# ETHIOPIA ACT

## Financial Statements
## Years Ended December 31, 2025 and 2024

# ETHIOPIA ACT

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# INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ethiopia ACT
Denver, Colorado

## Opinion

We have audited the accompanying financial statements of Ethiopia ACT (a non-profit organization), which comprise the Statements of Financial Position as of December 31, 2025 and 2024, and the related Statements of Activities and Changes in Net assets, Functional Expenses and Cash Flows for the years 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audits. 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.

<u>Auditors' Responsibilities for the Audit of the Financial Statements</u>

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 auditors' 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.

Shannon O'Phelan, CPA
Agapé Accounting LLC

April 20, 2026
Arvada, Colorado

**ETHIOPIA ACT**

**Statements of Financial Position**

| | December 31 | |
|---|---|---|
| | 2025 | 2024 |
| **Assets** | | |
| Cash and cash equivalents | $ 691,128 | $ 553,844 |
| Prepaid expenses | 2,210 | 9,967 |
| Equipment, net of accumulated depreciation | - | 2,023 |
| Total assets | $ 693,338 | $ 565,834 |
| **Liabilities and Net Assets** | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | $ 16 | $ 3,033 |
| Total liabilities | 16 | 3,033 |
| Net assets | | |
| Without donor restrictions | 693,322 | 562,801 |
| Total net assets | 693,322 | 562,801 |
| Total liabilities and net assets | $ 693,338 | $ 565,834 |

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

**ETHIOPIA ACT**

**Statements of Activities and Changes in Net Assets**

| | For the Years Ended December 31 | |
|---|---|---|
| | 2025 | 2024 |
| Support and revenue | | |
| Contributions | $ 827,155 | $ 860,411 |
| Total support and revenue contributions | 827,155 | 860,411 |
| Expenses | | |
| Program services | | |
| Healthcare and ministries | 617,760 | 662,827 |
| Support services | | |
| General and administrative | 48,696 | 44,009 |
| Fundraising | 30,178 | 24,776 |
| Total expenses | 696,634 | 731,612 |
| Change in net assets without donor restrictions | 130,521 | 128,799 |
| Net assets without donor restrictions, beginning of year | 562,801 | 434,002 |
| Net assets without donor restrictions, end of year | $ 693,322 | $ 562,801 |

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

**ETHIOPIA ACT**

**Statements of Functional Expenses**

| | For the Years Ended December 31 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| | Program | General and Administrative | Fundraising | Total | Program | General and Administrative | Fundraising | Total |
| Gift of faith | $ 528,460 | $ - | $ - | $ 528,460 | $ 594,555 | $ - | $ - | $ 594,555 |
| Salaries and benefits | 26,637 | 19,978 | 19,978 | 66,593 | 26,523 | 19,892 | 19,892 | 66,307 |
| Medical team | 46,982 | - | - | 46,982 | 31,204 | - | - | 31,204 |
| In-kind supply donations | 10,154 | - | - | 10,154 | 1,134 | 4,199 | 21 | 5,354 |
| Office expenses | 1,796 | 7,185 | - | 8,981 | 1,134 | 4,199 | 21 | 5,354 |
| Professional fees | - | 16,844 | - | 16,844 | - | 17,745 | - | 17,745 |
| Promotion | - | - | - | - | - | - | 254 | 254 |
| Technology | - | 2,550 | 10,200 | 12,750 | 73 | 1,207 | 4,609 | 5,889 |
| Travel | 1,708 | 2,139 | - | 3,847 | 5,828 | 966 | - | 6,794 |
| Depreciation | 2,023 | - | - | 2,023 | 3,510 | - | - | 3,510 |
| Total expenses | $ 617,760 | $ 48,696 | $ 30,178 | $ 696,634 | $ 662,827 | $ 44,009 | $ 24,776 | $ 731,612 |

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

## ETHIOPIA ACT

### Statements of Cash Flows

| | For the Years Ended December 31 | |
|---|---|---|
| | 2025 | 2024 |
| Cash flows from operating activities | | |
| Cash received from donors | $ 827,155 | $ 860,411 |
| Cash paid to vendors and supplies | (689,871) | (736,242) |
| Net cash provided by operating activities | 137,284 | 124,169 |
| Net increase in cash and cash equivalents | 137,284 | 124,169 |
| Cash and cash equivalents at beginning of year | 553,844 | 429,675 |
| Cash and cash equivalents at end of year | $ 691,128 | $ 553,844 |

Supplemental disclosures:

There were no taxes or interest paid in during the years ended December 31, 2025 and 2024.

