

Partners in Education Ethiopia
Combined Income Statement
For the year ended December 31, 2021
(Unaudited - see Note 1)

	2021			2020
	<u>Canadian</u>	<u>US</u>	<u>Combined</u>	<u>Canadian</u>
Receipts				
Restricted donations (Note 4)	\$ 577,598	\$ 96,178	\$ 673,776	\$ 324,134
Unrestricted donations (Note 4)	242,723		242,723	324,556
Restricted community contributions	488,052		488,052	267,135
Total receipts	1,308,373	96,178	1,404,551	915,825
Total Project expenditures (Note 5)	856,791		856,791	831,565
Excess of receipts over project expenditures	451,582	96,178	547,760	84,260
Administrative expenses (Note 6)				
Interest and bank charges	984	61	1,045	1,032
Office	1,001		1,001	1,640
Rent	1,789		1,789	2,026
Salaries and benefits	100,227		100,227	79,803
Travel	4,623		4,623	577
Professional fees	253		253	1,979
Vehicle	1,466		1,466	2,999
Total Administrative expenses	110,343	61	110,404	90,056
	341,239	96,117	437,356	(5,796)
Other income/expenses				
Gain (loss) on foreign exchange	2,119		2,119	(1,123)
Total excess of receipts over expenditures	\$ 343,358	\$ 96,117	\$ 439,475	\$ (6,919)

Partners in Education Ethiopia
Combined Balance Sheet
As at December 31, 2021
(Unaudited - see Note 1)

	2021			2020
	<u>Canadian</u>	<u>US</u>	<u>Combined</u>	<u>Canadian</u>
Assets				
Current				
Bank (Note 3)				
Restricted	\$ 454,695	\$ 96,117	\$ 550,812	\$ 143,764
Unrestricted	1,003,237		1,003,237	709,072
	1,457,932	96,117	1,554,049	852,836
Accounts receivable	42,131		42,131	26,960
	1,500,063	96,117	1,596,180	879,796
Fixed (Note 2)				
Office Equipment	11,301		11,301	11,301
Vehicle	47,507		47,507	47,507
	58,808		58,808	58,808
Total Assets	<u>\$ 1,558,871</u>	<u>\$ 96,117</u>	<u>\$ 1,654,988</u>	<u>\$ 938,604</u>
Liabilities				
Current				
Accounts payable	\$ 110,271		\$ 110,271	\$ 32,498
Community deposit on hand	255,419		255,419	49,710
Contract retention (Note 2)	77,944		77,944	46,040
	443,634		443,634	128,248
Fund balance				
Balance, beginning of year	810,356		810,356	828,104
Excess of receipts over expenditures	343,358	\$ 96,117	439,475	(6,919)
Unrealized loss on foreign exchange (Note 2)	(38,477)		(38,477)	(10,829)
Balance, end of year	1,115,237	96,117	1,211,354	810,356
Total Liabilities and Fund Balance	<u>\$ 1,558,871</u>	<u>\$ 96,117</u>	<u>\$ 1,654,988</u>	<u>\$ 938,604</u>

Partners in Education Ethiopia
Notes to the Combined Financial Statements

For the year ended December 31, 2021

(Unaudited – see Note 1)

1. Nature of Operations

Partners in Education Ethiopia is a charity registered in Canada, Ethiopia and the United States of America (US) 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.

Financial statements relating to those transactions are prepared and audited in Ethiopia. The accompanying financial statements represent those audited financial statements translated into Canadian dollars, with Canadian assets added in, and combined with the transactions in the US entity, which was registered in the US in 2021. The US and Canadian organizations have common Directors, management, and objectives.

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

Balance sheet accounts are translated into Canadian dollars at the exchange rates (USD and Ethiopian Birr) on December 31, 2021. Transactions that took place in Ethiopia throughout the year in the Ethiopian bank accounts are converted to Canadian dollars on a month-by-month basis at the exchange rate at the end of each month. Depreciation in that rate during the year has resulted in losses that have not been realized, as all of the transactions took place in Ethiopian Birr.

