

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.

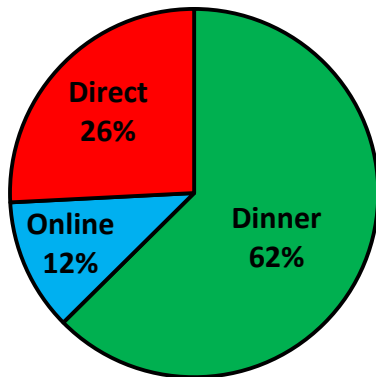
- **Summary of all donations.**

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

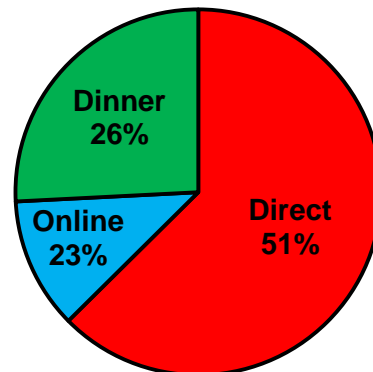
2015 Donors

Total No. = 155



2015 Donations

Total = \$64,018

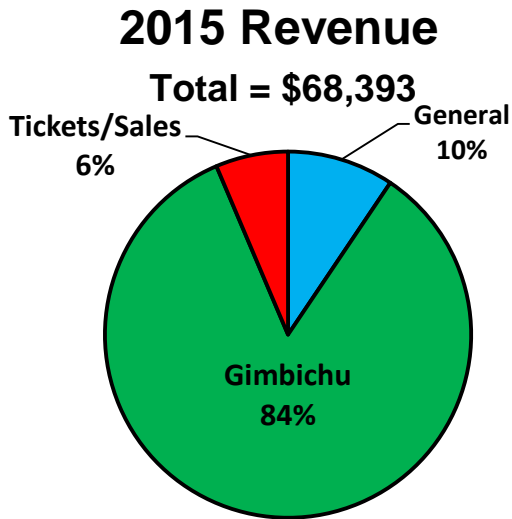


- The dinner attracted the greatest number of donors
- Online donations and dinner donations were about equal
- Direct donations accounted for over half of the revenue – this includes corporate sponsors and qualified donors
- 40% of the donors were new; 15% (23) of donors gave 70% of the total donations

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	EKHCCDC	\$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
			2,378.36
			Gimbichu Fund
			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	-		Sponsors
Sub-Total	6,453.40		4,720.00
			Other
			-
			Sub-Total
			7,176.40
			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		Other
			4,020.00
			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	Admin
Office	1,434.41	See below*	205.36
Fund-raising	5,019.00	Dinner expenses, brochures	Office
Sub-total	6,652.20		1,235.09
			Fund-raising
			7,009.86
			Sub-total
			8,450.31
			Gimbichu
EKHC	45,700.00	includes \$3,000 for 2014 overrun	EKHC
HORCO Management	-		43,475.00
Sub-total	45,700.00		HORCO Management
			1,400.00
			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		1,104.45
			Gimbichu Fund
			43,794.28

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