

NURU INTERNATIONAL ETHIOPIA

ADITOR'S REPORT

AS AT 31, DECEMBER 2018

ADANECH FEYISSA (FCCA,B.A)
Chartered Certified Accountants (London)
Authorized Auditors in Ethiopia

አዳነች ፈ.ይሣ
ቻርተርድ ሰርቲፊድ አካውንታንትስ (ለንደን)
የተፈቀደ ላቸው አዲተሮች

ቀን March, 25, 2019
Date
ቁጥር ዘ/20/11
Ref. No.

NURU INTERNATIONAL ETHIOPIA
Arbaminch, Ethiopia

MANAGEMENT LETTER

In accordance with our appointment as auditors we have audited the financial statements of Nuru international Ethiopia for the year ended 31 December 2018 and issued our reports thereon separately.

The matters referred to in this report came to our notice during the conduct of our normal audit procedures, which are designed primarily with a view to expressing our opinion on the account of the company.

Therefore, our comments cannot be expected to include all possible improvements in internal control, whether all relevant policies and procedures are in operation and to disclose all defalcations and other irregularities that a more extensive special examination might reveal. We would like to give our observations and recommendations on certain aspects of internal control and other matters as follows:



1. Observation

As Per Financial Reporting Proclamation No. 847/2014 Article 5 Sub Article C, International Public Sector Accounting Standard Is Applicable To Charities and Societies, In Which this Standard and the charities and societies agency guideline number 8/2004 article 9 and article 10 sub article 1c require to capitalize purchased and granted in kind fixed asset at their cost and fair value respectively. However the organization recorded fixed assets acquired in cash expense upon purchases directly and grant in kind is not recorded in the accounts

Implication

The financial position of the organization is understated and noncompliance with both the international public sector accounting standard and charities and societies agency guideline number 8/2004.

Recommendation

We recommend that all fixed assets acquired either through purchase or grant in kind is brought into the books of the organization and depreciated over their economic life.

Management response

We accept this recommendation and we will consider this on way forward and included on our revising finance manual as policy of organization. In year 2019

2. Observation

We have noted a difference of birr 46,496.5092 between the amount withholding tax payable reported at year end and the amount settled subsequently as summarized below:

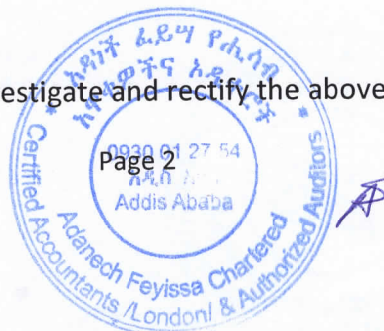
Tax	Record balance	Amount settled	Difference
Withholding	60,269.32	13,772.82	46,496.50

Implication

These may have been caused by additional tax payment with penalty & interest

Recommendation

We recommend the management investigate and rectify the above discrepancies.



Management response

This is already tracked, one supplier outstanding WHT payable and we are cleared on subsequent month of March'2019.

3. Observation

We have noted that the bank reconciliations of some bank accounts show un-reconciled balances a summarized below:

	Record balance as per statement of financial position	Record balance as per bank reconciliation	Difference
Abay bank s.c : account no. 307201213463016	76,219.31	54,600.40	21,618.91

Implication

The might be due to recording error.

Recommendation

We recommend management investigate and take corrective actions on the above un-reconciled balances.

Management response

This difference was happened due to un-cleared outstanding transactions both payment and deposit, so will write off outstanding checks and clear this difference soon.

4. Observation

We observed that the total Donation amount Confirmed by Nuru International is USD 1,426,049 and the Donation transferred through Abay Bank is USD 1,412,133.40 there is a difference of USD 13,915.60

Recommendation

We recommend management discuss with the Head office of Nuru international and take corrective actions on the above un-reconciled balances.

Implication

The might be due to reconciliation error.



