LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2025

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LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

07 JULY 2025



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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION

Opinion

We have audited the financial statements of Love for Children and Family Development Organization (the organization), which comprise the financial position as at 07 July 2025, and the financial performance, statements of changes in net assets/equity and its cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the organization financial statements present fairly, in all material respects, the financial position of the organization as at 07 July 2025 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards(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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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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 International Public Accounting Standards (IPSASs) and complied with the requirements of the organization of civil societies proclamation no1113/2019 and 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's or to cease operations, or has no realistic alternative but to do so.

The executive director is responsible for overseeing the organization's financial reporting process.

Auditors' 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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide with the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Addis Ababa
01 October 2025

Getachew Tabor Telila
Chartered Certified Accountant (UK)
Authorized Auditor (ETH)

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 07 JULY 2025

Currency : Ethiopian Birr

	Notes			2024
Revenue				
Revenue from non-exchange transactions				
Donation	4		53,846,219.42	26,713,301
In Kind contrbution	4		2,948,911.31	2,981,254
Total revenue			**56,795,130.73**	**29,694,554**
EXPENDITURE				
Program	5	45,735,588		25,778,996
Administrative	6	8,310,284		5,073,868
Total expenditure			**54,045,871.53**	**30,852,864**
Surplus/ (deficit) for the year			**2,749,259.20**	**(1,158,309)**

The notes on page 8-23 are an integral part of these finacial statements.

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
STATEMENT OF FINANCIAL POSTION
FOR THE YEAR ENDED 07 JULY 2025

Currency : Ethiopian Birr

	Notes		2024
Assets			
Current Asset			
Cash and cash equivalents	7	6,832,228	2,834,781
Receivables from non-exchange transactions	8	88,790	88,123
Receivables from exchange transactions	9	504,081	301,338
Inventory	10	24,794	24,794
Total current assets		**7,449,893**	**3,249,036**
Non-current assets			
Property, plant and equipment	11	890,325	283,886
Total non-current assets		**890,325**	**283,886**
Total assets		**8,340,218**	**3,532,922**
LIABILITIES			
Current liabilities			
Account Payables	12	1,164,816	392,773
Non-current liabilities			
Severance payee	13	2,987,066	1,701,072
Total liabilities		**4,151,882**	**2,093,845**
Total assets less total liabilities		**4,188,336**	**1,439,077**
Equity/Net Asset			
Accumulated surplus		4,177,329	1,428,070
Other reserve		11,007	11,007
Total equity/Net Asset		**4,188,336**	**1,439,077**



The notes on page 8-23 are an integral part of these financial statements.

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
STATEMENT OF CHANGE NET ASSETS/EQUITY
FOR THE YEAR ENDED 07 JULY 2025

Currency : Ethiopian Birr

	Accumulated surplus/(deficit) assets	Other reserves	Total assets/equity
Balance as at 07 July 2022	2,326,248	-	2,326,248
Prior year adjustment		11,007	11,007
Surplus for the year	260,131	-	260,131
Balance as at 07 July 2023	**2,586,379**	**11,007**	**2,597,386**
Deficit for the year	(1,158,309)	-	(1,158,309)
Balance as at 07 July 2024	**1,428,070**	**11,007**	**1,439,077**
Surplus for the year	2,749,259.20	-	2,749,259.20
Balance as at 07 July 2025	**4,177,328.79**	**11,007.00**	**4,188,335.79**

The notes on page 8-23 are an integral part of these financial statements.



LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 07 JULY 2025

Currency : Ethiopian Birr

		2024
Cash flow from operating activities		
Surplus/(deficit)/ before finance income for the year	**2,749,259**	**(1,158,309)**
Adjustment for		
Deprecation	94,060	55,268
	2,843,319	**(1,103,041)**
Movements in working capital		
Receivables from non-exchange transactions	(667)	38,874
Receivables from exchange transactions	(202,744)	(60,956)
Inventory	-	22,325
Increase/(decrease) accounts payable	772,043	(816,654)
Increase in severance pay	1,285,995	578,117
Cash (used)/ generated by operating activities	**4,697,945**	**(1,341,335)**
Cash flow from Investing activities		
Purchase of property and equipment	(700,499)	(177,500)
Net cash generated from Investing activities	**(700,499)**	**(177,500)**
(Decrease)/increase in cash and cash equivalent	**3,997,446**	**(1,518,835)**
Cash and cash equivalent at the beginning of the year	2,834,783	4,353,618
Cash and cash equivalent at the end of the year	**6,832,228**	**2,834,783**

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The notes on page 8-23 are an integral part of these financial statements.

