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Solomon Eshete
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P.O.Box 31003
Addis Ababa
Ethiopia

THE MANAGMENT
LOVE FOR CHILDREN AND FMAILY DEVELOPMENT CHARITABLE ORGNIZATION
Addis Ababa

Dear Sirs,

MANAGEMENT LETTER

1. In accordance with our appointment as auditors. We have audited the financial statements of the company for the year ended July 07, 2022 and have submitted our reports under a separate cover.

2. We would like to give our findings and recommendations on certain aspects of the internal control system, and other matters which came to our attention during the conduct of our normal audit procedures which were designed primarily with a view to expressing our opinion on the financial statements of the company taken as a whole. Therefore, our examination cannot be expected to disclose all possible weaknesses in internal control and to uncover all other findings.

3. **Findings and Recommendations**

We don't have major findings and recommendations to report for management

CONCLUSION

4. Finally, we would like to express our appreciation for the assistance and cooperation accorded to us by the management and staff of the company in the course of our audit. We shall be pleased to furnish you with any information and explanation you may require in connection with our report.

Yours faithfully,

SOLOMON ESHETE, FCCA
Chartered Certified Accountants (London)
Authorized Auditors in Ethiopia

Addis Ababa
09 October 2022

5 Kilo In Front of Technology Faculty, Mela...

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGANIZATION

AUDITOR'S REPORT AND ACCOUNT'S FOR THE YEAR ENDED 07 JULY 2022

SOLOMON ESHETE

Chartered Certified Accountants-UK

Authorized Auditors in Ethiopia

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ADDIS ABABA, ETHIOPIA

LOVE FOR CHILDTEN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

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FOR THE YEAR ENDED 7 JULY 2022

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LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNAIZATION

REPORT OF THE MANAGEMENT

FOR THE YEAR ENDED 7 JULY 2022

The Management submit their report together with the financial statements for the year ended JULY 7,2022 which show the state of the organization's affairs.

Background information

Love for Children and Fmaily Development Charitable Orgnization(LCFDCO) is and indignous, on-politial, non-relgious, on-profit humanitarian and development oriented orgnization working in Ethiopia for the well-being of Deprived, Eclude and Vulnerable Children. LCFDCO was registered and licensed by the charities societies agency(CSA) in accordance with the harities and societies proclamation No. 621/2009 starting from July 29,2010. The Orgnization main offices is ound in Addis Ababa city administration, Nefas Silk Lafto Sub City in front of Woreda 2 Administration around Mekanisa.

Love for Children and Family Development Charitable orgnizaton directly benefit to more than 15,000.00 children through sponsorship and grant fund. Currently the orgnization operates in two sub cities namely Kolfe Keranio and Nifas Silk Lafto o Addis Ababa City Administration with the overall objective to help Deprived , Excluded and Vulnerable(DEV) children have the capacity to become Young adults, parents and leaders who bringing lasting and postive change in their communities.

Principal Activities

The principal activity/mission of the organization is designs, implements, and evaluates programs to improve education, health, and economic opportunity worldwide, with a focus on vulnerable and underserved populations.

The overall objective of the organization is to help deprived, excluded and vulnerable children who have the capacity to become young adults, parents and leaders who brings lasting and positive change in their communities

Results

The results of the organization for the year ended July 7,2022 are set out on page 9

Management

The management who serve during the year are set out on page 3.

Country Representative
Addis Ababa, Ethiopia

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Ethiopia

INDEPENDENTAUDITOR'SREPORT
LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION

Opinion

We have audited the financial statements of Love for Children and Family Development Organization, which comprise the statement of financial position as at 07 July 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Love for Children and Family Development Organizationas at 07 July 2022 and (of) its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standard **(IPSAS).**

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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, and we have fulfilled our other ethical 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.

5 Kilo,In Front of Technology Facuilty,Mekane Eyesus Building,3rd Floor,Office No.307/308/302

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with **IPSASs**, and for such internal control as management determines is 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.

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 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 basis of these financial statements.

