

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
DISABLITY DEVELOPMENT INITIATIVE
FOR THE YEAR ENDED 31 DECEMBER 2023



Soliyana Kiros Legesse Certified Audit Firm
Addis Ababa, Ethiopia

Mob 0911155779/0911087230 E-mail: ksoliyana@gmail.com

P.O.Box 43314 Addis Ababa, Ethiopia

Dashen Bank Building-in front of Lideta Church- 3rd Floor, Office No.3-10

DISABILITY DEVELOPMENT INITIATIVE
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FOR THE YEAR ENDED 31 DECEMBER 2023

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**DISABILITY DEVELOPMENT INITIATIVE
MANAGEMENT, PROFESSIONAL ADVISORS AND REGISTERED OFFICE
FOR THE YEAR ENDED 31 DECEMBER 2023**

Organization TIN number
0026768366

Registry Number
2065

Management

Name

Mr. Yoseph Fekadu
Mr Habte Yemerga

Position

Executive Director
Finance Head

Registered Office

Disability Development Initiatives
Tel: +251979170017
Addis Ababa, Ethiopia

Banker

Commercial Bank Of Ethiopia
Bank of Abyssinia
Hibret Bank S.C
Addis Ababa, Ethiopia



Independent Auditors

Soliyana Kiros Legesse Certified Audit Firm
Tele- +251911155779/911087230
E-mail-ksoliyana@gmail.com
P.O.Box 43314
Addis Ababa, Ethiopia

**DISABILITY DEVELOPMENT INITIATIVE
REPORTS AND ANNUAL FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Financial Reporting Proclamation No. 847/2014 requires the organization to prepare its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

The Management to prepare financial statements in respect of that organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year/period and the operating results of the organization for that year/period. The Management is also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization. The Management is also responsible for safeguarding the assets of the association.

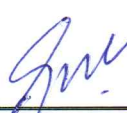
The Management is responsible for the preparation and presentation of the Organization financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended on December 31, 2023.

The Management accepts the responsibility for the organization financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The Management is of the opinion that the Organization financial statements give a true and fair view of the state of Organization transactions during the financial year ended December 31, 2023, and of the Organization financial position as at that date. The Management further confirms the completeness of the accounting records maintained for the organization, which have been relied upon in the preparation of the Organization financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Management to indicate that the Organization will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Organization financial statements were approved by the Management on February 19, 2024 and signed on its behalf by:



Mr. Yoseph Fekadu
Executive Director



Mr Habte Yemerga
Finance Head



**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF
DISABILITY DEVELOPMENT INITIATIVE
FOR THE YEAR ENDED 31 DECEMBER 2023**

Section One: Report on the Financial Statements

We have audited the financial statements of Disability Development Initiative as at 31 December 2023 which comprise the statement of financial position, statement of financial performance, statement of changes in net asset, cash flow statement and a summary of significant accounting policies and other explanatory information.

Unqualified Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Disability Development Initiative as at 31 December 2023 and its financial performance, for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Unqualified 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 Company 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 those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the company, and for such internal control as management determines is necessary to enable the preparation of the audit report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the audit report 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.

Section Two: Report on Other Legal and Regulatory Requirements

The opinion in this section is given based on the audit procedures we applied to review compliance with Civil Society Organization Proclamation No. 1113/2019;

1) Income:-

- a. Income collected through bank was collected by raising cash receipt vouchers.
- b. Income is collected through legal means and by the person delegated for the purposes.

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.

3) Property administration

- a. Fixed assets register is maintained with necessary details.
- b. Fixed assets identification number are given to each asset and cross-referenced with the register book.

4) Cash and bank balances

Separate ledger account is maintained for the bank account of the organization and reconciled with the bank statement monthly.

5) Receivables and Advance

- a. Advance and receivables are collected and settled in a period
- b. Separate ledger accounts are maintained for each receivable balances with appropriate classification



6) Payables

- a. Payables are settled within the time period
- b. Taxes and pension are deducted and paid over to the respective body within the time set for settlements.

In our opinion, the attached financial statements of Disability Development Initiative, as at 31 December 2023, in all material respect, comply with Civil Society Organization Proclamation No. 1113/2019 issued by the FDRE Agency for Civil Society Organizations.