	2021			2020
	<u>Canadian</u>	<u>US</u>	<u>Combined</u>	<u>Canadian</u>
3. Banks				
Unrestricted				
Bank of Nova Scotia	\$ 516,946		\$ 516,946	\$557,931
RBC - Canadian funds	175,112		175,112	
RBC Investment	311,179		311,179	151,141
	<u>\$ 1,003,237</u>		<u>\$ 1,003,237</u>	<u>\$ 709,072</u>
Restricted				
Bank of Nova Scotia				
RBC	40,822		40,822	
Bank of Ethiopia - Addis	404,303		404,303	138,585
Bank of Ethiopia - Bahir Dar	9,570		9,570	5,179
RBC - US funds		\$ 96,117	96,117	
	<u>454,695</u>	<u>96,117</u>	<u>550,812</u>	<u>143,764</u>
Total banks	<u>\$ 1,457,932</u>	<u>\$ 96,117</u>	<u>\$ 1,554,049</u>	<u>\$ 852,836</u>

	2021			2020
	<u>Canadian</u>	<u>US</u>	<u>Combined</u>	<u>Canadian</u>
4. Donations				
Unrestricted donations - Canadian	\$ 242,723		\$ 242,723	\$ 324,555
Restricted donations				
Canadian	204,320		204,320	31,462
International	115,181		115,181	155,324
US	253,412	\$ 96,178	349,590	
Staff fund for displaced children	4,685		4,685	
COVID response effort				137,348
	<u>577,598</u>	<u>96,178</u>	<u>673,776</u>	<u>324,134</u>
Total donations	<u>\$ 820,321</u>	<u>\$ 96,178</u>	<u>\$ 916,499</u>	<u>\$ 648,689</u>

	2021			2020
	<u>Canadian</u>	<u>US</u>	<u>Combined</u>	<u>Canadian</u>
5. Project Expenditures				
Construction	\$ 702,452		\$ 702,452	\$ 531,048
Furniture			0	53,775

Library books	4,206	4,206	6,490
Water, greening and gardening	442	442	7,039
Teacher training	7,947	7,947	3,688
Salaries and benefits	38,760	38,760	52,549
School based eye health project	44,431	44,431	27,775
Interconnectivity project	20,931	20,931	4,897
Translanguaging project	23,694	23,694	
Construction consultant	5,754	5,754	4,149
Sports equipment	2,460	2,460	1,918
Special needs	4,681	4,681	177
Miscellaneous	1,033	1,033	
COVID response		0	138,060
Total project expenditures	\$ 856,791	\$ 856,791	\$ 693,505

6. Administrative expenditures	2021		2020
	<u>Canadian</u>	<u>US</u>	<u>Canadian</u>
Ethiopia			
Interest and bank charges	\$ 20	\$ 20	\$ 7
Office	1,001	1,001	1,640
Professional fees	253	253	1,979
Rent	1,789	1,789	2,026
Salaries and benefits	100,227	100,227	79,803
Vehicle	1,466	1,466	2,999
Travel	4,623	4,623	577
	<u>\$ 109,379</u>	<u>\$ 109,379</u>	<u>\$ 89,031</u>
Canada			
Interest and bank charges	<u>964</u>	<u>964</u>	<u>1,025</u>
US			
Interest and bank charges		<u>\$61</u>	<u>61</u>
Total administrative expenditures	\$ 110,343	\$61	\$ 110,404
			\$ 90,056

PARTNERS IN EDUCATION ETHIOPIA

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

TESFAYE GEDLU MEBRATE
CERTIFIED AUDIT FIRM

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Certified Audit Firm

Chartered Certified Accountant (UK) Authorized Auditor (ETH)

**INDEPENDENT AUDITORS' REPORT TO
 PARTNERS IN EDUCATION ETHIOPIA**

Opinion

We have audited the accompanying financial statements of Partners in Education Ethiopia, which comprise the balance sheet as at 31 December 2021, the Statement of Income and Expenditure, the Cash flows statement and Statement of Changes in Net Assets/ Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly the financial position of African Disability Forum as of 31 December 2021, of Income and Expenditure, the cash flows statement and Changes in Net Assets/ Equity for the year then ended in accordance with the accounting policies of the Organization described in note 2 to the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with modified cash basis of accounting described in note 2 to the financial statements, and for such internal control as management determine 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 no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 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 bases of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management; and
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist related to the events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Addis Ababa
March 31, 2022




Tesfaye Gedlu Mebrate
Certified Audit Firm
Chartered Certified Accountants (UK)
and Authorized Auditors (ETH)