1. General Information

Love for Children and Family Development Organization (L.C.F) is and indigenous, non-political, non-religious, non-profit, humanitarian and development oriented organization working in Ethiopia for the well-being of Deprived, Excluded and Vulnerable Children. Love for Children and Family Development Organization was registered and licensed by the Charities Societies Agency (CSA) in accordance with the Charities and Societies Proclamation No. 621/2009 starting from 29 July 2010. The Organization main office is around in Addis Ababa city administration, Nefas Silk Lafto Sub City in front of Woreda 2 Administration around Mekanisa.

Love for Children and Family Development Organization directly benefits to more than 15,000.00 children through sponsorship and grant fund. Currently the organization operates in two sub cities namely Kolfe Keranio and Nifas Silk Lafto, 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 positive change in their communities.

2. Summary of accounting polices

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).

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 07 July 2019.

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 organization's functional currency.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

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2.2 New and amended standards adopted by organization

In the current year, the organization applied all relevant IPSASs issued by the international public sector Accounting Standard Board (IPSASB) that are mandatorily effective for accounting period that being on or after 01 January 2025.

There are no standard and interpretations that are effective for the first time for the financial year beginning on or after the 01 January 2022 that would have material impact on the organization.

2.3 Use of estimate and Judgments

The preparation of financial statements in conformity with IPSAS require management to make Judgments, estimates and assumptions that affect the application of polices and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The Key estimates management has made in preparing the financial statements concerns accruals, the useful life of Investment in property, plant and equipment andProvision for termination. The estimated useful lives of these assets are set out in the relevant notes.

Estimating and underlying assumptions are reviewed ongoing basis. Revision of accounting estimates are recognized in the period in which the estimates are revised and any future periods affected.

3. Summary of significant accounting policies

3.1 Revenue recognition

a) Revenue from non-exchange transactions

Voluntary contributions and donations are non-exchange transactions which are recognized as revenue when contribution agreements become enforceable, or when cash received in the absence of contribution agreement. The Organization recognizes revenues 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 such as in-kind contribution are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to The Organizationand the fair value of the asset can be measured reliably.

The Organization discloses contribution of services in kind if the services do not meet the definition of assets.

Contributions in kind and in-service received by the organization are recorded upon receipts from the contributors at an amount equal to their fair market value determined at the time of acquisitions. Donated Property, plant and equipment and Inventories are recognized as an asset with the corresponding entry to revenue.

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Other in–kind or Services contributions which do not meet the definition of assets are recognized as revenue and expense.

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized when the organization obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the organization and can be measured reliably.

b) **Revenue from exchange transactions**

Other operating revenue

Other Operating revenue arises from exchange transactions in the ordinary course of the organization's activities. Revenue comprises the fair value of consideration received or receivable for sales of goods and services in the ordinary coursethe organization's activities.. Revenue is shown net of tax, returns, rebates and discounts.

Miscellaneous revenue

Miscellaneous revenue includes foreign currency revaluation, exchange rate gain or loss, Interest earned, realized gain or loss and gain or loss from disposal of Property, plant and equipment.

3.2 Expenditure

The Organization expenditures are recognized on an accrual basis. Expenditure comprises costs incurred directly for the activities of the Love for Children and Family Development organization.

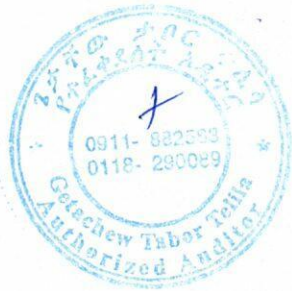
3.3 Foreign currency translation

a) Functional and Presentation currency

The financial statements are presented in Ethiopian Birr, which is the functional and presentation currency of The Organization.

b) Transactions and balances

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Monetary assets and liabilities,denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. The resulting gain or loss, are recognized as income or loss in the statement of financial performance.



