,000 families) | | \$331,392 | | Per person cost ~ \$13; per family cost ~ \$83 | |

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

Appendix B – Audited EKHC Expenses 2015

6. BUDGET VS ACTUAL

| 5/N | | Budget | Actual Expenditure | Variance |
|-----|---|-------------------|--------------------|--------------------|
| | | Birr | Birr | Birr |
| 1 | Human Resource | | | |
| 1.2 | General / Expertise | | | |
| | Team Leader | 48,072.00 | 52,819.79 | (4,747.79) |
| | Mason crew/ trainee | 36,000.00 | 42,130.00 | (6,130.00) |
| 1.3 | Community Education team | | | |
| | Health educator/ social worker | 36,000.00 | 38,516.57 | (2,516.57) |
| 1.4 | Perdiem and labour cost | | | |
| | On the spot/ project staff | 110,000.00 | 84,451.00 | 25,549.00 |
| 1.5 | Training | | | |
| | Annual Staff workshop | 7,500.00 | - | 7,500.00 |
| | WASH/CBO training (4 days) | 11,025.00 | 8,309.60 | 2,715.40 |
| | Monitoring by sector office | 15,000.00 | 36,587.49 | (21,587.49) |
| | Sub Total Human Resources | 263,597.00 | 262,814.45 | 782.55 |
| 2 | Transport (material & personnel) | | | |
| | Use of Truck for material transport | 5,000.00 | 5,000.00 | - |
| | light vehicle (transport serve) | 96,000.00 | 183,033.42 | (87,033.42) * |
| | Sub total | 101,000.00 | 188,033.42 | (87,033.42) |
| 3.3 | Tools | | | |
| | tools for team & Scheme caretakers | 8,000.00 | - | 8,000.00 |
| | Sub total | 8,000.00 | - | 8,000.00 |
| 4.1 | Construction materials | | | |
| | GI Pipes | 12,000.00 | 11,514.96 | 485.04 |
| | HDPF and GI pipes | 135,000.00 | 123,734.00 | 11,266.00 |
| | Pipe, Fitting (various type) | 20,000.00 | 28,764.00 | (8,764.00) |
| | Cement | 14,400.00 | 21,569.04 | (7,169.04) |
| | Reinforcement bars/ Mesh wire | 12,000.00 | 18,711.88 | (6,711.88) |
| | Sand | 15,750.00 | 15,400.00 | 350.00 |
| | Gravel for concrete | 10,000.00 | 11,000.00 | (1,000.00) |
| | Stone for masonry | 12,500.00 | 16,155.00 | (3,655.00) |
| | Form work and miscellaneous | 15,000.00 | 16,101.53 | (1,101.53) |
| | IBC training materials for CBOs | 12,000.00 | - | 12,000.00 |
| | Sub total | 258,650.00 | 262,950.41 | (4,300.41) |
| 5 | Administration Allocation (8%) | 50,499.76 | 65,001.29 | (14,501.53) |
| | Total fund requested from HORCO | 681,746.76 | 778,799.57 | (97,052.81) |

* This over expenditure represents a new mileage charge that was not agreed upon when the budget was approved. We are in discussion with EKHC about this. The total expense without this item would be 691,767 Et Birr (\$43,235 CAD [16.0 exchange]), vs 778,800 (\$48,675).



Appendix C

HORCO Financial Summary for 2015

2014

| | | | |
|-------------------------|------------------|-----------------------------------|-------------------------|
| Balances 1Jan15 | 44,898.73 | | |
| General Fund | 1,104.45 | | Balances 1Jan 14 |
| Gimbichu Fund | 43,794.28 | | General Fund |
| | | | Gimbichu Fund |
| | | | 46,761.47 |
| | | | 2,378.36 |
| | | | 44,383.11 |
| Revenue | | | Revenue |
| General | | | General |
| Donors | 2,619.80 | | Donors |
| Qualified Donors | 3.60 | Registered charities | 2,456.40 |
| Sponsors | 3,830.00 | Non-receiptable | - |
| Other | - | | 4,720.00 |
| Sub-Total | 6,453.40 | | Sub-Total |
| | | | 7,176.40 |
| | | | |
| Gimbichu | | | Gimbichu |
| Donors | 44,938.40 | | Donors |
| Qualified Donors | 12,626.40 | Registered charities | 36,507.90 |
| Sponsors | - | Non-receiptable | 3,758.27 |
| Other (non-receiptable) | 4,375.00 | Ticket revenue/sales | - |
| Sub-Total | 61,939.80 | | Sub-Total |
| | | | 44,286.17 |
| TOTAL REVENUE | 68,393.20 | | TOTAL REVENUE |
| | | | 51,462.57 |
| Expenses | | | Expenses |
| General | | | General |
| Admin | 198.79 | Bank Fees: monthly + wire charges | 205.36 |
| Office | 1,434.41 | See below* | 1,235.09 |
| Fund-raising | 5,019.00 | Dinner expenses, brochures | 7,009.86 |
| Sub-total | 6,652.20 | | Sub-total |
| | | | 8,450.31 |
| | | | |
| Gimbichu | | | Gimbichu |
| EKHC | 45,700.00 | includes \$3,000 for 2014 overrun | 43,475.00 |
| HORCO Management | - | | 1,400.00 |
| Sub-total | 45,700.00 | | Sub-total |
| | | | 44,875.00 |
| TOTAL EXPENSES | 52,352.20 | | TOTAL EXPENSES |
| | | | 53,325.31 |
| Balances 31Dec15 | 60,939.73 | | Balances 31Dec14 |
| General Fund | 905.65 | | General Fund |
| Gimbichu Fund | 60,034.08 | | Gimbichu Fund |
| | | | 1,104.45 |
| | | | 43,794.28 |

* "Other" Expenses: mailing tax receipts, printing supplies, annual fees for web site and accounting software, insurance (>\$1,000)