Management response

This may happened due to the fund we request for Dececeber'2018 was not transferred and deposited to our account on time or too late, its deposited on January 4, 2019,so we recorded in January'2019,any way we contact the Nuru international office to check the confirmed amount and we can make recording adjustment.

5. Observation

We observed that The provident fund & the Pension contribution by employer percentage is 18% but as Per Financial Reporting Proclamation No. 847/2014 Article 27-c under non deductible expenditures stated that voluntary pension or provident fund contribution in respect of an employee in excess of 15% of the monthly employment income of the employee this imply that contribution above 15% should be taxable.

Recommendation

We recommend the management of the organization comply with as Per Financial Reporting Proclamation No. 847/2014 Article 27.

Implication

Additional tax with penalty & interest will be paid by the organization

Management response

We notice that in this fiscal year so we will take action in the next fiscal year starting from Jan '2019.

6. Observation

The total expenditure is in excess of birr 418,127.86 from the total denoted amount in addition to the opining fund balance is birr 1,955,155.89 is in excess of the donation amount.

Implication

The information provided in the financial statement may not be understandable by the users

Recommendation

We recommend management investigate and disclose the reason why the fund balance has negative balance



Management response

This negative fund balance was happened due to the organization use accrual accounting and we are accrue different type of expense that had not request fund on the fiscal year like employee severance expense accrual in order to recognize expenses on time of occurred, So due to this the actual cash transferred in the fiscal year may understate against the expenditure recorded in the fiscal year.

7. Observation

As it is reported in the attached statement of income and expenditure, the operational costs represents 68 %of the total expenditures and administrative costs are 32 % of the total expenditures.

Implication

Non compliance with Ethiopian Charities and societies Agency requirements

Recommendation

We recommend the management of the p\organization comply with Ethiopian Charities and societies Agency requirement

Management response

This was happened due to some major planned programmatic activities including constructions was not implemented due to unsafe security condition in one of our operational area (Zala woreda),because of this we cannot meet the program admin ratio standard by 2%.

Adanech Feyissa

Adanech Feyissa
Chartered certified accountants &
Authorized auditors

Addis Ababa
March 25 2019



ቀን

Date

ቁጥር

Ref. No.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

NURU INTERNATIONAL ETHIOPIA

Opinion

We have Audited the financial statements of Nuru International Ethiopia, Which

Comprise the Balance Sheet as at December 2018, the related statement of income and expenditure 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 organization as at 31 December 2018 and its statement of income and expenditure for the year then ended in accordance with the accounting policy of the Organization.

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 Accounts (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 these 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.

Responsibilities of the management and hose Charged with Governance for Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the Organization, and for such internal control as management determines is necessary to enable the preparation of a project report that is 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 company or to cease operations, or have no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is 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.

The engagement partner on the audit resulting in this independent auditor's report is w/ro Adanech Feyissa.

Section Two: Report on the other legal and regulatory Requirements

The opinion in this section is given based on the audit procedures we applied in accordance with guideline 8/2004 issued by the Ethiopian Charities and Societies Agency to review compliance with charities and societies proclamation number 621/2009;

1) Income:-

- a. Income is collected by raising cash receipt vouchers and states the source and the amounts of income correctly.
- b. Income obtained from local and foreign sources are properly classified.
- c. Income is collected through legitimate means and by the person delegated for the purposes.
- d. Donation amount confirmed by head office is in Excess of usd 13,915.60

2) Expenditures:-

- a. Expenditures are accounted for when evidenced by legal and original invoices, relevant, reliable and sufficient for the purposes.
- b. Expenditures and purchases of goods and services are incurred as per the relevant regulations and authenticated by the officials of the organization.
- c. As it is reported in the attached statement of income and expenditure, the operational costs represents 68 %of the total expenditures and administrative costs are 32 % of the total expenditures.