3.4 Financial Risk management

The Organizationseeks to minimize its exposures to financial risk. It uses only non-derivatives financialInstruments as part of normal operations. These financial Instruments include bank account, account receivable and accounts payable.

3.4.1 Market risk

Foreign exchange currency risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rate will affect The Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing return.

The Organization receives contributions in currencies other than the Ethiopian Birr and it is exposed to foreign exchange currency risk arising from fluctuation of currency exchange rate.

Price risk

The Organization does not hold any financial Instruments subject to price risk.

Cash flow, Fair value and Interest rate risk

The Organization does not hold any bank loans and loans from related parties subject to cash flows, fair value and Interest rate risk.

3.4.2 Credit risk

In the normal course of business, the organizationincurs credit risk from accounts receivable and transaction with banking institution. The organization manages its exposure to credit risk by:

- Holding bank balance and short term deposit (demand deposit) with Commercial r banks ;and
- Maintaining credit control procedure over account receivables

The maximum exposure as at 07 July 2023 was equal to the total amount of bank balances short term deposits, and receivable disclosed in the statement of financial position.

3.4.3 Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligation as they fall due. The organization approach to manage liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable loss of risk damage the organization reputation.

Prudent liquidity risk management including maintaining sufficient cash balances (cash on demand) management performs cash flow forecasting and monitors rolling forecast of the organizations liquidity requirements to ensure it has sufficient cash to meet its operational needs.

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3.5 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 various banks at the end of the financial year.

3.6 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.

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.

Cost is determining using actual cost. The cost of Inventories is recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Organization.

3.7 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. 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 Organization 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.

Property, plant and equipment, individually which has a fair value more than and equal to Birr 50,000 at acquisition date is capitalized.

Transition to IPSAS (deemed cost)

On the transition date to IPSAS the organization elected to measure tits PPEs as follows:

PPEs items- the carrying value used as deemed cost. However, the existing Property and equipment do not meet the capitalization policy of Birr 50,000 set by the organization.

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3.7 Property, plant and equipment (continued)

Subsequent measurement

Including building, The Organization elects to measure its PPEs cost model after initial recognition (after transition to IPSAS).

Subsequent costs are included in the assets carrying amount or recognized as a separate assets only when it is probable that future economic benefits associated with the items will flow to the organization and the cost of items measured reliability.

Deprecation

Deprecation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight –line method. The estimated lives for the current period are the following:

Items	Estimated useful life(in years)
Motor vehicles	20
Computer , printer, and accessories	20
Furniture and office equipment	10

The Organization commence deprecation when the assets available for use and ceased deprecation when the assets derecognized.

Deprecation method, useful life and residual values are reviewed at each financial year end and adjusted if, appropriate.

Impairments

The carrying value of PPE's are reviewed for impairments if the events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of Impairment loss, if any. Any impairment loss is included in the statement of financial performance.

3.8 Employee benefits

3.8.1 Short term-employee benefits

Short term-employee benefits are those that are expected to be settled within 12 months after the end of the reporting period in which employee rendered the service. Those benefits include assignment benefits, regular monthly benefits (e.g wages and salaries), compensated absence (e.g Annual leave), and other short term monetary and non-monetary benefits.

An expense is recognized when staff members provide services in exchange for employee benefits. A liability is reported for any entitlement that has not been settled at the end of the reporting period and represents the amount expected to be paid to settle the liability.

3.8 Employee benefits (continued)

3.8.2 Defined contribution plans

Defined contribution plans are post employment benefit plans under which an Organization pays fixed contributions into a separate Organization (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 recognized is employee benefit expense when they are due.

The organization operates defined contribution plan.

Pension Scheme

Pension Scheme is in line with the provision of Ethiopian pension of Private organization proclamation No 715/2011. Funding under this Scheme is 7% and 11% by employee and the employer respectively.

3.8.3 Other long term employee benefits

Other long term benefits employee's are benefits or portion of benefits that are not due to be settled within 12 months after the end of the year in which employees provide the related services. The benefits include non-current portions of annual leave and severance benefits. These are measured based on management estimate of severance pay to those employees who have served the organization at the reporting dates. The current salary has been used to determine the entitlement.