Solomon EsheteNegash, FCCA
ChatteredCertified Accountants UK
and Authorized Auditors in Ethiopia

09 October 2022
Addis Ababa,
Ethiopia

L OVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNAIZATION

S ATEMENT OF FINANCIAL PERFORMANCE

F OR THE YEAR 7 JULY, 2022

Currency;-Ethiopian Birr

	Note	2022	2021
R venue from non-exchange transactions			
Donation	4	29,567,006	23,047,438
Cost Sharing (In Kind)		2,473,285	2,186,657
Total revenue		**32,040,291**	**25,234,095**
E penses			
Program Cost	5.1	28,978,354	20,630,775
T al Program expenses		**28,978,354**	**20,630,775**
Administrative Expense	6	4,073,575	3,394,556
Impairment loss			-
Total Administrative expense		**4,073,575**	**3,394,556**
Total Expense		**33,051,928**	**24,025,331**
Surplus/ deficit for the period		**(1,011,637)**	**1,208,764**

LOVE FOR CHILDTEN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

STATEMENT OF FINANCIAL POSITION

AS AT 7 JULY 2022

Currency;-Ethiopian Birr

	Note			2021
Assets				
Current assets				
Cash and cash equivalents	9	2,329,672		2,870,617
Receivables from non-exchange transactions	10	100,768		465,519
VAT receivables		228,427		-
Prepayments		240,059		190,344
Inventories		103,560		416,134
			3,002,485	3,942,615
Non-current assets				
Property, plant and equipment	8	85,680		-
Investment property		-		-
			85,680	-
Total assets			3,088,165	3,942,615
Liability and Net asst				
Current liabilities				
Payables	15		209,944	170,772
			209,944	170,772
Non-current liabilities				
Employee benefit obligation	14	551,973		433,958
Provisions		-		-
Total liabilities			551,973	433,958
			761,917	604,730
Accumulated surplus				
Total net assets		2,326,248		3,337,885
Total net assets and liabilities			2,326,248	3,942,615
			3,088,165	3,942,615

LOVE FOR CHILDTEN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

CHANGE IN NET ASSE/ EQUITY FOR THE YEAR

FOR THE YEAR 7 JULY 2022

Currency;-Ethiopian Birr

	Contribution capital/Fund balance	Reserve	Translation reserve	Accumulated surplus/ Deficit	Total Net Asset/ Equity
Balance as at July1,2021		-	-	3,337,885	3,337,885
Surplus for the period				(1,011,637)	(1,011,637)
Balance as at 7 July 2022	-	-	-	**2,326,248**	**2,326,248**

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 7 JULY 2022

Currency: Ethiopian Birr

		July 1,2022	July 1,2021
Cash flow from Operating Activity			
Deficit/ Surplus for the year		(1,011,637)	1,208,764
Adjustment to reconcile Deficit/Surplus to net cash provided by operating activities			
Opening balance deference		-	-
Depreciation		-	-
Changes in Asset			
Decreases in Receivable - Non exchange Transaction		364,751	(233,091)
Inventory		312,574	-
VAT receivables		(228,427)	
Prepayments		(49,714)	54,337
Decreases in other current Asset, net		(612,453)	1,030,010
Change in Liabilities, net Asset/Equity			
Decreases in Payables	39,172		18,224
Employee benefit obligation	118,015		1,013
Decreases in Account payable and Accrued liabilities		157,186	19,237
Net Cash Flows (Used in) operating Activates		(455,267)	1,049,247
Cash flow from Investing Activities			
Purchases of Property, Plant & Equipment	(85,680)		-
Net Cash flow from Investing Activities		(85,680)	-
Cash flow from financing Activities	-		-
Net cash flow from financing Activities		-	-
Net Increases in Cash and cash equivalent		(540,946)	1,049,247
Cash and Cash equivalents- Beginning of the year		2,870,617	1,821,371
Cash and Cash equivalents- End of the year		2,329,672	2,870,618

Accounting and auditing Board of Ethiopia
Original Copy Submitted to the Board
Authorized Auditors
SOLOMON ESHETE & CO.
CHARTERED CERTIFIED ACCOUNTANTS

LOVE FOR CHILDREN AND FAMILY DEVLOPMENT CHARIABLE ORGNIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7 JULY 2022

1. Company information

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT CHARITABLE ORGNIZATION is a registered Ethiopian residence charity organization established in December 1997 as Handicap National by enthusiastic multi- disciplinary professionals with major objectives of category services to prevent child disability and rehabilitation children with disabilities who are vulnerable to the whole range of social, cultural and economic disadvantages.
The organization started its service with limited human, material and financial resource in 1998 one of the most vulnerable of Addis Ababa i.e. worked 22. Generally with growth of needs and financial resources availability the organization expanded its service both in program type and geographical coverage. Berhan Lehetsanat (BT) is indigenous non-governmental organization registered and licensed by Charities and Societies Agency in accordance with the Charities and Societies Proclamation No. 1113/2011.