Soliyana Kiros Legesse (FCCA)
Certified Audit Firm



Addis Ababa
February 27, 2024

**DISABILITY DEVELOPMENT INITIATIVE
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

Currency: Ethiopian Birr

	<u>Notes</u>		<u>2022</u>
Assets			
Current assets			
Cash and bank balances	4	1,061,869.42	859,278
Trade and other receivable	5	266,932.52	262,528
Total current assets		1,328,801.94	1,121,806
Non-current assets			
Property, plant and equipment	6	3,613,778.83	3,902,152
Total non-current assets		3,613,778.83	3,902,152
Total assets		4,942,580.77	5,023,958
Liabilities and equity			
Current liabilities			
Other current liabilities	7	569,069.27	506,923
Government payables	8	113,116.55	58,692
Total current liabilities		682,185.82	565,615
Non-current liabilities			
Accrued staff benefits	9b	473,237.78	424,493
Total non-current liability		473,237.78	424,493
Total liability		1,155,423.60	990,108
Equity			
Accumulated surplus or deficit		1,984,711.17	2,231,404
Revaluation Reserve		1,802,446.00	1,802,446
Total equity		3,787,157.17	4,033,850
Total equity and liabilities		4,942,580.77	5,023,958



The accompanying notes are an integral part of these financial statements.

**DISABILITY DEVELOPMENT INITIATIVE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

Currency: Ethiopian Birr

	<u>Notes</u>		<u>2022</u>
Revenue from non-exchange transactions			
Sponsorship-donation	10a	7,042,490.80	8,262,539
Other income	10b	2,280.00	21,920
		<u>7,044,770.80</u>	<u>8,284,459</u>
Expenses	11	<u>7,291,463.63</u>	<u>5,718,455</u>
Current year Surplus/(Deficit)		(246,692.83)	2,566,004
Surplus/(Deficit) Balance Brought Forward		<u>2,231,404.00</u>	<u>(334,603)</u>
Surplus/(Deficit) Balance Carried Forward		<u><u>1,984,711.17</u></u>	<u><u>2,231,404</u></u>



The accompanying notes are an integral part of these financial statements.

DISABILITY DEVELOPMENT INITIATIVE
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

Currency: Ethiopian Birr

	<u>Reserve</u>	<u>Accumulated Surplus</u>	<u>Total Net Asset/Equity</u>
Balance at 31 December 2021	1,802,446.00	(334,603.00)	1,467,843.00
Surplus(Deficit) for the year	-	2,566,007.00	2,566,007.00
Balance at 31 December 2022	1,802,446	2,231,404	4,033,850
Surplus(Deficit) for the year	-	(246,692.83)	(246,692.83)
Balance at 31 December 2023	<u>1,802,446.00</u>	<u>1,984,711.17</u>	<u>3,787,157.17</u>



The accompanying notes are an integral part of these financial statements.

**DISABILITY DEVELOPMENT INITIATIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

		<u>2022</u>
Cash flows from operating activities		
Deficit (Surplus) for the Period	(246,692.83)	2,566,007
Depreciation for the year	417,173.62	308,461
	<u>170,480.79</u>	<u>2,874,468</u>
Increase/(Decrease) in Staff receivables and prepayment	(4,404.52)	(154,672)
Increase/(Decrease) in Other current liabilities	62,146.27	95,563
Increase/(Decrease) in Government payables	54,424.55	15,373
Increase/(Decrease) in Accrued staff benefits	48,744.33	-
Net cash generated from operating activities	<u>331,391.42</u>	<u>2,830,732</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(128,800.00)	(2,712,649)
Net cash (used for) for investing activities	<u>(128,800.00)</u>	<u>(2,712,649)</u>
Cash flow from financing activities	-	-
Net cash flows from/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents	<u>202,591.42</u>	<u>118,083</u>
Cash and cash equivalents -Beginning balance	859,278.00	741,201
Cash and cash equivalents at 31 December	<u>1,061,869.42</u>	<u>859,284</u>

The accompanying notes are an integral part of these financial statements.



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Reporting Entity

Disability Development Initiative(DDI) is legal established in february,2017 with the core objective of alleviating accessibility related problem after recognizing the presence of large number of persons with disabilities with multitude problems that resulted from lack of appropriate education and training, lack of employment, inaccessible built environment and transport, lack of proper medical examination, rehabilitation and mobility aid service. DDI is non-religious, non-political and non-profit organization established in accordance with the proclamation No 621/2009 and currently operates in accordance with proclamation 113/2019 of Charities and Societies Agency (CSA) of the federal Democratic Republic of Ethiopia bearing a certificate number 2065. Before its formal establishment as DDI, it has been operating as an association with the name Voluntary Association of Mobility Challenged People in Addis Ababa (VAMCPAA) since November 1,2010 until it changed its name and status to the current DDI in February 2017.

