

POSITIVE ACTION FOR DEVELOPMENT

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Solomon Wassyihun & Co.

Chartered Certified Accountants (U.K.) Certified Audit Firm (Eth.)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF POSITIVE ACTION FOR DEVELOPMENT (PAD)

Opinion

We have audited the accompanying financial statements of Positive Action for Development (PAD), which comprise Balance sheet as at 31 December, 2020, and Statement of income and expenditures, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with Generally Accepted Accounting Principles and the requirements of the commercial code of Ethiopia of 1960, of the financial position of the organization as at 31 December 2020, its financial performance and cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 in the Federal Republic of Ethiopia, 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.

Key Audit Matters

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

Management's responsibility for the financial statements

The Organization's management is responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Organization in accordance with the Generally Accepted Accounting Principles and the requirements of the commercial code of Ethiopia of 1960. This responsibility also includes maintenance of adequate accounting records , safeguarding of the assets of the organization and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and 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 also 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 SAs 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 skepticism 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. we are also responsible for expressing our opinion on whether the organization has adequate internal financial controls system in place and the operating effectiveness of such controls
- 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 those charged with governance regarding, 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.



Solomon Wassiyhun Shumye

SOLOMON WASSYIHUN & CO.

CHARTERED CERTIFIED ACCOUNTANTS (U.K)

CERTIFIED AUDIT FIRM (Eth.)

ADDIS ABABA

16, FEBRUARY 2021

POSITIVE ACTION FOR DEVELOPMENT
BALANCE SHEET
AT 31 DECEMBER 2020

CURRENCY : BIRR

<u>ASSETS</u>	<u>Notes</u>		<u>2019</u>
NON CURRENT ASSETS			
Property, plant and equipments	3	1,873,813	1,502,594
CURRENT ASSETS			
Receivables	4	48,249	123,926
Cash and bank balance	5	1,228,394	2,143,909
		1,276,644	2,267,835
CURRENT LIABILITIES			
Payables	6	548,951	349,346
NET CURRENT ASSETS		727,693	1,918,489
TOTAL ASSETS		2,601,505	3,421,083
<u>REPRESENTED BY</u>			
Fund balance	7	727,692	1,918,489
Fixed assets reserve account		1,873,813	1,502,594
		2,601,505	3,421,083



POSITIVE ACTION FOR DEVELOPMENT
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2020

CURRENCY : BIRR

				<u>2019</u>
DONATION		<u>Notes</u> 8	15,080,864	8,326,081
EXPENDITURES				
Program	(83.8%)	9	13,635,370	6,706,129
Adminstration	(16.2%)	10	<u>2,636,291</u>	<u>1,679,960</u>
Total expenditures			<u>16,271,661</u>	<u>8,386,089</u>
EXCESS OF EXPENDITURE OVER INCOME			(1,190,797)	(60,008)
FUND BALANCE BROUGHT FORWARD			<u>1,918,489</u>	<u>1,978,497</u>
FUND BALANCE CARRIED FORWARD			<u>727,692</u>	<u>1,918,489</u>



POSITIVE ACTION FOR DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CURRENCY : BIRR

1- GENERAL INFORMATION

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

Positive action for Development (PAD) is an Ethiopian resident's civil Society organization with active registration status at Federal Level. The organization initially licensed at Ethiopian Federal Democratic Charities and Societies agency on June 6/2011 with a registration number 2330. The organization has also been re-registered and accorded legal personality with registry number 2330 on May 22, 2019 as Local Organization in accordance with the civil society organization proclamation No. 1113/2019. Its head office is based in Addis Ababa, Ethiopia.

The Organization was established with the objectives of:-

- improving economic and social development and protection of the poor and disadvantaged
- enhance environment, co-existence, education and quality of life
- Support government effort towards poverty reduction and integrated development
- help destitute and disadvantaged people due to health age gender and other social vulnerability

2- SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles . The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Income and expenses recognition

Income is recognized on a cash basis i.e. when funds are received while expenses are recognized when paid with some modification for accruals.

2.3 Foreign currency translation

Transaction in foreign currencies are translated in to Birr using the exchange rate ruling on the dates of transactions.

2.4 Property, plant and equipment

Property, plant and equipments are charged to expense at the time of purchase and reclassified as an asset against a contra fixed asset contra account.



