

HOPE FOR RURAL CHILDREN & ORPHANS (HORCO)

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

ANNUAL REPORT OF ACTIVITIES Highlights of 2018

Administrative Activities

EKHC Partnership.

- During 2018, the Ethiopian Kale Heywet Church Development Commission (EKHCDC) continued to under-go Government- required restructuring to separate itself entirely from the Church and to make changes in management, staff and operations. However, the leadership of the new Commissioner came into question late in 2018, and our primary contact, Bereket Gebretsion, the Director of WASH and Public Health Programs, resigned abruptly in the middle of our planning for 2019. We had little information about what was happening.
- Since completion of the 2017 project was delayed (April, 2018), there were difficulties in moving the 1st year of the 2018/19 Project to completion. It was difficult to get a clear understanding of what had happened, probably because of the challenges at EKHCDC and their desire not to lose their supporters. [HORCO's trip to Ethiopia in February, 2019 allowed us to see what was happening and talk with people there. See Steph Card's report of the HORCO trip which was presented at this meeting. Yohannes Demisse, an honest and reliable person we had dealt with before, became our primary contact, and the work eventually continued in 2019. After we returned from our trip, we sent a \$5,000 supplement so that the 2018 project could be completed.] All in all, this past year has questioned our relationship with EKHCDC. They understand that we need to speak truthfully and openly when problems arise in the future. However, HORCO also has to understand that there are cultural as well as political issues at work here which make it difficult for our partners to be totally transparent. It is best to keep communication lines open.

Appointments in 2018

- It was with great anticipation that HORCO appointed Stephanie Card as Executive Director in 2018. Steph has a marvelous, almost miraculous story of her recovery from a catastrophic car accident 6 years ago to becoming HORCO's Executive Director. Her story can be found on HORCO's website. We are privileged to have someone so well prepared for this role, in terms of her leadership education, development work experience and most of all, her passion and compassion for the people of Ethiopia.

- We also welcomed Jerry Vangergoot to the Board of Directors. Jerry is an entrepreneurial business man who has developed and founded several successful businesses in London. He brings to the Board his business sense, experience and passion for ministry in developing nations. Jerry will head-up HORCO's fund-raising efforts, specifically working with sponsorships from businesses.

Charitable Activities

- **2017 Project.** As noted above, Phase 2 of the 2016/17 project with the Menjigso Gora Villages was only completed in April, 2018. After Government approval, the completed water facility was handed over to the Community on May 1, 2018. The additional work to complete the 2017 Project cost about \$6,000 CAD for materials and labor in 2018. (A full report from Bereket and a final evaluation report from the Government are on file.)
- **2018 Project.** With a late start to this new 2-year project with the Germama Village, it was difficult to get much accomplished, other than getting materials transported to the work site before the rainy season started. This too was a difficult project: there was an existing well and pump with a single water point next to it. People were walking 7 km to fetch clean water. Our plans for the extended water system required water movement over a wide area for this village of 1,400 (est.) people, and a 27,000 L reservoir that was elevated about 50% higher than in other projects to maintain good gravity flow. With good weather in the Fall, the reservoir was completed, pipeline was laid to 3 areas of the village and water points were built. Education in sanitation and personal hygiene was undertaken and village committees were established to continue the education and set-up community financial systems to operate and maintain the system. Phase 1 was not entirely completed in 2018, as EKHDC wrestled with internal problems. An additional supplement of \$5,000 was approved to finish the project in 2019 (A summary of expenses for the 2018 Project is included in **Appendix A.**).
- **2019 Project.** At this writing we have not yet received all of the final reports for Phase 1 that are required to start Phase 2 with the Germama Village. In fact, Dagim recently returned from Ethiopia with the news that the Phase 1 system is not operating because the Community has failed to purchase the water meter required to monitor use of the system and calculate costs for the Community. The District Water Manager will not allow the system to be used until the Community honors its commitment to purchase the water meter. The proposed work in Phase 2 is identical to Phase 1, including a 2nd elevated reservoir, water pipe lines and water points. HORCO and EKHDC have agreed to start Phase 2 in September (after the rainy season) and finish in June, 2020. From now on, our annual projects will use a September to September cycle. This will allow 8-9 months of uninterrupted work before the next rainy season.