3) Property Administration

- a. Purchases of properties are received by raising goods receiving Note (GRN) and issued by raising issue vouchers but expensed up on purchases recording
- b. Fixed assets register is maintained and includes all the necessary details.
- c. Fixed assets identification number are given to each asset and cross-referenced with the register book.
- d. Donation in kind is not registered in the books of accounts



4) Cash and Bank Balances

- a. Separate ledger accounts are maintained for cash on hand in the name of each cashier and counted at the end of the fiscal year to strengthen internal control over it and to ascertain its physical existence.
- b. Separate ledger accounts are also maintained for each bank accounts of the organization and reconciled with the respective bank statement monthly.
- c. There is a reconciliation difference of birr 21,585.38 for Abay Bank account

5) Debtors

Subsidiary accounts are maintained for each debtors and are collectable within one year time

6) Creditors

- a. Proper taxes are deducted and paid over to the tax authority within time set for settlements except Birr 46,496.50 for Withholding which are not pad till the March 20 2019

7) Compliances with the project agreements

- a. The budget and actual expenditure comparison report has shown that the organization expanded 92 % of approved budget during the year under review.
- b. In all material respect, the project agreement has been adhered to and the related project funds have been used exclusively for the purpose of the projects in accordance with the project agreement.
- c. The total expenditure is in excess of birr 418,127.86 from the total denoted amount in addition to the opining fund balance is birr 1,955,155.89 is in excess of the donation amount

Except for the matter stated 1(b),2(c),3(d) and 6(c)on our opinion the attached financial statements of the NURU INTERNATIONAL ETHIOPIA as at 31 December 2018 complies, in all material respect with charities and societies Proclamation number 621/2009 issued by the Ethiopian Charities and Societies Agency

Adancech Feyissa

Adancech Feyissa

Chartered Certified Accountants &

Authorized Auditors



Addis Ababa

March 25, 2019

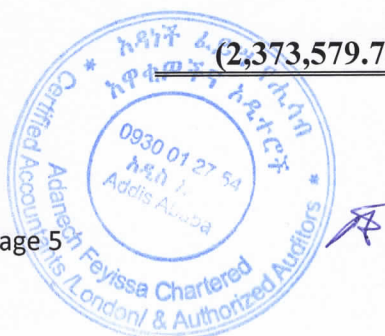
**NURU INTERNATIONAL ETHIOPIA
 INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
 BALANCE SHEET
 AS AT 31 DECEMBER 2018**

ASSETS EMPLOYED	Notes		2017 Birr
Fixed asset			<u>296.00</u>
CURRENT ASSETS			
Debtors and prepayments	4	950,013.50	404,249.64
Cash and bank	6	106,563.59	24,858.16
		<u>1,056,577.09</u>	<u>429,107.80</u>
CURRENT LIABILITIES			
Creditors and accruals	5	3,430,156.84	<u>2,384,559.69</u>
NET CURRENT ASSETS		(2,373,579.75)	(1,955,451.89)
NET TOTAL ASSETS		(2,373,579.75)	(1,955,155.89)
REPRESENTED BY			
Fund Balance		<u>(2,373,579.75)</u>	<u>(1,955,155.89)</u>



**NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDING 31 DECEMBER 2018**

INCOME	<u>Note</u>	<u>Birr</u>	<u>2017</u> <u>Birr</u>
Transfer from head office		38,653,851.28	28,433,281.01
Other Income		<u>15,707.73</u>	-
		<u>38,669,559.01</u>	<u>28,433,281.01</u>
EXPENDITURES			
ADMINISTRATION EXPENDITURE(31%)			
Staff salary and Benefit		7,769,309.05	5,245,473.24
Perdiem and other		1,317,972.37	486,605.27
Training and development		229,637.08	565,245.73
Fixed asset purchase		609,472.15	297,467.32
Office supplies, stationaries and books		295,508.79	119,623.26
Vehicle running cost and transport		743,225.10	736,164.27
Repair and maintenance		141,695.47	24,961.02
Other cost and services		352,210.28	1,024,659.98
Rental & lease		1,055,040.85	
Monitoring and evaluation			68,242.56
Impact program support		-	535,882.57
		<u>12,514,071.14</u>	<u>9,104,325.23</u>
PROGRAM EXPENDITURE (70.48%)			
Agriculture program	7.1	9,090,243.94	9,031,627.49
Cooperative program	7.2	10,525,850.16	8,986,801.69
Education program	7.3	2,681,823.75	1,458,111.12
Health program	7.4	3,134,053.44	2,264,452.36
Leadership	7.5	1,141,644.44	
		<u>26,573,615.73</u>	<u>21,740,992.66</u>
TOTAL EXPENDITURE		<u>39,087,686.87</u>	<u>30,845,317.89</u>
EXCESS OF INCOME OVER EXPENDITURE		(418,127.86)	(2,412,036.88)
PRIOR YEAR ADJUSTMENT		(296.00)	(321,234.25)
FUND BALANCE BROUGHT FORWARD		<u>(1,955,155.89)</u>	<u>778,115.24</u>
FUND BALANCE CARRIED FORWARD		<u>(2,373,579.75)</u>	<u>(1,955,155.89)</u>



**NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
STATEMENT OF BUDGET VERSUS ACTUAL
FOR THE YEAR ENDING 31 DECEMBER 2018**

	<u>Annual Budget</u>	<u>Actual Expenses</u>	<u>Variance</u>	<u>Utilization %</u>
Agriculture program	9,579,072.23	9,226,739.59	352,332.64	96%
Cooperative program	13,592,964.67	10,572,470.16	3,020,494.51	78%
Education program	3,097,347.51	2,768,342.58	329,004.93	89%
Health program	3,339,634.37	3,256,038.87	83,595.50	97%
Leadership Department	1,334,571.07	1,150,702.93	183,868.14	86%
Monitoring and Evaluation	2,884,774.80	2,457,839.99	426,934.81	85%
Administration Department	8,462,844.69	9,655,552.55	(1,192,707.86)	114%
	<u>42,291,209.34</u>	<u>39,087,686.67</u>	<u>3,203,522.67</u>	<u>92%</u>
Program Cost	28,545,695.08	26,573,615.73	1,972,079.35	93%
Administration	13,745,513.92	12,514,071.14	1,231,442.78	91%
	42,291,209.00	39,087,686.87	3,203,522.13	92%
	<u>Annual Budget</u>	<u>Actual Donation</u>		
Donation	42,291,209.00	38,653,851.28	3,637,357.72	91%



**NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDING 31 DECEMBER 2018**

1. ESTABLISHMENT

Nuru International has been registered and licensed in the Agency as a foreign Charity in accordance with the charities and societies proclamation No. 621/2009. This certificate bearing the number 2832 has been issued on August 20,2012.

2. ABOUT THE PROJECT

Nuru International has tow objectives

2.1. SHORT TERM OBJECTIVIES

To improve the livelihoods health and education of 4,750 house holds by enhancing productivity and creating economic opportunities in Boreda Woreda in sustainable and scalable way by the end of 2016

2.2. LONG TERM OBJECTIVES

The overall objectives of this project is to contribute its share on poverty reduction of the disadvantage community of Boreda Woreda through the access of sustainable and integrated community development in sectors of agriculture health, education land economy development. In doing so, the project ensure the wellbeing and the livelihood of the community so that the community will be healthier and productive citizen.

3. ACCOUNTING POLICY

The principal accounting policies adopted by the Nuru International Ethiopia Integrated Community Development Program are stated below.

3.1. FIXED ASSETS

Acquisition and construction costs of fixed assets are directly charged to the statement of Income and expenditure when incurred maintain Birr one for control purposes for each assets items .

3.2. STOCKS

Stocks are stated in the records of the purchasing cost

3.3. RECOGNITION OF INCOME AND EXPENDITURE

Income and Expenditure are recognized when cash is received and payments are effected respectively. Cash contribution received for specific purposes are credited to separate fund account until they are paid out.