Annual leave

The estimated monetary liability for employee' accrued annual leave entitlement at the statement of financial position date is recognized as an expense. The organization is measure and recognized the unutilized leave at year end based on the unused days. The payment is based on an employee gross salary prorated to average number of working days.

Each employee is entitled to an annual of 20 days for the first year of employment and an additional one working days shall be added for every additional service year up to 35 days. Unused leave if any 10 days will be carried forward to next year.

Severance benefits

The Severance benefits are based on the statutory Severance benefits as set out in labor proclamation No 1156/2019 and as per the Organization Human resource policy. The entitlement to this benefit is based up on the employee's length of service.

The expected costs of these benefits are accrued over the period of employment

Termination benefits

Termination benefits are recognized as expense when the organization is demonstrably committed, without realistic possibility withdrawal, to a formal detail plan to either to terminate the employment contract before normal retirement date (age)/, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. If benefits are expected to be payable more than 12-months after the reporting date, then they are discounted to their present value

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3.9 Provisions

Provisions are recognized when the organization 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.

Provision is measured at the present value of the expense expected to be required to settle the obligations. The increase provision due to the passage of time is recognized as a financial cost.

3.10 Net Assets/ equity

It represents the residual interest in the statement of financial position (total assets less total liabilities). Net assets/ equity may be positive or Negative.

3.11 Nature and purpose of reserves

The organization creates and maintains reserves in terms of specific requirements.
organization should explain the reserves maintained and appropriate policies adopted.

3.12 Related party

The organization regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the organization, Vice Versa. Members of the key managements are regarded as related parties and comprise, Executive Directors and Finance and Administration director.

3.13 Changes in accounting policies and estimates

The organization recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively, if retrospective application is impractical. The change in accounting estimated applied prospectively.

3.14 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 organization 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.

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3.15 Financial instruments (continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when The Organization 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 organization assesses at each reporting date whether there is objective evidence that the organization of financial assets are impaired. A financial asset or an organization 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 organization of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators: The debtors (receivable) are experiencing significant financial difficulty default or delinquency in interest or principal payments. The probability that debtors will enter bankruptcy or other financial reorganization 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 organization 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. IPSAS 29.65 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.

3.16 Statement of cash flows

The cash flow statement is prepared using the indirect method permitted under IPSAS 2. This means that the surplus or deficit for the financial year is adjusted for the effects of transactions of non-cash nature, any deferral or accruals of past or future operating cash receipts or payments and items of revenue or expense associated with investing cash flows.

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Currency : Ethiopian Birr

		2024
4.1 Revenue from non-exchange transactions		
Foreign sources		
Sponsorship	26,240,624.86	13,865,480.66
Designated Fund for Children (DFC)	6,221,361.67	1,777,978.53
Partnership effectiveness Fund (PEF)		144,640.00
Non-sponsorship program(NSP)	959,024.07	292,464.31
Grant from LEGO Foundation and UNICEF		10,632,737.04
Grant HIV prevention and treatment	20,425,208.82	-
	53,846,219.42	**26,713,300.54**
Local Sources		
Community contribution	1,698,016.14	1,946,942.90
Government Contribution	1,221,543.40	1,017,711.00
Others- sales of bid documents	29,351.77	16,600.00
Total Local Sources	**2,948,911.31**	**2,981,253.90**
Total non-exchange revenue	**56,795,130.73**	**29,694,554.44**



Government and community contrbution

a) Government contrbution includes the estimated leasehold land costs, and construction materials.

b) Community contribution reprsents,Food items provided by the community.