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

Fund-raising

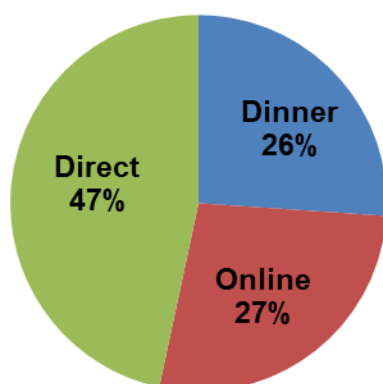
- **2019 Project.** Fund-raising for Phase 2 of the 2018/19 Project was carried out through 2018. Discussions regarding a project and budget for 2019 began in December, 2018, but were stalled as EKHCDG dealt with internal problems. We are still waiting to finalize the budget for Phase 2 of the Germama Village Project, which will commence in September, 2019.
 - **Ethiopian Dinner.** We held our 11th Ethiopian Fund-raising Dinner on Friday, Nov 16th, which was a return to the full Ethiopian buffet with Canadian side-dishes. The event was held at the Greek Canadian Association of London.
 - The event had 215 paid guests. London's Ethiopian Community donated injera for the meal. Ethiopian food was purchased from the ENAT Restaurant in London.
 - Dinner expenses of \$14,111 were covered by sponsorship gifts from individuals and local businesses, and event tickets that cost \$30 each. Net dinner proceeds were \$2,805. (Sponsorships = \$10,570)
 - Donations totaled \$17,715, from 89 donors (38% 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 scheduled monthly donations (7 donors using CanadaHelps) provided \$11,640 for the year. A detailed breakdown of donations is provided below.

	2018		2017	
	#	\$	#	\$
Received Donors	112	40,805	118	37,534.57
Qualified Donors - Charities	5	5,424	2	2,574.39
Qualified Donors - CanadaHelps	31	18,523	43	21,134.75
Anonymous/Non-receiptable	20	1,885	26	4,295.00
Sponsors/Non-receiptable	3	1,275	4	3,050.00
Total	171	67,912	193	68,588.71

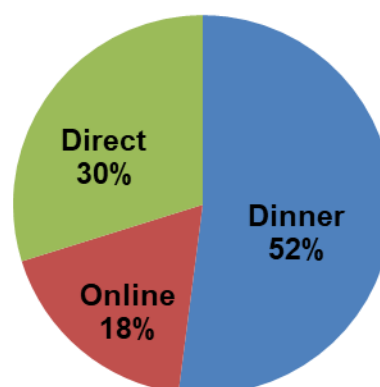
2018 Donations

Total = \$67,912



2018 Donors

Total No. = 171



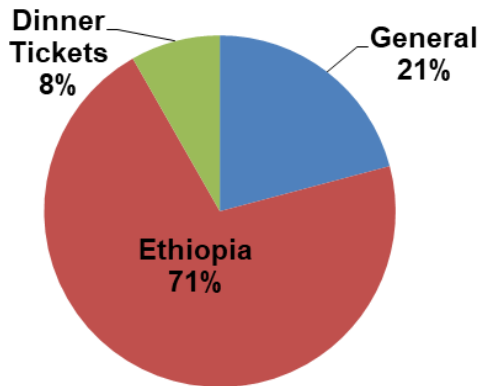
- The dinner fund-raiser continues to attract the greatest number of donors, and provided 26% of the total donations (the amount donated at the dinner can be influenced by who attends the dinner, i.e. the presence or absence of one or two large donations makes a difference).
- Online donors and donations were decreased compared to last year. This is surprising since the trend has been to increase year-by-year. Online fees are ~3.5% per donation.
- Direct donations accounted for almost half of the revenue – this includes regular donors, corporate sponsors and qualified donors (e.g., churches).
- 37% (71) of the donors were new; 20% (38) of donors gave 76% of the total donations. These observations are similar to other years, i.e., we have a lot of turn-over of one-time donors, and 51% of the gifts are \$100 or less.
- Several events were held by HORCO donors to raise funds for HORCO. These “grass roots” efforts are encouraging; HORCO promotes these activities on Facebook. This is a fruitful approach to getting people involved.

Financial Report

In 2018, 79% of HORCO’s disbursements were used to support charitable activities in Ethiopia. Fund-raising costs are relatively high because of having the dinner at a catered venue. The 2018 records and reports of HORCO were reviewed by Mr. R. James Connelly, CPA. His letter and summary report will be available at the AGM. This is not a formal audit, but rather an “accountant’s review.” Ontario Corporations with revenues <\$100,000 per year are not required to have formal audits if Board Members agree that an “accountant’s review” is sufficient to provide accountability for financial dealings of the corporation. Mr. Connelly donated his time and expertise to complete this review. He has been doing this, as well as supporting HORCO financially, from the early days of HORCO. This is the last year he will be offering his services – he is retiring again!