3.4. Cash contribution received for specific programmed are credited to specific fund accounts until expended on the programmed.



**NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDING 31 DECEMBER 2018**

4. DEBTORS AND PREPAYMENTS

		2017 <u>Birr</u>
Accounts Receivable: Beza		8,987.45
Account receivable- Work advance	221,867.46	-
Account receivable - Travel advance	50,213.04	-
Construction Advance for zala	557,933.00	-
Account receivable - Gashaw		35,244.50
Account receivable -Berihanu		36,641.48
Other receivables		250,024.21
Prepaid Rent	120,000.00	73,352.00
	<u>950,013.50</u>	<u>404,249.64</u>

5. CREDITORS

		2017 <u>Birr</u>
Retention Payable		98,840.95
Severance Payable	1,470,036.51	788,270.09
Other Liabilities	141,512.95	-
Provident fund Payable	1,487.05	16,832.00
Income tax Payable	306,531.86	326,776.86
Salary Payable	193,445.01	278,991.07
Withholding tax Payable	60,269.32	40,021.87
Pension Payable	184,416.78	115,767.54
Vendor Payable	1,072,457.36	719,059.31
	<u>3,430,156.84</u>	<u>2,384,559.69</u>



**NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDING 31 DECEMBER 2018**

6. CASH AND BANK

	<u>Birr</u>	<u>2017 Birr</u>
Cash at bank Zefine Ac no 100032	1,887.30	456.29
Cash at bank-Ardaminch Ac no 1000032081413	3,305.27	6,323.66
Cash at bank Abay Bank	76,219.31	8,371.70
Cash at bank Kucha	6,856.02	
Petty cash	18,295.69	9,706.51
	<u>106,563.59</u>	<u>24,858.16</u>

7.1 AGRICULTURAL PROGRAM ACTIVITIES

	<u>Birr</u>	<u>2017 Birr</u>
Establish and Maintain Cooperatives and Union=166520	-	51,464.44
Capacity building	1,485,686.98	472,077.61
Access to Financial Services	3,098,802.80	4,913,762.55
Increase & diversify income	34,135.00	
perdiem	16,014.00	
supplies	33,851.71	
Salary & Benefit/Direct Program Costs	4,542,614.10	359,432.89
	<u>9,211,104.59</u>	<u>5,796,737.49</u>

7.2 COOPERATIVE PROGRAM ACTIVITIES

	<u>Birr</u>	<u>Birr</u>
Establish and Maintain Cooperatives	94,377.14	15,283.00
Cooperatives Capacity Building/Capital injection & constructi	7,281,406.23	6,705,431.61
Training and Development for cooperatives	541,066.69	243,961.64
Enhancing the performance of Existing Cooperative	9,220.00	98,806.41
Salary & Benefit/Direct Program Costs	2,308,352.14	1,816,009.80
Other Direct Program Costs	322,822.96	107,309.23
	<u>10,557,245.16</u>	<u>8,986,801.69</u>



**NURU INTERNATIONAL ETHIOPIA
INTEGRATED COMMUNITY DEVELOPMENT PROGRAM (ICDP)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDING 31 DECEMBER 2018**

	<u>Birr</u>	<u>2017</u> <u>Birr</u>
7.3 EDUCATION PROGRAM		
Education Salaries & related Benefits	1,281,862.10	
Teachers Training	314640.95	379,879.06
education system	58,167.39	66,358.63
initiatives	68,960.00	40,960.01
Preparation and provision of educational materials and		
enhancement of learning environment	955,691.01	970,913.42
Education Program Overhead	21,646.13	
	<u>2,700,967.58</u>	<u>1,458,111.12</u>

