

Partners in Education Ethiopia
(formerly Frances G. Cosco Foundation)
Income Statement
For the year ended December 31, 2020
(Unaudited - see Note 1)

	<u>2020</u>	<u>2019</u> (Restated)
Receipts		
Donations & Contributions (Note 4)	\$648,689	\$467,989
Community contribution	<u>267,136</u>	<u>746,501</u>
Total Receipts	915,825	1,214,490
Total Project Expenditures (Note 5)	<u>831,565</u>	<u>1,058,105</u>
Excess of Receipts over Project Expenditures	<u>84,260</u>	<u>156,385</u>
Administrative expenses (Note 6)		
Interest and bank charges	1,032	1,202
Office	1,640	1,678
Rent	2,026	1,176
Salaries and Benefits	79,803	105,822
Travel	577	10,110
Professional Fees	1,979	3,210
Vehicle	2,999	6,324
Other	<u> </u>	<u>548</u>
Total Administrative expenses	<u>90,056</u>	<u>130,070</u>
Other Income/Expenses	<u>(5,796)</u>	<u>26,315</u>
Gain (loss) on foreign exchange	<u>(1,123)</u>	<u>(2,978)</u>
Total Excess (Deficiency) of Receipts over Expenditures	<u>(\$6,919)</u>	<u>\$23,337</u>

Partners in Education Ethiopia
(formerly Frances G. Cosco Foundation)
Balance Sheet
As at December 31, 2020
(Unaudited - see Note 1)

	<u>2020</u>	<u>2019</u> (Restated)
Assets		
Current		
Bank (Note 3)	\$852,836	\$963,290
Accounts receivable	<u>26,960</u>	<u>56,711</u>
	879,796	1,020,001
Fixed (Note 2)		
Office Equipment		
Vehicle	47,507	47,507
Office equipment	<u>11,301</u>	<u>11,301</u>
	58,808	58,808
Total Assets	<u>\$ 938,604</u>	<u>\$1,078,809</u>
Liabilities		
Current		
Accounts payable	32,498	27,090
Community Deposit	49,710	218,563
Contract Retention (Note 2)	<u>46,040</u>	<u>5,052</u>
	128,248	250,705
Equity		
Balance, beginning of year	828,104	858,250
Excess (deficiency) of receipts over expenditures (Note 1)	(6,919)	23,337
Unrealized loss on foreign exchange (Note 2)	<u>(10,829)</u>	<u>(53,483)</u>
Balance, end of year	810,356	828,104
Total Liabilities and Equity	<u>\$ 938,604</u>	<u>\$1,078,809</u>

Partners in Education Ethiopia
(formerly Frances G. Cosco Foundation)
Notes to the Financial Statements For
the year ended December 31, 2020
(Unaudited – see Note 1)

1. Nature of Operations

Partners in Education Ethiopia (formerly Frances G. Cosco Foundation) is a registered charity that solicits donations to be applied towards joint projects in Ethiopia. All project expenditures and Ethiopian administrative expenses are conducted through the Ethiopian bank accounts. Audited financial statements relating to all of those transactions are prepared in Ethiopia. The accompanying financial statements represent those audited financial statements translated into Canadian dollars, with Canadian assets added in.

2. Summary of Significant Accounting Policies

Receipts

Donations are recognized in the year received. Community contributions are recognized in the year in which the related project expenditures are incurred.

Project Expenditures

Project expenditures are recognized in the year incurred. Two and one-half percent (2.5%) of the total contract amount is withheld for one year after completion of projects. This is recorded as a liability until due.

Fixed assets

Furniture and equipment are recorded at cost. The vehicle was donated by an individual donor and is recorded at the cost to the donor.

Unrealized gains on foreign transactions

Assets and transactions that took place in Ethiopia through the Ethiopian bank account are converted to Canadian dollars for the purpose of these financial statements. Fluctuations in the exchange rate from the beginning of the year to the end of the year have resulted in losses that have not been realized, as all transactions were in Ethiopian Birr.

Restatement

The 2019 financial statements are restated. An advance payment to a contractor on a project in the amount of \$55,573 has been adjusted so that it is recorded as an account receivable at December 31, 2019 rather than an expense during that year. The 2019 project expenditures originally reported are thus reduced by \$55,573 and the payment is included in the 2020 expenditures, correctly reflecting the year the costs were incurred.

