ETHIOPIA ACT

Financial Statements
December 31, 2023

ETHOPIA ACT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ethiopia ACT
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Ethiopia ACT (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, 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, 2023, 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.

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.

Agape Accounting LLC

September 11, 2024
Arvada, Colorado

ETHOPIA ACT

Statement of Financial Position
December 31, 2023

Assets		
Cash and cash equivalents	$	416,775
Property and equipment, net of accumulated depreciation		5,533
Total assets	$	422,308
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$	1,206
Net assets		
Without donor restrictions		421,102
Total liabilities and net assets	$	422,308

The accompanying notes are an integral part of these financial statements.

ETHOPIA ACT

Statement of Activities
For the Year Ended December 31, 2023

Change in net assets without donor restrictions		
Support and revenue		
Contributions	$	599,116
Expenses		
Program services		
Healthcare and ministries		654,700
Support services		
General and administrative		42,673
Fundraising		6,889
Total expenses		704,262
Change in net assets		(105,146)
Net assets at beginning of year		526,248
Net assets at end of year	$	421,102

The accompanying notes are an integral part of these financial statements.

ETHOPIA ACT

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program	General and Administrative	Fundraising	Total
Salaries and benefits	$ 52,040	$ 9,757	$ 3,252	$ 65,049
Gifts of faith	572,454	-	-	572,454
Medical team	14,022	-	-	14,022
Office expenses	1,751	7,005	-	8,756
Professional fees	-	24,855	-	24,855
Promotion	-	-	3,373	3,373
Technology	1,320	1,056	264	2,640
Travel	9,306	-	-	9,306
Depreciation	3,807	-	-	3,807
Total expenses	$ 654,700	$ 42,673	$ 6,889	$ 704,262

The accompanying notes are an integral part of these financial statements.

ETHOPIA ACT

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities	
Cash received from donors	$ 599,116
Cash paid to vendors and supplies	(702,394)
Net cash used in operating activities	(103,278)
Cash flows from investing activities	
Purchase of fixed assets	(2,640)
Net decrease in cash and cash equivalents	(105,918)
Cash and cash equivalents at beginning of year	(522,693)
Cash and cash equivalents at end of year	$ 416,775

The accompanying notes are an integral part of these financial statements.

Note 1 – Description of Organization and Summary of Significant Accounting Policies

Organization

Ethiopia Act (we, us, our) is a Colorado non-profit organization founded in 2014 as a ministry to reduce the impact of HIV/AIDS on extremely poor families. We have since grown to include other public health strategies that serve the wider community, as well as educational and psychological support for vulnerable children. We provide healthcare and ministry to individuals, families, and communities in Addis Ababa, Ethiopia. We are 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

We place a high priority on public health interventions. The medicine and health initiatives strive to create connections by empowering, partnering, and engaging the community in the process of transformation. We help those suffering from diseases such as HIV/AIDS, cervical cancer, and tuberculosis.

Family and Youth

We use 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

We strive to improve the well-being of all the families we serve. We partner with families with a goal for them to become self-sustaining and healthy. We provide business grants and train 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

We use gospel-centered evangelism, discipleship, and church planting to holistically transform the community.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for, nor restricted by, donors for long-term purposes, to be cash and cash equivalents.

Note 1 – Description of Organization and Summary of Significant Accounting Policies (continued)

Equipment and Depreciation

We capitalize all expenditures more than $500 for property and equipment at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – we report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation and consist of materials, supplies, food, and small equipment. Volunteers often contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Note 1 – Description of Organization and Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising and promotion costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

We are organized as a Colorado non-profit corporation and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. PSCP is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. PSCP has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or may include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

Subsequent Events

Our financial statements were available to be issued on September 11, 2024, and this is the date through which subsequent events were evaluated.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of cash and cash equivalents of $416,775.

Note 3 – Equipment and Depreciation

A summary of fixed assets as of December 31, 2023 is as follows:

Computers and equipment	$ 14,522
Less accumulated depreciation	(8,989)
Net fixed assets	$ 5,533

Note 4 – Related Party Transactions

We received $50,000 in contributions from an organization where the founder and current Board Chairman is employed.

A current Board Member is also one of our employees. He received a salary of $38,273 in 2023.

Note 5 – Concentrations

Thirty-three percent of 2023 donations were received from one donor. We monitor our cash flow so that we do not rely on large donations to perform our exempt purpose.