

POSITIVE ACTION FOR DEVELOPMENT

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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ETHIOPIA

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

Opinion

We have audited the accompanying financial statements of Positive Action for Development, which comprise Balance sheet as at 31 December, 2021, 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 proclamation and Guidelines 8/2004 issued by the Ethiopian Charities and societies Agency., of the financial position of the organization as at 31 December 2021, its excess of income over expenditures 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 and financial performance the Organization in accordance with the Generally Accepted Accounting Principles and proclamation and Guidelines 8/2004 issued by the Ethiopian Charities and societies Agency . 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



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CERTIFIED AUDIT FIRM (Eth.)

ADDIS ABABA

22, MARCH 2022

POSITIVE ACTION FOR DEVELOPMENT
BALANCE SHEET
AT 31 DECEMBER 2021

CURRENCY : BIRR

<u>ASSETS</u>	<u>Notes</u>		<u>2020</u>
NON CURRENT ASSETS			
Property, plant and equipments	3	2,737,833	1,873,813
CURRENT ASSETS			
Receivables	4	40,332	48,249
Cash and bank balance	5	2,188,977	1,228,394
		<u>2,229,309</u>	<u>1,276,644</u>
CURRENT LIABILITIES			
Payables	6	<u>959,440</u>	<u>548,951</u>
NET CURRENT ASSETS		<u>1,269,869</u>	<u>727,693</u>
TOTAL ASSETS		<u>4,007,702</u>	<u>2,601,505</u>
<u>REPRESENTED BY</u>			
Fund balance	7	1,269,869	727,692
Fixed assets reserve account		2,737,833	1,873,813
		<u>4,007,702</u>	<u>2,601,505</u>



POSITIVE ACTION FOR DEVELOPMENT
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2021

CURRENCY : BIRR

				<u>2020</u>
DONATION		<u>Notes</u> 8	24,850,051	<u>15,080,864</u>
EXPENDITURES				
Program	(84 %)	9	20,401,283	13,635,370
Adminstration	(16 %)	10	<u>3,778,487</u>	<u>2,636,291</u>
Total expenditures			<u>24,179,770</u>	<u>16,271,661</u>
EXCESS OF EXPENDITURE OVER INCOME			670,281	(1,190,797)
UNUTILIZED FUND RETURNED TO DONORS			(128,104)	-
FUND BALANCE BROUGHT FORWARD			<u>727,692</u>	<u>1,918,489</u>
FUND BALANCE CARRIED FORWARD			<u>1,269,869</u>	<u>727,692</u>



POSITIVE ACTION FOR DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

CURRENCY : BIRR

3. PROPERTY, PLANT AND EQUIPMENT

		<u>2020</u>
Computer and printers	312,023	303,523
Office furniture and equipment	370,954	293,154
Motor Vehicles	2,054,857	1,277,137
	<u>2,737,833</u>	<u>1,873,813</u>

4. RECEIVABLES

		<u>2020</u>
Prepaid rent	3,961	3,961
Account receivable	5	7,944
Sundry receivable	23,667	18,619
VAT receivable	12,700	17,725
	<u>40,332</u>	<u>48,249</u>

5. CASH AND BANK BALANCES

		<u>2020</u>
Commercial Bank of Ethiopia, Dashen Bank & Awash Bank	2,188,977	1,228,394

6. PAYABLES

		<u>2020</u>
Income tax payable	78,569	69,836
Pension contribution payable	57,721	53,356
Severance payable	747,670	396,213
Withholding tax payable	21,137	15,145
Provident Fund Payable	25,176	-
Accrual payable	29,168	14,401
	<u>959,440</u>	<u>548,951</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.

		<u>2020</u>
IOM	(1,010,674)	1,096,930
BoLSA-DD SSC	1,792,662	(808,009)
DDCSN	(1,919)	124,610
LD	(5,122)	184,215
British council-CSSP2	(12,306)	129,946
IRI	7,103	-
OTI/Dexis	839,351	-
BoLSA-AA SSC	368,699	-
BoLSA-DD HWC	(707,926)	-
	<u>1,269,868</u>	<u>727,692</u>

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POSITIVE ACTION FOR DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CURRENCY : BIRR

		<u>2020</u>
8. DONATION		
PACT	-	4,815,854
Facilitators for change-KNH	-	100,000
DDCSN	-	130,950
Income local donation	430,367	381,310
HAPCO	295,676	376,307
IOM	4,434,239	3,738,190
Family Health International 360	-	690,336
BoLSA-DD SSC	8,186,232	4,483,343
British council-CSSP2	181,331	364,575
IRI	1,694,329	-
OTI/Dexis	5,680,753	-
BoLSA-AA SSC	3,229,524	-
BoLSA-DD HWC	717,600	-
	<u>24,850,051</u>	<u>15,080,864</u>
9. PROGRAM EXPENDITURES		<u>2020</u>
Community capacity building	820,358	797,855
Mass education, community conversation and awareness	2,038,740	2,408,083
Business training and start up capital	946,987	1,391,701
Salary-community extension workers	3,750,811	2,801,581
Financial and material support	648,336	751,514
Beneficiary socio economic support	1,342,968	56,260
Training on leadership, entrepreneurship and mobilization	15,704	3,020,316
Center based rehabilitation and integrated service	4,550,160	2,363,679
Reunification of children and IGA support	6,287,219	44,382
	<u>20,401,283</u>	<u>13,635,370</u>
10. ADMINISTRATION EXPENDITURES		<u>2020</u>
Fixed asset	8,500	176,798
Salary and benefits	2,350,193	1,650,190
Office rent	300,904	179,069
Perdiem allowance and transport	39,320	23,191
Maintenance, fuel & Insurance	572,105	249,809
Office supplies	162,115	76,699
Communication	116,853	74,890
Utility	140,698	69,052
Audit fee	65,644	39,701
Miscellaneous	22,156	96,893
	<u>3,778,487</u>	<u>2,636,291</u>

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