POSITIVE ACTION FOR DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

CURRENCY : BIRR

3. PROPERTY, PLANT AND EQUIPMENT

Computer and printers
Office furniture and equipment
Motor Vehicles

	2020	2019
	303,523	179,524
	293,154	45,933
	1,277,137	1,277,137
	<u>1,873,813</u>	<u>1,502,594</u>

4. RECEIVABLES

Prepaid rent
Account receivable
Sundry receivable
VAT receivable

	2020	2019
	3,961	-
	7,944	-
	18,619	78,143
	17,725	45,783
	<u>48,249</u>	<u>123,926</u>

5. CASH AND BANK BALANCES

Commercial Bank of Ethiopia & Dashen Bank

	2020	2019
	<u>1,228,394</u>	<u>2,143,909</u>

6. PAYABLES

Income tax payable
Pension contribution payable
Severance payable
Withholding tax payable
HVC Contribution payable
Accrual payable
Social contribution payable

	2020	2019
	69,836	47,455
	53,356	41,485
	396,213	203,850
	15,145	38,046
	-	9,255
	14,401	-
	-	9,255
	<u>548,951</u>	<u>349,346</u>

7. FUND BALANCE

Fund balance represents the amount left over from grant and contributions obtained after deduction of the expenditures made during the year and adjusted for balances brought forward from prior years.

FHI 360
IOM
MOLSA
DDCSN
FC
LD
CSSP2
PACT

	2020	2019
	-	270,615
	1,096,930	-
	(808,009)	(307,918)
	124,610	-
	-	68,818
	184,215	11
	129,946	1,806,840
	-	80,123
	<u>727,692</u>	<u>1,918,489</u>



POSITIVE ACTION FOR DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CURRENCY : BIRR

8. DONATION

		<u>2019</u>
PACT	4,815,854	2,587,965
Facilitators for change-KNH	100,000	200,000
DDCSN	130,950	-
Income local donation	381,310	-
HAPCO	376,307	-
International Organisation Migration (IOM)	3,738,190	-
Family Health International (FHI) 360	690,336	3,293,468
BoLSA	4,483,343	-
British council-CSSP	364,575	2,244,648
	<u>15,080,864</u>	<u>8,326,081</u>

9. PROGRAM EXPENDITURES

		<u>2019</u>
Community capacity building	797,855	2,680,015
Mass education, community conversation and awareness	2,408,083	1,525,670
Business training and start up capital	1,391,701	45,833
salary-community extension workers	2,801,581	1,579,801
Program office cost	-	271,896
Finance and material support	751,514	504,441
Beneficiary socio economic assessment	56,260	17,636
Center based rehabilitation and integrated service	3,020,316	-
Training on leadership, entrepreneurship and mobilization	2,363,679	45,382
Reunification of children and matching with fosters	44,382	35,455
	<u>13,635,370</u>	<u>6,706,129</u>

10. ADMINISTRATION EXPENDITURES

		<u>2019</u>
Fixed asset	176,798	95,550
Salary and benefits	1,650,190	1,233,246
Office rent	179,069	37,948
Perdiem and transport	23,191	2,540
Maintenance and fuel	249,809	154,625
Office supplies	76,699	36,199
Communication	74,890	55,663
Utility	69,052	30,758
Audit fee	39,701	20,375
Miscellaneous	96,893	13,055
	<u>2,636,291</u>	<u>1,679,960</u>