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

## Note 1 – Description of Organization

History and Description of Organization

Ethiopia ACT (the Organization) is a Colorado non-profit organization founded in 2014 as a ministry to reduce the impact of HIV/AIDS on extremely poor families in Ethiopia. The Organization has since grown to include other public health strategies that serve the wider community, as well as educational and psychological support for vulnerable children. The Organization 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.

Ethiopia ACT does not own or lease property from which it operates. The Organization's mailing address is in Tennessee and the officers and directors operate out of various geographic areas throughout the United States.

A description of mission programming is as follows:

*Medicine and Health*

The Organization places high priority on public health interventions. Medicine and health initiatives strive to create connections by empowering partners 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*

Ethiopia ACT uses a Christian 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. Ethiopia ACT partners with families with a goal for them to become self-sustaining and healthy. Ethiopia ACT provides business grants and trains individuals in income generating activities. The families have a greater sense of self-worth to engage in and give back to their community.

*Spirituality and Church Planting*

Ethiopia ACT uses gospel-centered evangelism and partners with a church planting organization to provide discipleship and holistically transform the community.

## Note 1 – Description of Organization (continued)

Income Taxes

Ethiopia ACT has been recognized by the IRS as exempt from federal income taxes under IRC Section501(c)(3). The Organization qualifies for the charitable contribution deduction and has been determined not to be a private foundation. Ethiopia ACT 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 its exempt purposes. Ethiopia ACT 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. Ethiopia ACT did not have any material or significant uncertain tax positions for the years ended December 31, 2025 or 2024. Ethiopia ACT's Internal Revenue open audit periods are December 31, 2022 and thereafter.

## Note 2 – Summary of Significant Accounting Policies

Net Assets

The financial statements report amounts separately by classes of net assets.

*Net Assets Without Donor Restrictions* – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions or net assets where the donor-imposed restrictions have expired or been fulfilled.

*Net Assets With Donor Restrictions* – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Contributions

Contributions are recorded as net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership or ownership of donated assets are unconditionally promised to Ethiopia ACT.

Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions in the Statements of Activities.

## Note 2 – Summary of Significant Accounting Policies (continued)

### 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 program services (such as serving on a mission trip), administration, 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.

### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on several bases and estimates. Salaries and benefits are allocated based on time and effort; other expenses are allocated according to estimated use. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

### Equipment and Depreciation

Ethiopia ACT capitalizes all expenditures more than $500 for property and equipment at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation 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 as incurred.

### Advertising Costs

Advertising costs are expensed as incurred.

### Use of Estimates

The preparation of financial statements in conformity with 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.

## Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Organization to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority based solely on the technical merits of the position. For the years ended December 31, 2025 and 2024, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

The Organization is no longer subject to U.S. federal and state income tax audits on its Form 990 by taxing authorities for fiscal years ending prior to December 31, 2021. The years subsequent to those years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

## Note 3 – 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 cash and cash equivalents of $691,128 and $553,844 for the years ended December 31, 2025 and 2024, respectively. As part of Ethiopia ACT's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The entity does not invest cash in excess of daily requirements in short-term or long-term investments and does not have any internally or externally imposed restrictions on the availability of financial resources.

## Note 4 – Equipment and Depreciation

A summary of fixed assets is as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Computers and equipment | $ 14,522 | $ 14,522 |
| Less accumulated depreciation | (14,522) | (12,499) |
| Net fixed assets | $ - | $ 2,023 |

## Note 5 – Related Party Transactions

Ethiopia ACT received donations of $120,000 in 2025 and $125,000 in 2024 from an organization where the founder, also current Board member, is employed.

In February 2025, Ethiopia ACT entered into a Memorandum of Understanding with this same individual to provide services to the Organization for a financial commitment to his organization of $16,800. Included in gifts of faith expense is $15,400 for amounts paid to the, plus an additional $10,000 from a gift preferenced to the individual for a total of $25,400.

A current Board Member is also the Country Director in Ethiopia and receives salary through gifts of faith. He received a salary of $38,273 in 2025 and 2024.

Certain board member contributions totaled $110,556 in 2025 and $94,366 in 2024.

## Note 6 – Concentrations

In 2025, 51% of donations were from two donors and in 2024, 64% of donations to Ethiopia ACT received were from four donors. Ethiopia ACT monitors cash flow so that they do not rely on large donations to perform its exempt purpose.

Ethiopia ACT manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. The Organization's deposits are held at a financial institution at which deposits are insured up to $250,000 by the FDIC. At times, amounts on deposit may exceed insured limits or may include uninsured investments in money market mutual funds. As of December 31, 2025 and 2024, the Organization's deposits exceeded the FDIC limit by $433,337 and $183,573, respectively. To date, Ethiopia ACT has not experienced losses in any of these accounts.

## Note 7 – Subsequent Events

The financial statements were available to be issued April 20, 2026, which is the date through which subsequent events were evaluated.