2. Significant accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB).

For all periods up to and including the year ended 7 JULY 2020 the Charity prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). These financial statements for the year ended 7 JULY 2022 the first the Charity has prepared in accordance with IPSAS Accrual .

The financial statements have been prepared on a historical cost basis, except for all property, plant and equipment, which has been not revalued and taken as deemed cost for the purposes its opening IPSAS statement of financial position dated 1 July 2020 . The charity take the exemption of IPSAS 33 Paragraph 36 relief and subsequently will measure and take as deemed cost before the relief period elapse.

Items included in the financial statements are measured using the currency of the primary economic environment in which the organization operates ('the functional currency'). The financial statements are presented in Ethiopian Birr ("ETB") which is the Charity's functional currency.

These financial statements were prepared on the assumption that the Organization is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1). The Governing Bodies of the Organization have not communicated any intention to terminate the Organization or to cease its operations.

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

a. Statement of Financial Position
b. Statement of Financial Performance
c. Statement of Changes in Net Assets
d. Cash Flow Statement
f. Notes, comprising a summary of significant accounting policies and other relevant information.

In compliance with IPSAS 1, paragraph 28, Except Property plant and equipment that was not revalued and take as deemed cost ,the Charity has fully adopted IPSAS.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Charity in preparing its financial statements.

a) Revenue from non-exchange transactions

The Charity recognizes revenues from Donation, Contribution and membership fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non- exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Charity and the fair value of the asset can be measured.reliably.

b) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses after recognizing the PPE in the financial position as deemed cost and acquired and capitalized in the period of relief . Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Charity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non- exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets including those Property, plant and equipment which are stated at Revalued amounts and used as a deemed cost at opening IPSAS Financial Position date (7 JULY 2020). For those items that are not revalued and assets that are acquired after translation date, their useful life is determined by management based the pattern and the manner in which it has intended to use those assets.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item:	Average useful life:
Machinery & plant	10 Years
Buildings	50 Years
Vehicle	10 Years
Motor vehicles	20 Years
Office equipment	10 Years
Computer equipment	4 Years

Transitional provision is applied in the initial recognition of Property, Plant, and Equipment (PP&E) which were purchased or donated before 1 July 2020. Assets acquired prior to 1 July 2020 were expensed at the date of purchase and were not recognized as assets.

a) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to- maturity investments or available-for-sale financial assets, as appropriate. The Charity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Charity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Charity assesses at each reporting date whether there is objective evidence that a financial asset or a Charity of financial assets is impaired. A financial asset or a Charity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Charity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Ø Default or delinquency in interest or principal payments

Ø The probability that debtors will enter bankruptcy or other financial reorganization

Ø Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Charity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

* Raw materials: purchase cost using the weighted average cost method

* Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Society.

e) Provisions

Provisions are recognized when the Charity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Charity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Charity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Charity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Charity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f) Changes in accounting policies and estimates

The Charity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Employee benefits

The Charity provides retirement benefits for its employees . Defined contribution plans are post employment benefit plans under which a Charity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued annually on the projected unit credit method basis or other applicable simplified methods depend on the charity materiality. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

h) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the spot rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

i) Related parties

The Charity regards a related party as a person or a Charity with the ability to exert control individually or jointly, or to exercise significant influence over the Society, or vice versa. Members of key management are regarded as related parties and comprise the board members, manager and senior managers.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the charity bank account and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

l) Significant judgments and sources of estimation uncertainty

The preparation of the Charity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

m)Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Charity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Charity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

n)Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- Ø The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- Ø The nature of the processes in which the asset is deployed
- Ø Availability of funding to replace the asset Changes in the market in relation to the asset

o)Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions .

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended JULY 7, 2020.