	<u>2020</u>	<u>2019</u>
3. Bank		
Bank of Nova Scotia – current	\$ 557,931	\$ 435,542
Bank of Nova Scotia – investment	151,141	
Bank of Ethiopia – Addis Ababa	138,585	527,748
Bank of Ethiopia – Bahir Dar	5,179	<u> </u>
	<u>\$ 852,836</u>	<u>\$ 963,290</u>

4. Donations & Contributions	<u>2020</u>	<u>2019</u>
Canadian donations	\$ 356,017	\$ 372,060
COVID response effort contributions	137,348	
International donations	<u>155,324</u>	<u>95,929</u>
	<u>\$ 648,689</u>	<u>\$ 467,989</u>

5. Project Expenditures	<u>2020</u>	<u>2019</u> (Restated)
School Construction	\$ 531,048	\$ 835,277
School Furniture	53,775	126,639
Library books	6,490	12,309
Water, greening and gardening	7,039	31,470
Teacher training	3,688	29,850
Salaries	52,549	4,713
School based Eye health	27,775	
Interconnectivity project	4,897	
COVID response	138,060	
Construction consultant	4,149	8,854
Sports equipment	1,918	6,589
Special needs	<u>177</u>	<u>2,404</u>
	<u>\$ 831,565</u>	<u>\$ 1,058,105</u>

5. Administrative Expenditures

	Canadian Office		Ethiopian Office		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest & bank charges	\$ 1,025	\$ 608	\$ 7	\$ 594	\$ 1,032	\$ 1,202
Office			1,640	1,678	1,640	1,678
Professional fees			1,979	3,210	1,979	3,210
Rent			2,026	1,176	2,026	1,176
Salaries and benefits			79,803	105,82	79,803	105,822
Vehicle			2,999	6,324	2,999	6,324
Other				548		548
Travel			<u>577</u>	<u>10,110</u>	<u>577</u>	<u>10,110</u>
	<u>\$1,025</u>	<u>\$ 608</u>	<u>\$89,031</u>	<u>\$129,462</u>	<u>\$90,056</u>	<u>\$130,070</u>

7. Contractual obligations

At December 31, 2020 the organization had contractual obligations outstanding on projects in the amount of approximately \$592,308.

PARTNERS IN EDUCATION ETHIOPIA
(FRANCES G. COSCO FOUNDATION)

FINANCIAL STATEMENTS AND
AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



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Paulos Basazenew

Chartered Certified Accountant (UK) and Authorized Auditor (ETH)

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E-mail: paulosbasazenew@Yahoo.com

Ref: PAS/F4/07/21

Date: March 26, 2021

The Executive Director
Partners in Education Ethiopia (Frances G. Cosco Foundation)
Addis Ababa

Dear Sir,

Re: - Management Letter

In accordance with our appointment, we have audited the financial statements of Partners in Education Ethiopia (Frances G. Cosco Foundation) for the year ended December 31, 2020. We have forwarded the audited accounts and our report thereon under a separate cover.

As part of our audit of the financial statements, we have examined certain aspects of the Fund's systems of internal control but we did not come across material weaknesses that warrant recommendations for improvement.

It must be appreciated that we conducted our normal audit procedures, which are designed primarily with a view to the expression of our opinion on the financial statements of the Organization and, therefore, our examinations cannot be expected to disclose all possible weaknesses in internal control and to uncover all other findings which a more extensive special examination might reveal.

Finally, we would like to express our appreciation to the management and staff members of Partners in Education Ethiopia for the assistance and cooperation accorded to us in the course of our audit.

Yours faithfully,

Paulos Basazenew ,
Chartered Certified Accountant (UK)
Authorized Auditor (ETH)
Addis Ababa
26 March 2021





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**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF
PARTNERS IN EDUCATION ETHIOPIA (FRANCES G. COSCO FOUNDATION)**

Opinion

We have audited the accompanied financial statements of Partners in Education Ethiopia, which comprises Balance Sheet as at 31 December 2020 and the Statement of Income and Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on page 5.

In our opinion, the financial statements present fairly the financial position of Partners in Education Ethiopia as of 31 December 2020 and of Income and Expenditure for the year then ended in accordance with the accounting policies of the Organization as described in note 2 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Management's Responsibility for the Financial Statements

The management of the Organization is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has a realistic alternative but to do so.

Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Paulos Basazenew
Chartered Certified Accountant (UK)
Authorized Auditor (ETH)
Addis Ababa
26 March 2021



**PARTNERS IN EDUCATION ETHIOPIA
BALANCE SHEET
AS AT 31 DECEMBER 2020**

Currency: Eth. Birr

	Notes		<u>2019</u>
CURRENT ASSETS			
Cash at Bank	3	3,989,464	12,841,598
Advance	4	709,752	1,346,744
Total Asset		4,699,216	14,188,341
CURRENT LIABILITIES			
Accounts payable		845,488.29	610,883
Retention payable		1,264,066.00	122,923
Withholding tax payable		52,462.63	48,186
Community deposit on hand		1,400,000.00	5,317,647
		3,562,017	6,099,639
NET CURRENT ASSETS		1,137,199	8,088,702
REPRESENTED BY			
Fund Balance			
Balance beginning of the year		8,088,701	5,257,951
Excess of income over expenditure		(6,951,503)	2,830,750
Fund balance at the year end		1,137,199	8,088,701