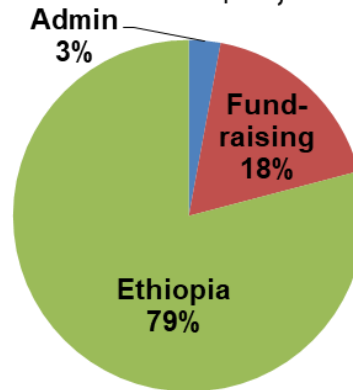
2018 Revenue

Total = \$74,022



2018 Expenses

Total = \$82,821



- Donations made-up 92% of total revenue.
- Donations to the Gimbichu Fund are used for project related expenses in the next year. 100% of donations to this fund go to Ethiopia.
- The General Fund supports admin and fund-raising activities: the former supports office expenses and corporation insurance; the latter include dinner expenses, publicity, communication, website and fees associated with online donations and ticket purchases.

Appendix C is a detailed summary of HORCO's 2018 Finances.

Appendix D is a summary of "HORCO Stats" for 2011-2018.

HORCO Board Members 2018

Name	Position	Appointed
Howard Katz	Director	5Dec2005
Dagim Almaw	Director	5Dec2005
Bob Kline	Director	5Dec2005
Jane Rylett	Director	8Jul2012
Dan Kalmar	Director	8Jul2012
Botossa Balcha	Director	9Nov2013
Jerry Vangergoot	Director	21May2018

HORCO Officers 2018

Howard Katz	President	5Dec2005
Dagim Almaw	Vice President	5Dec2005
Bob Kline	Secretary/Treasurer	5Dec2005
Stephanie Card	Executive Director	21May2018

Prepared by Bob Kline, June, 2019

**EKHC Development Commission
Financial Report for 2018 (Ethiopian Birr)**

HORCO WASH Project Phase I for Germama Village

Appendix A

Summary of 2018 Canadian Costs

Total 2018 Expenses	\$64,475
Cost to complete 2017 Project	(6,223)
Supplement to complete 2018 Project (Provided in 2019)	<u>5,000</u>
Total cost of 2018 Project	\$63,242

Chart of Acct.	Category and Specifics	Annual Budget	Total Actual Expenses
1	Human resources		
1.1	Development commissioner 5%	30,000	30,000
1.2	Program Director 10%	30,000	30,000
1.3	Program manager 15%	36,000	36,000
1.4	Finance head 5%	12,000	12,000
1.5	Accountant salary 10%	14,400	14,400
1.6	HR manager 5%	12,000	12,000
1.7	Water engineer 5%	7,200	7,200
1.8	H2O quality annalist 5%	6,000	6,000
1.9	Logistics officer 5%	3,600	3,600
1.10	Monitoring & evaluation expert 5%	9,000	9,000
1.11	Senior water technician 100%	102,000	108,601
1.12	Community health worker 100%	96,000	-
1.13	senior mason technician 100%	84,000	83,295
1.14	Project plumber 100%	78,000	94,020
	Sub Total	520,200	446,116
2	Perdiem		
2.1	Development commissioner	3,000	-
2.2	Program Director	2,000	1,188
2.3	Program manager	3,000	-
2.4	Team leader	9,000	18,040
2.5	Community health worker	9,000	11,480
2.6	Water quality expert	1,500	3,750
2.7	Water engineer	3,000	-
2.8	Monitoring expert /Government/	1,800	1,500
	Sub Total	32,300	35,958
3	Material cost		
3.1	GI Pipe various size	144,000	263,707
3.2	HDPE pipe various size	168,000	220,050
3.6	Pipe fittings (10 % of pipe cost)	32,000	42,937
3.7	Cement	26,900	29,410
3.8	Reinforcement bar 6,8, 10 mm	9,000	13,990
3.9	Tie Wire	600	1,400
3.10	Chicken wire (1.80m x 30m)	3,000	1,000
3.11	Sand	21,000	20,240
3.12	Gravel	15,000	9,270
3.13	Stone	18,750	23,110
3.14	Formwork	20,000	15,162
3.15	water quality test	3,000	-
3.16	Miscellaneous cost	15,000	14,772
	Sub Total	476,250	655,048
4	WASH Capacity training & supplies		
4.1	Stationeries	3,000	1,905
4.2	Refreshment	5,000	8,006
4.3	Perdiem for participants	41,000	22,220
	Sub Total	49,000	32,131
5	System connection		
5.1	Perdiem for WASH Trainee	10,000	-
	Sub Total	10,000	-
6	Vehicles operation cost		
6.1	Fuel & millage	112,000	93,124
	Sub Total	112,000	93,124
7	Evaluation		
7	Audit fee	15,000	15,000
8	Annual review meeting	25,000	-
9	Office rent	36,000	29,306
10	Terminal Evaluation	15,000	15,000
	Admin cost	64,537	64,537
	Sub Total	155,537	123,843
	GRAND TOTAL ET BIRR	1,355,287	1,386,220
	TOTAL HORCO FUNDS SENT		1,383,279
	DIFFERENCE (\$137 CAD)		2,941