**PARTNERS IN EDUCATION ETHIOPIA
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	ETB	2020 ETB
INCOME			
Donation	5	34,050,303	9,526,530
Community contribution	6	14,470,265	6,959,347
Gain on foreign exchange		5,417,684	-
		53,938,252	16,485,877
EXPENDITURE			
Program Expenditure	7	30,012,937	21,164,879
Administration Expenditure	8	3,856,538	2,272,501
		33,869,475	23,437,380
EXCESS OF INCOME OVER EXPENDITURE		20,068,777	(6,951,503)
PRIOR YEAR ADJUSTMENT		21,933,321	-
FUND BALANCE BROUGHT FORWARD		1,137,199	8,088,701
FUND BALANCE CARRIED FORWARD		43,139,297	1,137,199

As per the proc. No.1113/2019 Art. 63(2) the Administration expense is just 7% of the total income of the year



PARTNERS IN EDUCATION ETHIOPIA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 ETB
Cash flows from operating activities:	
Excess of Income over Expenditure	20,068,777
Prior year adjustment	21,933,321
	<u>42,002,098</u>
Increase/ decrease in debtors	(116,144)
Increase/ decrease in creditors	8,703,277
	<u>50,589,232</u>
Cash flow from Investing Activities	
Gain in exchange rate	235,892
	<u>235,892</u>
Net Cash flow from financing activities	-
	<u>-</u>
Net change in cash and cash equivalents	50,825,124
Cash and cash equivalents:	
At beginning of period	3,989,464
At end of period	<u>54,814,588</u>



**PARTNERS IN EDUCATION ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 latrines and providing access to clean water, and lowering poverty levels by facilitating skills training and income generating opportunities for destitute parents and protecting the environment.

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 achieve measurable improvements in its target populations; builds on communities' strengths and resources.

Partners in Education Ethiopia has been duly re-registered and accorded legal personality with Registry Number 3337 on October 21, 2019 as a Foreign Organization in accordance with the Civil Society Proclamation No. 1113/2019.

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 ETB at the Exchange rate ruling at 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 2021**

		2020 ETB
3 CASH AT BANK		
Commercial Bank of Ethiopia	10,504,541	3,989,464
Canadian Banks	40,603,449	-
USA Banks	3,706,598	-
	54,814,588	3,989,464
4 ADVANCE /ACCOUNT RECEIVABLE		
Account receivable	563,753	709,752
Employee advance	26,250	-
	590,003	709,752
5 DONATION		
Canadian	15,948,108	1,289,733
USA	3,708,957	-
Staff fund	179,407	120,000
ISEE	3,546,586	4,973,426
CHIRT	8,778,047	-
OES (Operation Eye Sight)	1,275,000	2,035,386
ISOC Interconnectivity project	-	1,107,985
IDPs -Trans languaging	614,197	-
	34,050,303	9,526,530
6 COMMUNITY CONTRIBUTIONS		
Debre Work Community	9,867,075	-
Merawi	-	1,640,000
Gezahara	-	1,700
Abichikili	-	5,317,647
Debre Work High School	500,000	-
Dr. Getenet Primary School	1,400,000	-
Jigna	2,703,190	-
	14,470,265	6,959,347



PARTNERS IN EDUCATION ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7 PROGRAM EXPENDITURE

Construction of Schools	24,617,501	13,447,236
Furniture & Sport equipment	92,734	1,417,501
Books for Library	151,825	165,191
Special Needs Education	168,250	4,500
WASH	14,000	-
School greening and gardening	2,245	179,181
TCD	238,162	59,755
Consultant	223,760	105,609
Eye Project -Salary	809,610	706,906
COVID-19 Response	-	3,513,876
Abichikil Interconnectivity project	555,901	124,657
Unallocated TCD	38,114	34,124
Project salaries	2,516,607	1,406,343
Supplies	363,339	-
Travel	205,561	-
Miscellaneous expense	15,328	-
	30,012,937	21,164,879

8 ADMINISTRATION EXPENDITURE

Salary and related benefits	3,508,099	2,042,229
Travel & Perdiem	53,530	12,643
Office rent	59,310	52,095
vehicle	142,558	72,180
Audit fee	7,700	6,600
Office supplies	33,818	43,223
Bank Service Charges	51,521	169
Consultant fee	-	40,300
Others	-	3,062
	3,856,538	2,272,501

9 EXCHANGE RATE GAIN

The organization has applied for opening foreign currency account in Ethiopia but permit has not be obtained as yet. The balance represents the net in the accounts maintained abroad.