**PARTNERS IN EDUCATION ETHIOPIA
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2020**

Currency: Eth. Birr

	Notes		2019
INCOME			
Transfer from Head Office (Canada)	5	1,289,733	10,877,223
Donations and others	5	4,965,528	2,145,112
COVID-19 Response effort contributions	5	3,271,269	-
Community contribution	6	6,959,347	15,921,212
		16,485,877	28,943,548
EXPENDITURE			
Program Expenditure	7	21,164,879	23,199,589
Administration Expenditure	8	2,272,501	2,913,208
		23,437,380	26,112,797
EXCESS OF INCOME OVER EXPENDITURE		(6,951,503)	2,830,750
FUND BALANCE BROUGHT FORWARD		8,088,701	5,257,951
FUND BALANCE CARRIED FORWARD		1,137,198	8,088,701

Program 90%
Administration 10%



**PARTNERS IN EDUCATION ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Currency: Eth. Birr

1 BACKGROUND

Partners in Education Ethiopia is a non-denominational Canadian Charity based, in Edmonton Alberta, Canada where it is legally registered .

Partners in Education Ethiopia mission is to improve the lives of disadvantaged people through quality education - Education for change , by providing infrastructure such as school building, libraries, and education materials, while at the time enabling access to improved learning by continuously upgrading teachers' pedagogical and class room management skills, reducing health risks by building letrines and providing access to clean water, and lowering poverty levels by facilitating skills training and income generating opportunities for destitute parents and protecting the environmnet.

Partners in Education Ethiopia follows a holistic and community driven approach in its project planning & programming; invests in long term outcomes rather than in short term outputs; strives to achive measurable improvements in its target populations; builds on communit'es' strengths and resources

The prvious name Frances G. Cosco Foundation (FGCF) changed to Partners in Education Ethiopia. Partners in Education Ethiopia has been duly registered , Federal Democratic Republic of Ethiopia Agency for Civil Society as a Foreign Charity in accordance with Proclamation No. 621/2009 and obtained re-registration Certificate No. 3337 on October 21, 2020 which shall be renewed every three years

Partners in Education Ethiopia has undertaken different projects including building schools, furnishing the new physical facilities, providing reference books, upgrading skill of teachers and school administrators providing WASH and greening and gardening the schools.

2 ACCOUNTING POLICIES

The principal accounting policies adopted by the organization are :-

- 2.1 The organization follows the modified cash basis of accounting whereby;
- 2.2 Income is recognized when received and Expenditure when incurred except some minor year end accruals.
- 2.3 Foreign remittances are converted into Ethiopian Birr at the Exchange rate ruling at the date of transfer.
- 2.4 Fixed assets are recorded as expense at the time of purchase. However, a Fixed Assets Register is maintained to exercise proper control.
- 2.5 Donations in kind are valued at cost value provided by donor.



**PARTNERS IN EDUCATION ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

		<i>Currency: Eth. Birr</i>	
3 CASH AT BANK			2019
Partners in Education Ethiopia maintains a bank account at CBE	3,989,464		12,841,598
4 ADVANCE /ACCOUNT RECEIVABLE	709,752		1,346,744
5 DONATIONAND CONTRIBUTIONS			
Contribution from Canada	1,289,733		10,877,223
Operation Eye Sight covid contribution	1,223,572		-
ISEE/WG-COVID contribution	2,047,697		-
Donations and others	4,965,528		2,145,112
	9,526,530		13,022,335
6 COMMUNITY CONTRIBUTION			
Bezawit -	-		2,853,496
Debre Work	-		5,937,648
Merawi	1,640,000		3,030,624
Tis Abay	1,700		4,099,444
Gezahara	5,317,647		-
	6,959,347		15,921,212
7 PROGRAM EXPENDITURE			
Construction of Schools	13,447,236		18,293,830
Furniture & Sport equipment	1,417,501		2,933,137
Books for Library	165,191		270,992
Special Needs Education	4,500		52,917
WASH	-		692,843
School greening and gardening	179,181		-
TCD	59,755		657,180
Consultant	105,609		194,940
Eye Project	706,906		103,750
COVID-19 Response effort contributions	3,513,876		-
Abichikili Interconnectivity project	124,657		-
Debre Work Salaries	68,895		-
Unallocated TCD	34,124		-
Project salaries	1,337,448		-
	21,164,879		23,199,589
8 ADMINISTRATION EXPENDITURE			
Salary and related benefits	2,042,229		2,361,216
Travel & Perdiem	12,643		120,477
Office rent	52,095		51,818
vehicle	72,180		134,464
Audit fee	6,600		5,500
Office supplies	43,223		142,754
Bank service Charges	169		14,684
Consultant fee	40,300		76,803
Others	3,062		5,492
	2,272,501		2,913,208