Q) First-time adoption of IPSAS

These financial statements, for the year ended JULY 7, 2021, are the first the Charity has prepared in accordance with IPSAS. For periods up to and including the year ended JULY 7,2020, the Charity prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

Accordingly, the Charity has prepared financial statements that is not fully comply with IPSAS applicable as at JULY 7, 2021due to the standard give relief to not recognize PPE, as described in the summary of significant accounting policies. In preparing the financial statements, the Charity opening statement of financial position was prepared as at JULY 7,2020, the charity date of transition to IPSAS. This note explains the principal adjustments made by the Charity in restating its Local GAAP financial statements, including the statement of financial position as at JULY 7,2020

Exemptions applied

IPSAS 33 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IPSAS.

The Charity has applied the following exemptions:

According to IPSAS 33 , Para 36 Where The charity has not recognized Property, plant and equipment under its previous basis of accounting, it is not required to recognize and/or measure the following PPE for reporting periods beginning on a date within three years following the date of adoption of IPSASs. The charity take transitional exemption and provision of property, plant and equipment, which has significant amount but did not recognized in the transition period of July1 2020 opening financial position, this exception will affect the fair presentation of financial statement. The charity will recognize all ppe in the next reporting period by revalue the asset and will take as deemed cost.

Deemed cost — Previous GAAP revaluation

Comparative Information

The first time adopter do not required but encourage to present comparative information in its first IPSAS financial statement. The Charity elect not to present comparative information as a first time adopter its first financial statement. In subsequent period it will provide comparative information as required by IPSAS 1.

Currency: Ethiopian Birr

3. Significant accounting judgements, estimates and assumptions

The preparation of the Charity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgements

In the process of applying the Charitys' accounting policies, management has not encountered any situation that calls for any a significant judgements, which have significant effect on the amounts recognized in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Charity based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to circumstances arising beyond the control of the charity. Such changes are reflected in the assumptions when they occur.

Employee termination benefit

The cost of post employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and employee turnover rates . Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a post employment benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the salary increment rate and date of employee termination. In determining the appropriate salary increment rate, management has taken historical data and estimated rate of salary increment using growth rate calculation formula.

Currency: Ethiopian Birr

4 Revenue

The following are analysis of the Charities' revenue for the year

Foreign sources	**2022**	**2021**
Revenue from sponsorship Fund	14,125,828	10,690,744
Revenue from Non Sponsorship Fund	-	74,357
Revenue from PEF	2,334,136	797,405
Revenue From Child DFC	1,528,482	1,204,843
Grantee USAID Income (CVC)	-	3,280,661
GRANT HIV Prevention & Treatment	-	6,999,430
Grant USAID-Income (OTA)	11,578,560	-
	29,567,006	**23,047,438**
Local Sources		
Revenue from community contribution	-	2,090,855
Revenue from Government Contribution	-	76,850
In-Kind material community and government	2,473,156	-
Other	129	18,951
	2,473,285	**2,186,657**
Total Revenue	**32,040,291**	**25,234,095**

4.1 Source of Revenue from non exchange transaction

Income from Bank service charge other revenue from voluntaries contributiption in Kind and in cash to support the Charity objective. the revenue was not stipulated any condition so that, it was recognized as asset and as a revenue.

5 Expenses

5.1 Program Expenses	2022	2021
Salary program staff	4,518,560	3,198,637
Training	2,726,228	313,020
Medication fees	96,138	2,396,903
DFC paid	1,505,553	209,747
Financial support	1,463,956	1,185,134
Supplementary food	134,310	4,508,969
Material support/utencils,clea	3,967,181	131,900
CPR/CVS	431,171	3,484,495
Scholastic materials	1,005,772	68,900
Letter writing center construct	-	1,832,787
Community based care give trans	182,330	290,027
Transport	344,084	83,909
Office rent	43,200	22,400
Start up capital	25,620	278,030
M & E	833,137	119,647
Support HH Packaging material	987,824	173,866
Entertainment, table tennis	-	
Formation of facilitybasedVSLA	310,584	290,236
Data collection	53,718	85,414
Conduct adolescent girl mentor	157,641	43,044
Develop&mentorperformance HIV	937,745	126,005
Cost Sharing Schoolastic Material	134,000	-
Cost Material Support (In Kind)	1,881,359	-
Hall rent	7,250	-
Cost share for medication	31,643	-
Financial Support	137,963	-
Seed money	167,735	-
Medical & Life Insurance for Staff	93,280	-
Severance &compensation	86,739	-
Construction of Child care center	2,266,873	-
Experience sharing expense	439,373	25,062
Purchase and provide Smartphone	75,035	49,500
HIV Prevention & Treatment	3,861,854	1,672,475
Supplies & Materials	23,000	-
Communication	47,500	40,667
Total Program Expense	**28,978,354**	**20,630,775**

