ETHIOPIA ACT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

BELLENFANT
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, 2022, 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, 2022, 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
November 1, 2023

ETHIOPIA ACT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 522,693
Total Current Assets	522,693
FIXED ASSETS	
Property and Equipment	11,882
Less: Accumulated Depreciation	(5,182)
Total Fixed Assets	6,700
Total Assets	$ 529,393

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	3,145
Total Current Liabilities	3,145
NET ASSETS	
Net Assets Without Donor Restrictions	526,248
Total Net Assets	526,248
Total Liabilities and Net Assets	$ 529,393

The accompanying notes are an integral part of these Financial Statements.

ETHIOPIA ACT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUE AND SUPPORT	
Contributions	581,308
Total Revenue and Support	581,308
EXPENSES	
Program Services	
Healthcare and Ministry	665,691
Supporting Services	
Management and General	22,698
Fundraising	4,084
Total Support Services	26,782
Total Expenses	692,473
Change in Net Assets	(111,165)
Net Assets, beginning of year	637,413
Net Assets, end of year	$ 526,248

The accompanying notes are an integral part of these Financial Statements

ETHIOPIA ACT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		
	Healthcare and Ministry	Management and General	Fundraising	Total
Gifts of Faith	$ 592,618	$ -	$ -	$ 592,618
Travel	15,776	-	-	15,776
Professional Services	13,570	13,570	-	27,140
Bank Fees	3,248	-	-	3,248
Payroll Taxes	2,394	-	-	2,394
Salaries	33,500	-	-	33,500
Subscriptions	1,596	-	-	1,596
Marketing	-	4,083	4,084	8,167
Office Expenses	-	5,045	-	5,045
Miscellaneous	528	-	-	528
Total Expenses Before Depreciation	$ 663,230	$ 22,698	$ 4,084	$ 690,012
Depreciation	2,461	-	-	2,461
Total Expenses	$ 665,691	$ 22,698	$ 4,084	$ 692,473

The accompanying notes are an integral part of these Financial Statements

ETHIOPIA ACT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (111,165)
Adjustments to reconcile change in net assets to net cash provided (used) by operations:	
Depreciation	2,461
Increase (Decrease) in:	
Accounts Payable	2,940
Net Cash Provided (Used) by Operating Activities	(105,764)
CASH FLOWS FROM INVESTING ACTIVITIES	
(Purchase) Disposal of Fixed Assets	(5,081)
Net Cash Provided (Used) by Investing Activities	(5,081)
Net Increase (Decrease) in Cash	(110,845)
Cash and Cash Equivalents, January 1, 2022	633,538
Cash and Cash Equivalents, December 31, 2022	$ 522,693

The accompanying notes are an integral part of these Financial Statements

ETHIOPIA ACT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

Basis of Accounting

The financial statements of Ethiopia Act are maintained and presented on the Accrual Basis of Accounting. Revenues are generally recognized when earned and expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Associations. 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)

Basis of Accounting (Continued)

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had $526,248 of net assets without donor restrictions as of December 31, 2022.

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, 2022.

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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of December 31, 2022, the Organization had no cash equivalents.

Fixed Assets

Fixed assets consists of property and equipment. Purchases above $500 are recorded at cost. Depreciation is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives of all major classes of fixed assets are as follows:

Office Equipment	3-5 years
Computers	3 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of contributions. The contract obligations related to these services are satisfied when the service work and mission are fulfilled.

In general, the Organization's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date.

Advertising

The Organization expenses marketing costs as incurred. Advertising costs for the year ended December 31, 2022 were $8,167. All marketing expenses are related to gifts of faith.

Donated Services and Goods

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.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution was is not reflected in the financial statements since it is not susceptible to objective measurement of valuation.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses that can be directly attributed to a particular function are charged to that function, Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

Expense	Method of Allocation
Salaries	Time and Effort
Professional Services	Time and Effort
Travel	Time and Effort
Gifts of Faith	Time and Effort

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. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2022, 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	$ 522,693
Financial assets available to meet cash needs for general expenditures within one year	$ 522,693

There is an adequate amount of financial assets available as of December 31, 2022. The Organization effectively manages its available liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.

3. CONCENTRATION OF CREDIT RISK

The Organization invests its available cash with major financial institutions. As of December 31, 2022, the Bank of America checking account exceeded the Federal Deposit Insurance Corporation limit of $250,000 by $272,733. However, management believes that the credit risk related to these deposits is minimal.

4. FIXED ASSETS

A summary of fixed assets at December 31, 2022 is as follows:

Property and Equipment	11,882
Less: Accumulated Depreciation	(5,182)
Total Fixed Assets	$ 6,700

5. 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.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 1, 2023, which is the date the financial statements were available to be issued.