ETHIOPIA ACT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021

ETHIOPIA ACT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ethiopia ACT
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Ethiopia ACT (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ethiopia ACT as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Ethiopia ACT and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ethiopia ACT's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities 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 of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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 Ethiopia ACT's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ethiopia ACT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bellenfant, PLLC

Nashville, Tennessee
October 6, 2022

ETHIOPIA ACT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 633,538
Total Current Assets	633,538
FIXED ASSETS	
Property and Equipment	6,801
Less: Accumulated Depreciation	(2,721)
Fixed Assets, net	4,080
TOTAL ASSETS	$ 637,618

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	$ 205
Total Current Liabilities	205
NET ASSETS	
Net Assets Without Donor Restrictions	637,413
Total Net Assets	637,413
TOTAL LIABILITIES AND NET ASSETS	$ 637,618

The Independent Auditor's Report and accompanying notes are an integral part of these financial statements.

ETHIOPIA ACT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE AND PUBLIC SUPPORT	
Contributions	606,510
TOTAL REVENUE AND PUBLIC SUPPORT	606,510
EXPENSES	
Program Services	
Healthcare and Ministry	491,190
Supporting Services	
Management and General	15,411
Fundraising	849
Total Support Services	16,260
TOTAL EXPENSES	507,450
Change in Net Assets	99,060
Net Assets, beginning of year	538,353
Net Assets, end of year	$ 637,413

The Independent Auditor's Report and accompanying notes are an integral part of these financial statements.

ETHIOPIA ACT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		
	Healthcare and Ministry	Management and General	Fundraising	Total
Gifts of Faith	$ 467,750	$ -	$ -	$ 467,750
Travel	3,886	-	-	3,886
Professional Services	11,351	11,351	-	22,702
Bank Fees	4,849	-	-	4,849
Subscriptions	1,960	-	-	1,960
Marketing	-	849	849	1,698
Office Expenses	-	3,211	-	3,211
Miscellaneous	154	-	-	154
Total Expenses Before Depreciation	489,950	15,411	849	506,210
Depreciation	1,240	-	-	1,240
Total Functional Expenses	$ 491,190	$ 15,411	$ 849	$ 507,450

The Independent Auditor's Report and accompanying notes are an integral part of these financial statements.

ETHIOPIA ACT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 99,060
Adjustments to reconcile change in net assets to net cash provided (used) by operations:	
Depreciation	1,240
(Increase) Decrease in: Accounts Receivable	8,360
Increase (Decrease) in: Accounts Payable	(4,294)
Net Cash Provided (Used) by Operating Activities	104,366
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchase) Disposal of Fixed Assets	(3,254)
Net Cash Provided (Used) by Investing Activities	(3,254)
Net Increase (Decrease) in Cash	101,112
Cash and Cash Equivalents, January 1, 2021	532,426
Cash and Cash Equivalents, December 31, 2021	$ 633,538

ETHIOPIA ACT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Ethiopia ACT , ("the Organization"), was founded in 2014 as a ministry to reduce the impact of HIV/AIDS on extremely poor families. Ethiopia ACT has since grown to include other public health strategies that serve the wider community, as well as educational and psychological support for vulnerable children. Ethiopia ACT provides healthcare and ministry to individuals, families and communities in Addis Ababa, Ethiopia. Ethiopia ACT is an innovative, community healthcare organization committed to breaking the chain of generational poverty by serving the most vulnerable in communities of Addis Ababa.

Medicine and Health- The Organization places a high priority on public health interventions. The medicine and health initiative strives to create connections by empowering, partnering and engaging the community in the process of transformation. Ethiopia ACT helps those suffering from diseases such as HIV/AIDS, cervical cancer and tuberculosis.

Family and Youth- The Organization uses a Christianity based approach to bring the good news of forgiveness, restoration and redemption in word and deed to families in the communities.

Economic Development- Ethiopia ACT strives to improve the well-being of all the families they serve. They partner with the families with a goal of them becoming self-sustaining and healthy. The Organization provides business grants and trains individuals in income generating activities. The families have a greater sense of self worth to engage and give back to their community.

Spirituality and Church Planting- The Organization uses gospel-centered evangelism, discipleship and church planting to holistically transform the community.

Classification Net Assets With and Without Restriction

Ethiopia ACT has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the FASB Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification Net Assets With and Without Restriction (Continued)

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had $637,413 of net assets without donor restrictions as of December 31, 2021.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of December 31, 2021.

The FASB Accounting Standards Codification requires the Organization to report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either when a stipulated time restriction ends or purposed restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restricted funds received and released from restrictions in the same period are reported as net assets without restrictions.

Marketing

The Organization expenses marketing costs as incurred. Advertising costs for the year ended December 31, 2021 were $1,698. All marketing expenses are related to gifts of faith.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and include the assets, liabilities, and financial activities of the Organization.

Revenue Recognition

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded depending on the existence or nature of any donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Fixed Assets with an acquisition cost above $500 are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset as follows:

Office Equipment	5 years
Computers	3 years

Income Taxes

Ethiopia ACT is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax* . The Organization's returns for the years prior to year ended December 31, 2019 are no longer open for examination.

Cash

For the purposes of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Donated Assets and Services

Non-cash donations are recorded as contributions at their estimated fair values at the date of donation. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills. These services would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash on deposit. Cash deposits are primarily in financial institutions in Tennessee and, at times, may exceed federally insured amounts. Management does not believe that significant credit risk exists at December 31, 2021.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, other assets, and accounts payable: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

2. FIXED ASSETS

A summary of fixed assets at December 31, 2021 is as follows:

Property and Equipment	6,801
Fixed Assets - Gross	6,801
Less: Accumulated Depreciation	(2,721)
Fixed Assets - Net	$ 4,080

3. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and Cash Equivalents Without Donor Restrictions	$ 633,538
Financial assets available to meet cash needs for general expenditures within one year	$ 633,538

There is an adequate amount of financial assets available as of December 31, 2021. The Organization effectively manages its available liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.

4. UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, the Organization has temporarily not been able to continue normal activities. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 6, 2022, which is the date the financial statements were available to be issued.