6 Administrative Expense

	2022	2021
Salary & Benefit support staff	2,308,862	1,937,320
Stationary,priniting & coping	112,185	50,170
Repair & Maintenance vehicle	392,277	181,045
Insurance	15,457	19,333
Communication	361,104	172,031
Deprecation expense	21,420	67,478
Postage,shiping & freight	1,200	340
Uniform & clothing	5,760	4,050
Staff training	-	7,098
Fuel & Lubricants	142,295	130,621
Office Equipment accessories	7,478	1,200
Claiming & Sanitation	24,345	6,140
Audit fee	21,493	16,496
Legal fee	27,500	35,750
Membership	10,050	7,500
Bank service charge	4,215	1,850
Utilities (Water & Electricity	40,221	88,680
Miscellaneous expenses	107,660	44,399
Equipment Maintenance & Repair	75,353	32,357
Travel Expense	40,651	56,560
Medical & Life Insurance for Staff	189,775	422,253
Severance payment	146,174	97,485
Cash indemnity	1,800	-
Office Rent	-	14,400
Building office maintenance	16,300	-
Total Administration expenses	**4,073,575**	**3,394,556**
Total expenditure	-	-
	33,051,928	**24,025,331**

Administrative expenditure is 13% of the total expenditure of the organization.

Currency: Ethiopian Birr

8 **PROPERTY, PLANT AND EQUIPMENT**

	Furniture, fixture and equipment	Computer and accessories	Total
At 1 January 2021	-	-	
Additions	107,100		107,100
Disposal		-	-
At 31 December 2021	-	-	-
	107,100	-	**107,100**
DEPRECIATION			
At 1 January 2021	-	-	-
Charge for the year	21,420	-	21,420
Disposal	-	-	-
At 07 July 2022	**21,420**	-	**21,420**
NET BOOK VALUE			
At 07 July 2022	**85,680**	-	**85,680**

1 . Disclosures Of PPE

cept computer and furniture purchased during 2020 financial year All property, plant and equipment t was expensed when purchased before 2020 financial year is not recognized in the period of transition F AS. The Charity elect to use the three years transitional provisional relief. The assets that was stered in the asset registration list is very significant amounted estimate at the acquisition cost is about illion birr. This will affect the fair presentation of the financial statement of the charity.

sset will be revalued in the next financial years before the relief period elapsed. When the asset lue by the current fair value the charity recognize as deemed cost in its financial statement.

Currency: Ethiopian Birr

9 Cash and cash equivalents

	2022	2021
Cash at banks	2,329,670	2,870,617
Cash on hand	-	
Cash and cash equivalents	**2,329,670**	**2,870,617**

9.1 Cash at banks earns interest at floating rates based on daily bank deposit rates.

10 Receivable from non exchange transactions

	2022	2021
Advance and Other	12,742	465,519
Preapid insurance	181,842	-
Project receivables	88,026	
Prepaiment	58,217	190,344
Total financial assets	**340,827**	**190,344**
Impairment of receivable	-	-
Total receivable	**340,827**	**190,344**

10.1 trade and other receivables

They are non-derivatives financial assets carried at amortized cost which do not generate a fixed or variable interest income for the Charity. The carrying value may be affected by changes in the credit risk of the counterparties. The Charity has no any past due yet not impaired receivable.

13 Net asset/ Equity

The Net asset/ Equity balance represents the amount available for future operation of the Charity.

14 Termination benefit obligation (Severance payment)

The Charity is obliged by law to pay severance payment for eligible employees who served the Charity for more than 5 years when the employment is terminated .The amount payable is one month final salary for the first year of service and one third of the final salary for the remaining year of services. Accordingly the present value of post employment benefit obligation (severance) and the related current service cost were measured using the projected unit credit method.