POSITIVE ACTION FOR DEVELOPMENT
STATEMENT OF INCOME AND EXPENDITURES -BY DONOR
FOR THE YEAR ENDED 31 DECEMBER 2020

CURRENCY : BIRR

<u>INCOME</u>		<u>Notes</u>	<u>FHI 360</u>	<u>HAPCO</u>	<u>DDCSN</u>	<u>Local donation</u>	<u>BoLSA</u>	<u>IOM</u>	<u>FC</u>	<u>CSSP 2</u>	<u>PACT</u>	<u>Total</u>	<u>%</u>	<u>2019</u>
<i>DONOR</i>														
Donation -Local	7		690,336	376,307	130,950	381,310	4,483,343	3,738,190	100,000	364,575	4,815,854	14,192,298	100	8,326,081
			<u>690,336</u>	<u>376,307</u>	<u>130,950</u>	<u>381,310</u>	<u>4,483,343</u>	<u>3,738,190</u>	<u>100,000</u>	<u>364,575</u>	<u>4,815,854</u>	<u>15,080,864</u>	<u>100</u>	<u>8,326,081</u>
<u>EXPENDITURES</u>														
<u>Program Expenditures</u>														
Community capacity built	8.1		73,101	7,662	-	71,580	86,888	146,026	21,000	356,137	35,461	797,855		2,680,015
Mass education, community conversation and awareness	8.2		-	254,758	-	-	-	15,550	31,212	-	2,106,563	2,408,083		1,525,670
Business training and start up capital	8.3		-	-	-	-	-	1,213,143	-	178,558	-	1,391,701		45,833
salary-community extension workers	8.4		407,354	-	6,340	19,507	1,280,905	429,108	56,091	443,436	158,840	2,801,581		1,579,801
Program office cost	9.5		-	-	-	-	-	-	-	-	-	-		271,896
Finance and material sup	10.5		186,805	54,887	-	33,214	-	106,145	-	370,463	-	751,514		504,441
Beneficiary socio economic assessment	11.5		-	-	-	-	-	56,260	-	-	-	56,260		17,636
Center based rehabilitation and integrated service			-	-	-	-	2,774,561	41,755	-	204,000	-	3,020,316		-
Training on leadership, entrepreneurship and mobilization	12.5		-	-	-	-	-	91,214	-	-	2,272,465	2,363,679		45,382
Reunification of children and matching with fosters	13.5		-	-	-	-	14,844	6,493	23,045	-	-	44,382		35,455
Total program expenditure			<u>667,261</u>	<u>317,307</u>	<u>6,340</u>	<u>124,301</u>	<u>4,157,198</u>	<u>2,105,693</u>	<u>131,349</u>	<u>1,552,594</u>	<u>4,573,329</u>	<u>13,635,370</u>	<u>84</u>	<u>6,706,129</u>



POSITIVE ACTION FOR DEVELOPMENT
STATEMENT OF INCOME AND EXPENDITURES -BY DONOR
FOR THE YEAR ENDED 31 DECEMBER 2020

CURRENCY : BIRR

	Notes	FHI 360	HAPCO	DDCSN	Local donation	BoLSA	IOM	FC	CSSP 2	PACT	Total	%	2019
<u>Administration Expenditures</u>													
Fixed asset	9.1	-	-	-	-	93,000	83,798	-	-	-	176,798		95,550
Salary and benefits	9.2	225,058	-	-	-	486,879	301,997	22,653	407,205	206,397	1,650,190		1,233,246
Office rent	9.3	11,521	7,921	-	7,355	65,658	56,343	4,621	4,817	20,832	179,069		37,948
Perdiem and transport	9.4	3,755	-	-	-	7,681	1,036	-	10,719	-	23,191		2,540
Maintenance and fuel	9.5	24,950	29,797	-	-	91,567	47,484	1,472	2,670	51,869	249,809		154,625
Office supplies	9.6	4,542	5,175	-	3,450	21,340	17,526	1,961	12,521	10,183	76,699		36,199
Communication	9.7	8,759	16,047	-	-	22,657	10,587	6,323	9,518	999	74,890		55,663
Utility	9.8	1,398	-	-	2,000	29,919	9,256	-	22,318	4,160	69,052		30,758
Audit fee	9.9	13,607	-	-	-	929	-	439	17,160	7,566	39,701		20,375
Miscellaneous	9.11	100	60	-	60,000	6,606	7,538	-	1,946	20,644	96,893		13,055
Total Administration		293,690	59,000	-	72,805	826,236	535,566	37,469	488,874	322,649	2,636,291	16	1,679,959
Total expenditures		960,951	376,307	6,340	197,106	4,983,434	2,641,259	168,818	2,041,468	4,895,978	16,271,661	100	8,386,088
Excess of income over expenditure		(270,615)	(0)	124,610	184,203	(500,092)	1,096,930	(68,818)	(1,676,893)	(80,124)	(1,190,798)		(60,007)
Fund balance brought forward		270,614	-	-	11	(307,918)	-	68,818	1,806,840	80,123	1,918,488		1,978,496
Fund balance carried forward		-	-	124,610	184,214	(808,010)	1,096,930	-	129,947	-	727,691		1,918,489