Notes:

- 2018 Project overrun was 30,933 ET Birr (\$1,439 CAD)
- Expenses for January - April 2018 were required to complete the 2017 Project:
- A \$5,000 supplement in March, 2019 was required to complete the 2018 Project
- Total cost of 2018 Project in CAD\$ was 64,475 - 6,233 + 5,000 = \$63,242

Appendix B

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	\$49,651		\$0 \$800	Apr 2015 - Dagim Feb 2016 - Dagim, Bob
2016/17	Menjigsso Villages	2-year Integrated WASH	6 villages + school est 1,500 people	EKHCCDC	\$106,710			Feb 2016 - Dagim, Bob Jun 2017 - Botossa
2018/19	Germama Villages	2-year Integrated WaSH	Expansion proj est 1,400 people	EKHCCDC	\$63,242 \$70,000 est		\$500 \$2,010	Mar 2018 - Botossa Feb, 2019 - Dagim, Bob, Steph
Cumulative for 2009 through 2019		Total People	>25,000 people (~4,000 families)		\$469,395			Per person cost ~ \$20; per family cost ~ \$115

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

Appendix C

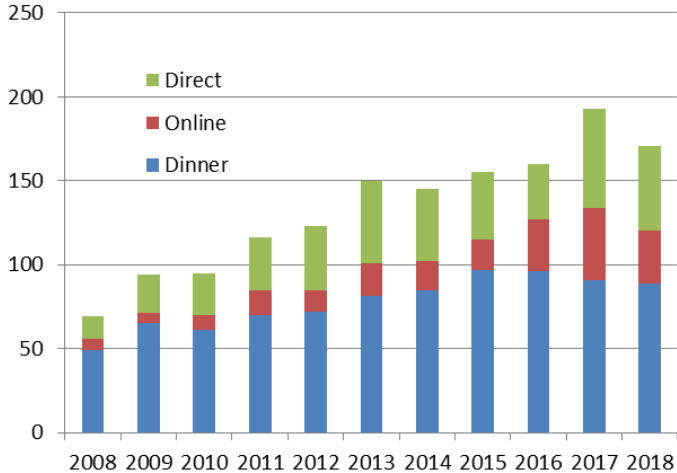
HORCO Financial Summary for 2018

Balances 1Jan18	74,229.49	
General Fund	1,829.83	
Gimbichu Fund	72,399.66	
Revenue		
General		
Donors	10,554.80	
Qualified Donors	4,400.00	Churches + CanadaHelps
Sponsors	490.00	Non-receiptable
Other	6,110.00	Tickets
Sub-Total	21,554.80	
Gimbichu		
Donors	32,240.00	
Qualified Donors	19,442.00	Churches + CanadaHelps
Sponsors	785.00	Non-receiptable
Other (non-receiptable)	-	
Sub-Total	52,467.00	
TOTAL REVENUE	74,021.80	
Expenses		
General		
Admin	130.28	Bank Fees: monthly + wire charges
Office	2,281.00	See below* + Dagim \$700 flight for 2019
Fund-raising	14,909.40	Dinner, website, CH fees, brochures
Sub-total	17,320.68	
Gimbichu		
EKHCDC	65,000.00	2018 Project commitment ~ \$64,000
HORCO Management	500.00	Botossa expenses
Sub-total	65,500.00	
TOTAL EXPENSES	82,820.68	
Balances to date	65,430.61	31Dec18
General Fund	6,063.95	
Gimbichu Fund	59,366.66	2019 Project (Expected budget ~ \$70,000)