Currency: Ethiopian Birr

The principal assumptions used for the purpose of the actuarial valuation were as follows;-

	2022	2021
Discount rate		
Expected rate of salary increase(the lower of projected salary and ceiling in salary scale)		
The age at which each employee is assumed to terminate	60	60

	2021	2020
Accrued staff benefits_Severance Payable	403,684	396,005
Cash Indeminity payable	1,200	3,000
Annual leave	147,089	34,953
Payment	-	-
Reversal of provision	-	-
Closing employee benefit obligation	**551,973**	**433,958**

15 Trade and other payables

	2022	2021
Income tax payable	121,111	57,939
Withholding tax payable	8,962	5,924
Pension contribution payable	52,373	30,848
Provident payable	1,494	577
Unpaid salary payable	-	65,506
Other payable	26,004	9,978
	209,944	**170,772**

The Pension payable is defined contribution plan where Employees are included in a statutory pension scheme to which the Company and these employees contribute 11% and 7% of the individual monthly salaries, respectively.

16 Accrued leave salary

2022	2021
-	**34,953**

This represents cumulative annual leave accrued at the reporting date. Each employee is entitled to an annual leave of 20 days for the first year of employment and keeps on increasing one day per additional year of service until it reaches the maximum amount allowed per year . However , the leave can only be carried forward for one more year.

Currency: Ethiopian Birr

. Related party disclosure

ıe Charty has related entity. Related parties with which the Charty may haveicant transactions during ear were.

cet phis. & training Center is the related entity of Berhan Lehetsant Charity. The entity is income ıcrating activitesthat operate in the rent of buildind. The profit of the entity will transfer to Berhan hetsanat for its obective.

ı..pensation of key management personnel of the Charty

	2022
ɔ -term employee benefits	-
ɜt-employment benefit (pension)	-
ı s payment	-
tal compensation paid to key management personnel	-

mounts disclosed above are the amounts recognised as an expense during the respective reporting iod related to key management personnel.

I vents after reporting period

r is no event after the balance sheet date

Going concern assumption

ıagement of the Charty has concluded on the appropriateness of the use of the going concern basis counting based on the assessment made on whether a material uncertainty exists related to events c..ditions that may cast significant doubt on the Charty's ability to continue as a going concern. ıagement's conclusions are based on the assessment made up to the forceable future.

clude on the appropriateness of the management's use of the going concern basis of accounting and c on the audit evidence obtained, whether a material uncertainty exists related to events or litions that may cast significant doubt on the ability to continue as a going concern. If we conclude a material uncertainty exists, we are required to draw attention in our auditor's report to the related c..ures in the financial statements or, if such disclosures are inadequate, to modify our opinion. conclusions are based on the audit evidence obtained up to the date of our auditor's report. e er, future events or conditions may cause to cease to continue as a going concern.

AABE
ETHIOPIA
ACCOUNTING AND AUDITING BOARD
[Established under Financial Reporting Proclamation 847/2014]

Certificate number: ADF0089

የድርጅት ምዝገባ ምስክር ወረቀት
Firm Registration Certificate

ይህ የምስክር ወረቀት በሚኒስቴሮች ምክር ቤት ደንብ ቁጥር 332/2007 አንቀፅ 31(1)(ለ) መሰረት
ሰለሞን እሸቴ የተመሰከረለት ኦዲት ድርጅት
የኦዲት አገልግሎት እስከ ጥር 30/2015 ዓ.ም ድረስ እንዲቀጥሉ ተሰጥቷቸዋል።

This certificate is issued to
Solomon Eshete Certified Audit Firm
Under article 31(1) (b) of council of minister's regulation number 332/2015 to continue Audit practice until February 7, 2023

ዋና ዳይሬክተር
Director general

ሳሙኤል አጎናፍር ደለለኸው
ም/ዋና ዳይሬክተር

የተሰጠበት ቀን-መጋቢት 06, 2014
Date of Issue —March15,2022

ONLY FOR LOVE FOR CHIDREN

ACCA

Practising Certificate

This is to certify that

Solomon Eshete Negash

having complied with the bye-laws of the Association is eligible to practise as a Chartered Certified Accountant in Ethiopia, subject to prevailing legislation.