		<u>2017</u> <u>Birr</u>
7.4 HEALTH PROGRAM		
Training & Outreach cost	169,407.12	
Healthcare Salaries and Related Benefits	1,894,101.62	1,262,528.32
Capacity building for prevention focused health workers		
Strengthening existing health systems in partnership with	191,468.00	431,844.10
government and community and facilitating linkages	211,034.75	203,842.42
Increase knowlesge, Attitude and practice to the community		
Addressing access to safe water with participation of the	479,217.75	252,614.33
community and local government on existing water sources.	186,987.05	<u>113,623.19</u>
supplies	36,195.54	
perdiem	11,890.00	
	<u>3,180,301.83</u>	<u>2,264,452.36</u>

		<u>2017</u> <u>Birr</u>
7.5 LEADERSHIP		
Leadership department staff salary	784,544.99	
Other salary related benefit	232,245.40	
perdiem	70,152.00	
Training & Development	48,385.95	
Supplies	6,316.10	
	<u>1,141,644.44</u>	



STATEMENT OF COMPLIANCE

1. Introduction

This statement of compliance is prepared and attached to the audit report in accordance with the requirement of the Federal Republic of Ethiopia-Charities and Societies Agency (CSOA) in its guideline no 08/2004 issued in September, 2011 (Meskerem, 2004 E.C.) to determine audit and performance report of Charity and Society or Charity Committee organization. Accordingly, this statement of compliance is prepared and duly signed by the auditors for Nuru international Ethiopia for the year ended December 31,2018.

2. Basic information (Article 14.3)

2.1. Inclusion of the following basic information's in the audit report:-

- a) Name of the organization.
- b) Objectives the organization.
- c) Organizational set up of the organization.
- d) Type of the organization.
- e) Working sector of the organization.
- f) Regional stated in which the organization operates

Not applicable	Auditors' Opinion		
	Yes	No	Reservations
	✓		
	✓		
	✓		
	✓		
	✓		
	✓		
	✓		

3. Financial documents and accounting (Article 14.3)

- 3.1. Maintenance of separate books of accounts for recording of daily transactions.
- 3.2. Recording and presentation of daily transactions related to cash and goods in the accounting records.
- 3.3. Using and keeping of legal evidences.
- 3.4. Recording of income received during the year-in the books of accounts and disclosure of the same in the financial statements by indicating the shares of domestic and foreign sources.
- 3.5. Recording and disclosure of operational and administration expenditures separately in the books of accounts and financials statements.
- 3.6. Preparation of the financial statements in accordance with Generally Accepted Accounting principals, relevant Ethiopian income tax law and guidelines issued by the CSOA. (Including application of modified cash basis of accounting for the preparation of financial statements).

	✓		
	✓		
	✓		no demotic source
		✓	For the audit purpose operational and administration expenditures are classified
	✓		Except for fixed assets which are directly charged to expenditures and donation in kind not recorded



4. Notes and Accounting Policies (Article 15)

- 4.1. Presentation of adequate notes to the accounts included in balance sheet and Income and expenditures statements under note to the forward statements in accordance with Generally accepted Accounting principles.
- 4.2. Disclosure of accounting polices applied for the accounting records preparation of the financial statements.

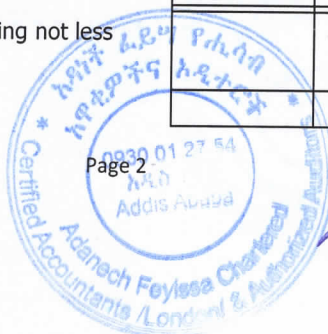
5. Income (Articles 7.1., 14.3. and 16.1.)

- 5.1. Collection of each income by official cash Receipt vouchers.
- 5.2. Recording and disclosure of income by sources (names of donors).
- 5.3. Recording of income in the right accounting period.
- 5.4. Collection of income by the concerned body.
- 5.5. Propriety of collection from foreign sources as stated in the law.
- 5.6. Inclusion of basic information in cash Receipt vouchers including, name of CSO, sequentially pre-printed numbers, name of donor, collected amount in type and quantity, date of issuance of receipt, name and signature of persons preparing the cash Receipt voucher and collecting the money, preparation of the cash receipt voucher at least in three copies.
- 5.7. Originality of Cash Receipt Vouchers.
- 5.8. Registration of the type and quantity of Cash Receipt Vouchers before being printed.