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2025

Currency : Ethiopian Birr

5. Program Expenses	Notes		2024
Salary and benefits		12,757,047.19	6,980,978.58
Training	5.1	4,470,901.75	2,298,111.94
Material support	5.2	6,424,167.49	3,275,361.66
Cost sharing	5.3	1,587,209.95	1,497,323.31
Contractual service -Organization strategical plan		969,008.82	4,205.17
Medical		-	1,005,804.87
Medical Non -sponsorship program (NSP)		-	26,077.31
Designated fund for Children(DFC)		5,947,953.00	1,796,211.73
Financial Support		4,251,181.60	2,593,823.19
Supplementary support		111,408.69	105,800.51
Children progress report (CPR)		466,917.78	187,892.62
Community Based Care Givers case Mgt		747,302.47	116,110.75
Office rent		989,200.00	695,728.40
Start up capital		26,495.00	455,019.97
Montoring and evaluation (M&E)		634,283.56	386,658.54
Infection prevention control(IPC) and persional prevention equipment (PPE)		264,096.58	1,093,952.28
Formation of facility based-Vilage saving and loan to Assocation (VSLA)		261,541.04	242,583.70
Conduct adolescent girl mentor and Organize review meeting		191,491.34	123,856.00
Develop and mentor performance on HIV		1,189,430.18	976,299.52
Seed Money		-	7,200.00
Experience sharing		19,500.00	105,299.09
Provision of smart phone		-	15,029.00
HIV prevention and treatment		1,773,679.13	829,639.73
Agricultural inputs		-	-
Supplies and materials		85,920.00	48,204.49
Communication		295,786.70	207,519.00
Life Insurance (staff)		389,434.14	230,243.60
Severance and compensation		897,795.02	474,061.04
Trainng cost Igv			-
Financial support Cost Sharing		983,836.48	-
		45,735,587.91	**25,778,996.00**

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Currency : Ethiopian Birr

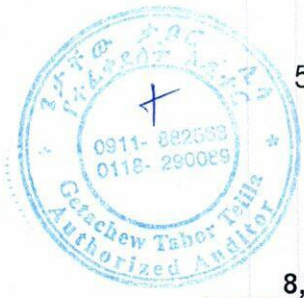
		2024
5.1 Training costs		
Training	3,774,611.98	2,120,460.83
Non-sponsoring program (NSP)	29,200.23	144,651.11
Local government (LGV)	542,860.00	33,000.00
Micro Enterprise selcetion planning and management (ME-SPM)	124,229.54	-
	4,470,901.75	**2,298,111.94**
5.2 Material Support		
Material support/utensils, lea	4,358,711.63	1,691,256.74
Non-Sponsoring Programme(NSP)	659,922.47	66,131.59
Partnership effectiveness fund(PEF)	-	226,632.61
Scholastic Materials	-	6,568.65
Material support community	678,240.00	282,911.14
Local Government(LGV)	727,293.39	1,001,860.93
	6,424,167.49	**3,275,361.66**
5.3 Cost sharing		
Medical costs	1,551,270.29	26,077.31
Medical cost community	35,939.66	-
Financial support	-	1,471,246.00
	1,587,209.95	**1,497,323.31**

Program expenditure is 85 % of the total expenditure of the year.

Currency : Ethiopian Birr

6. Administration expense

		2024
Salary and benefit- support staff	5,997,709.51	3,594,041.30
Stationery, Printing and coping	137,692.74	51,163.13
Repair and maintenance Vehicle	486,918.71	264,218.44
Insurance	57,969.15	66,057.01
Communication	1,200.00	10,200.00
Deprecation	94,059.89	55,268.60
Uniform and Clothing	18,390.00	14,750.00
Fuel and lubricants	327,782.50	358,574.29
Office equipment accessories	221,879.97	50,594.91
Cleaning and sanitation	46,971.71	35,490.63
Audit fee	35,440.75	34,155.00
Legal fee	46,200.00	48,125.00
Membership	22,750.00	19,500.00
Bank service charge	11,989.97	10,625.55
Utilities	25,042.15	81,445.98
Repair and maintenance - equipment	50,782.00	12,000.00
Travelling	17,434.00	47,091.15
Medical and life Insurance	27,823.90	102,983.18
Severance payment	562,273.81	78,024.64
Cash Indemnity	2,000.00	3,000.00
Office maintenance	-	670.00
Insurance-cash in transit	40,400.00	-
Miscellaneous	77,572.86	135,889.04
	8,310,283.62	**5,073,867.85**



Note

The organization has not its own vehicles but obtain the vehicles from the donors by an agreement to use them and return as when the dooner need. The orgnaztion is responsible for proper use of the vhicles by covering all running costs.