Certificate number 21565561

Valid until 30 June 2022

Association of Chartered Certified Accountants

This certificate remains the property of ACCA and must not in any circumstances be copied, altered or otherwise defaced.

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Addis Ababa City Administration Trade Bureau

ለፈ ቁ. № 2827401

Principal Registration No. AA/NK/01/0000646/2004

የቀደሙ ንግድ ፈቃድ ቁጥር 01/1/17570/04

Previous License No.

የንግድ ሥራ ፈቃድ ቁጥር 14/670/5821/2004

Business License No.

ቀደም ተሰጠበት ቀን 10/12/2004

Previous Date of Issuance

የተሰጠበት 1/13/2004

Date of Issuance

የታደሰበት ቀን: 16/3/2014

Renewal Date

የንግድ ሥራ ፈቃድ

በንግድ ምዝገባ ፈቃድ አዋጅ ቁጥር 980/2008 መሰረት የተሰጠ

Business License

Issued Under Commercial Registration and Business license proc.No 980/2016

1. Owner/Company Name	SOLOMON ESHETE NEGASH
2. Nationality	Ethiopian
3. Trade Name	
4. General Manager Name	Mr. SOLOMON ESHETE NEGASH
5. Business Address	
Region	Addis Ababa
Zone/Sub City	Arada
Woreda	06
Kebele	----
House No.	922/307
Tel No	0911404089
Fax	----
E-mail	----
6. Field of Business	(85212)Authorized Auditor (85211)Authorized Accountant
7. Capital In ETB	1,300,000.00

This Business License is issued in Addis Ababa this day 1/25/2021

Name of Official

Shewaye Teyia

Seal

Shall be renewed in accordance with Proclamation No. 980/2008 as per the Fiscal year.

የንግድ ፈቃድ በወጣበት ረዳት ቁጥር 980/2008 መሠረት በተቀመጠው መሠረት ፣ የሚታደስ ስለመሆኑ

የንግድ ፈቃድ የተሰጠበት ወረዳ በወጣና ወይም በሌላ ሊያዘዋውሩ አይችልም

of this License is forbidden for survey ship or date

በአዲስ አበባ ከተማ አስተዳደር ንግድ ቢሮ

Addis Ababa City Administration Trade Bureau

ለፈ ቁ. № 2007675

የንግድ ፈቃድ አዋጅ ቁጥር 980/2008 መሰረት የተሰጠ

Commercial Registration Certificate

Issued under Commercial Registration and Business license proc No. 980/2016

1.Owner/ Company Name	SOLOMON ESHETE NEGASH
2. Nationality	Ethiopian
3. Trade Name	
4. General Manager Name	Mr. SOLOMON ESHETE NEGASH
5. Business Address	
Region	Addis Ababa
Zone/Sub City	Arada
Woreda	06
Kebele	----
House No.	922/307
Tel No	0911404089
Fax	----
E-mail	----
6. Capital In ETB	1,300,000.00
7. Type of activities engaged	8. FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS SERVICES

has duly been registered under TIN 0001127134

This Registration Certificate is issued in 1/25/2021 Addis Ababa

Official's Name

Seal

ONLY FOR LOVE FOR REDRIVE

የኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ

Federal Democratic Republic of Ethiopia

ADDIS ABABA CITY ADMINISTRATION REVENUE AUTHORITY

TAXPAYER REGISTRATION CERTIFICATE

0001127134

SOLOMON ESHETE NEGASH

ADDIS ABABA

ARADA

06

WOREDA 06

922/307

ACCOUNTING, TAX PREPARATION, BOOKKEEPING

ADDIS ABABA CITY ADMINISTRATION REVENUE AUTHORITY

07 HEDAR 2005

16-NOV-13

Customers Service Directorate Director

የኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ

የገቢ ግብር አስተዳደር ባለሥልጣን

የእሴት ታክስ ምዝገባ ሰርተፍኬት

The Federal Democratic Republic of Ethiopia

Ethiopian Revenue and Customs Authority

Value Added Tax

Registration Certificate

Mr. SOLOMON ESHETE NEGASH

SOLOMON ESHETE

ADDIS ABABA

ARADA

P.O. Box

WOREDA 06

0001127134

Customers Service Directorate Director