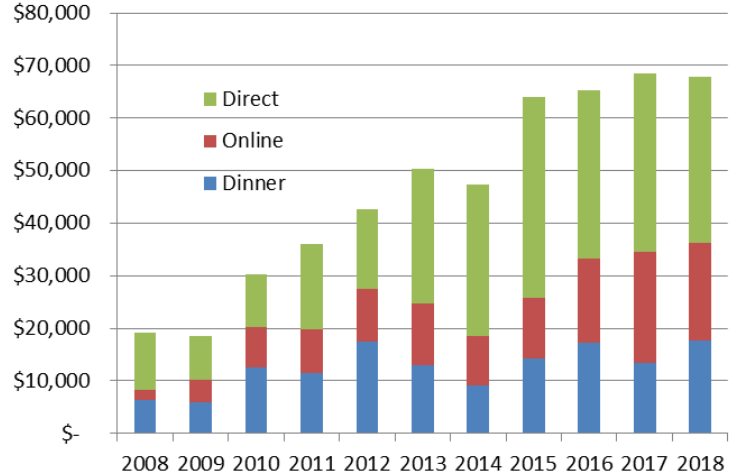
* "Other" Expenses: mailing tax receipts, printing supplies, annual fee for accounting software, photocopies, insurance (\$1,130)

Appendix D – HORCO Stats 2011-2018

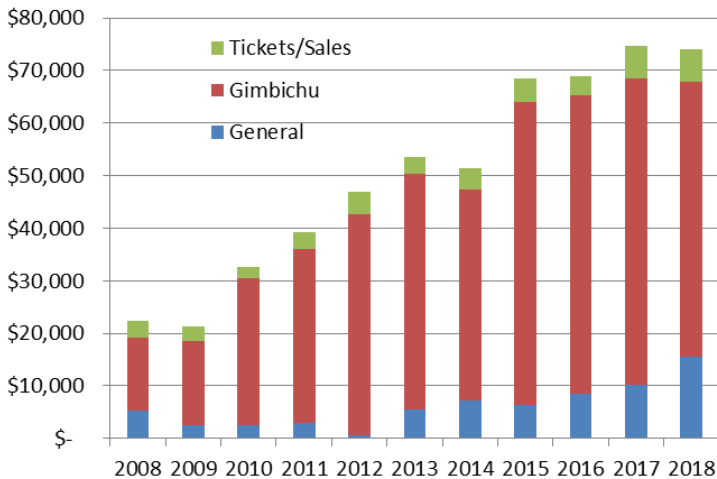
Number of Donors



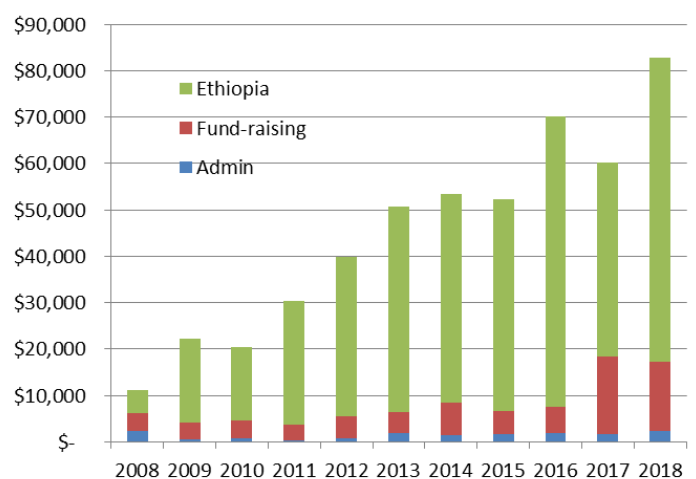
Total Donations



Total Revenue



Total Expenses



Some observations:

1. The number of donors and total donations seem to be plateauing. (We lose and gain about the same number of donors each year, i.e. 35-45 people.)
2. There has been an increase in the donations given directly and online over the years, while donations at the dinner have remained fairly stable (as has attendance in the last 5 years). Again there is significant turnover of guests at the dinner each year.
3. Total revenue appears to be plateauing, while total expenses are increasing, both for project work in Ethiopia and fund-raising. The latter is due primarily to the increased cost of the dinner when hosted at a catered venue.

Conclusion: In light of increasing expenses, HORCO needs to retain and reach more donors. It would be good to have a discussion about how that might be achieved.