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2025

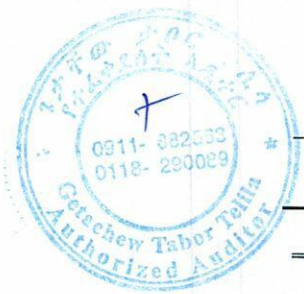
Currency : Ethiopian Birr

		2024
7. Cash and cash equivalents		
Cash at bank	6,734,327.82	2,783,257.63
Cash coupon	97,900.00	51,524.00
	6,832,227.82	**2,834,781.63**

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

8. Receivables from non-exchange transactions		
Government contribution (VAT refundable)	88,790.10	88,122.70
	88,790.10	**88,122.70**
Impairment of receivable	-	-
Total receivable	**88,790.10**	**88,122.70**

9. Receivables from exchange transactions		
Work advance-cashier	-	24,835.16
Purchase Advance	-	4,002.00
Other receivable	7,468.52	7,468.52
Receivable from Mekidem	178,307.21	-
Prepaid insurance	318,305.74	265,032.13
	504,081.47	**301,337.81**
Impairment of receivable	-	-
	504,081.47	**301,337.81**



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

10. Inventory		
Consumable materials	24,794.00	24,794.00
	24,794.00	**24,794.00**

LOVE FOR CHILDREN AND FAMILY DEVELOPMENT ORGANIZATION
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11. Property Plant and equipment

	Balance as at 07 July 2024	Addition	Balance as at 07 July 2025
Cost			
Computer and accessories	228,842	552,100	780,942
Furniture and equipment	177,500	148,399	325,899
	406,342	**700,499**	**1,106,841**
Deprecation			
Computer and accessories	112,956	8,553	121,510
Furniture and equipment	9,500	85,507	95,007
	122,456	**94,060**	**216,516**
Net book value	**283,886**		**890,325**

Except computer and furniture purchased during 2020 financial year All property, plant and equipment that was expensed when purchased before 2020 financial year is not recognized in the period of transition to IPSAS. The assets that was registered in the asset registration list is very significant amounted estimate at the acquisition cost is about Birr 2.1 million.

12. Trade and other payables

		2024
Income tax payable	136,437.61	200,753.32
Withholding tax payable	21,595.29	14,620.51
Pension payable	74,275.74	126,785.37
Provident fund payable	-	2,343.58
Retention Payable	35,917.37	19,494.37
Cash Indeminity payable	3,400.00	2,400.00
Payable Project HVC Project	617,826.30	-
Office rent	80,800.00	11,456.42
Salary payable	-	4,888.52
Other payable	194,563.65	10,031.24
	1,164,815.96	**392,773.33**

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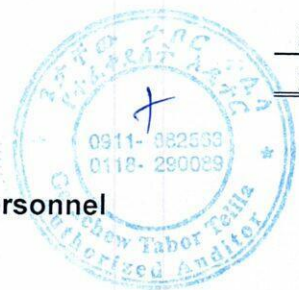
Currency : Ethiopian Birr

13. Severance pay

The organization operate unfunded severance pay plan for its employees who have served the organization for more than 5 years and below the retirement age (i.e. has not meet the requirement to access the pension fund).The final pay-out is determined by reference to final monthly salary and the number of years in-service and is calculated as one month salary for the first year of employment plus pne third of monthly salary for each additional service year to a maximum of 12 months final monthly salary.

In the opinion of management, that the final year basic salary is sufficient to settle the Organization severance pay, if any.

	2025	2024
Severance Payable	2,987,066.49	1,701,072
	2,987,066.49	**1,701,072**



14. Related party disclosure

Compensation of key management personnel

Short-term employee benefits (pension)	1,575,514.16	1,189,232.04
Post-employment benefit	790,013.58	342,736.15
	2,365,527.74	**1,531,968.19**

Total compensation paid to key management personnel

The amounts disclosed above are the amounts recognized as an expense during the respective reporting period related to key management personnel.

15. Authorization date

The Financial statements of the organization were authorized for issue on 01 October 2025 by Executive director.