6. Expenditures (Article 16.2)

- 6.1. Availability of acceptable supporting evidences for expenditures before recording.
- 6.2. Using official payment vouchers.
- 6.3. Compliance of expenditures and purchases with regulations and guidelines.
- 6.4. Approval of expenditures by the concerned official.
- 6.5. Originality of evidences supporting expenditures.
- 6.6. Maintenance of operational expenditure for being not less than 70% of the total expenditures.

Auditors' Opinion			
Not applicable	Yes	No	Reservations
		✓	
		✓	
	✓		direct deposit at banks at Abay bank.
	✓		sole Donor
	✓		
	✓		
	✓		
	✓		
		✓	
	✓		
	✓		
	✓		
		✓	68%



7. Income Generating Activities (IGA) (Articles 7,16.1,16.2, 18.3 and guideline 07/2004 Article 16).

- 7.1. Compliance of Income Generating Activities with the permit issued (Separate name required as per guideline 07/2004 Article 15.1)
- 7.2. Using different Cash receipt Vouchers IGA's other than used for collection of donations.
- 7.3. Opening separate bank account for IGA.
- 7.4. Maintenance of separate books of accounts for IGA.
- 7.5. Using of all profit earned from IGA for operational expenditures.

8. Fixed assets Articles 9,10.1,10.4 14.3 and 16.3.)

- 8.1. Using official Vouchers for receipts and issuances of goods.
- 8.2. Maintenance of stock cards and separate of register for fixed assets.
- 8.3. Issuance of identification numbers for fixed assets and
- 8.4. Conducting of annual inventory of fixed assets and presentation the fixed assets list with audit report.
- 8.5. Recording of acquisition of fixed assets by cost and by source and presentation (Capitalization) in balance sheets.

9. Cash in hand

- 9.1. Settlement of documents in time.
- 9.2. Recording and monthly reconciliations of cash transactions.
- 9.3. Compliance of cash in safe box with the regulation of the organization.

10. Cash in banks (Articles 14.3, 16.7 and 18.2)

- 10.1 Availability of detailed information about cash indifferent banks (Name of bank, a/c no, branch, type of a/c, ending balance).
- 10.2. Availability of bank statements for each bank account.
- 10.3. Preparation of bank reconciliations.
- 10.4. Operation of bank accounts by concerned officials.

Not applicable	Auditors' Opinion		
	Yes	No	Reservations
√			
√			
√			
√			
	√		
	√		
	√		
		√	
	√		
	√		
	√		
	√		
	√		
	√		



11. Account receivables (Article 16.5.)

- 11.1. Collection of receivables in time.
- 11.2. Disclosures of receivables in detail.

12. Account payables (Articles 14.3. and 16.6)

- 12.1. Deduction of income tax from employees' salaries and payments of the same to the concerned tax Authority in time.
- 12.2. Withholding of income tax from payments made of purchases of goods and services and payments of the same to the conceded tax Authority.
- 12.3. Separate disclosure of short term and long term loans.

13. Public Contribution (Articles 14.3 and 16.8)

Recording and disclosure of :-

- a) Cash and goods collected in quantity and sources in details.
- b) Method of collection.
- c) Expenditures related to the collections of the contribution.
- d) Works done by the contributions.
- e) Compliance of the collection with the permute issued.
- f) Completion of the collection process with in the permitted time frame.
- g) Using legal documents for the collection of the money and goods.

Auditors' Opinion			
Not applicable	Yes	No	Reservations
	✓		
	✓		
	✓		
	✓		except for birr 46,496.50
✓			
✓			
✓			
✓			
✓			
✓			
✓			
✓			

Adanech Feyissa

Adanech Feyissa
Chartered Certified Accountants
Authorized Auditors

Addis Ababa,
March 25, 2019.