The financial statements of Disability Development Initiative have been prepared mainly in accordance with the accrual basis International Public Sector Accounting Standards (IPSAS), Agency for Civil Societies Proclamation No. 1113/2019 and Disability Development Initiative(DDI) rules and regulations.

2. Basis of preparation and authorization for issue

Basis of preparation

These financial statements are prepared on an accrual basis of accounting in accordance with IPSAS. Disability Development Initiative applies the historical cost principle. The accounting period is annual fiscal year i.e. 1 January through 31 December.

The financial statement consists of:

Statement of Financial Position

This provide information about the accumulated surplus/deficit at the reporting year-end date – the difference between Disability Development Initiative total assets and liabilities. It gives information about the extent to which resources are available to support future operations and the unfunded liabilities.

Statement of Financial Performance

This measures the net surplus or deficit of the reporting year – the difference between revenues and expenses. It provides information about the Disability Development Initiative cost of programme delivery and the amounts and resources of revenue contributions from different sources.

Statement of Changes in Net Assets/Equity

This highlights the sources of changes in the overall financial position.

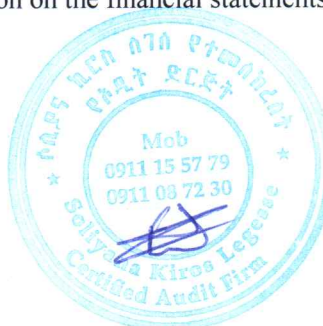
Cash Flow Statement

This provides information about Disability Development Initiative liquidity and solvency including how the Disability Development Initiative raised and used cash during the period . It measures the difference between the actual cash coming in and cash going out.

Statement of budget with actual comparison :It compares approved budget against actual used

Notes to the Financial Statements

These assist in understanding the financial statements. Notes comprise of a summary of significant accounting policies and other explanatory information. It provides additional information on the financial statements as required under IPSAS.



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINACIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2.1 Going concern

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

2.2 Authorization for issue

These financial statements are certified and approved by the Management of Disability Development Initiative. This issuance approval is dated February 19, 2024. No other authority has the power to amend the financial statements after issuance.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2 Cash and cash equivalents

Cash comprises cash on hand, cash at bank, deposits on call and highly liquid investments with an original maturity of 3 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 in Ethiopia at the end of the financial year. Cash deposited under blocked accounts are subject to regulatory restrictions and are therefore excluded from cash and cash equivalents.

3.3 Inventories

Inventories held for distribution at no charge or for a nominal charge are stated at the lower of cost or current replacement cost. Inventories held for sale are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost is determined using the weighted average inventory valuation method. The cost of inventories includes costs incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. For inventories acquired through a non-exchange transaction (e.g., donated goods), cost shall be measured at its fair value at the date of acquisition.

3.4 Property, plant and equipment

Recognition and measurement

All property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. PPE acquired through donation are valued at their fair value on the date of donation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only when it increase the future economic benefits embodied in the specific asset to which it relates.



DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Subsequent costs

Disability Development Initiative elected to apply the cost model to measurement after recognition instead of the revaluation model. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset only when it is probable that future economic benefits or service potential associated with the item will flow to Disability Development Initiative and the cost of the item can be measured reliably. Repairs and maintenance are charged to surplus or deficit in the statement of financial performance in the year in which they are incurred.

Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line basis over the estimated useful lives, except for land, which is not subject to depreciation. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, i.e., major components of property, plant and equipment. The residual value considered to be zero.

The estimated useful lives are as follows:

Class	Estimated useful life (in years)
Motor vehicles	15
Furniture and fixtures	10
Computer and Related	8
Equipment	5

Disability Development Initiative commences depreciation when the asset is available for use and ceases depreciation of an asset when the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

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



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINACIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3.5 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which Disability Development Initiative operates ('the functional currency'). The functional currency and presentation currency of Disability Development Initiative is the Ethiopian Birr (ETB).

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than Disability Development Initiative functional currency are recognized in statement of financial performance. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Year end balances of monetary assets and liabilities denominated in foreign currencies are converted into ETB on the basis of the exchange rate applying as at the year end.

3.6 Employee benefits

Short-term employee benefits

Short-term employee benefits are those that are expected to be settled within 12 months after the end of the year in which employees render the related service. Those benefits include assignment benefits, regular monthly benefits (e.g. wages and salaries), compensated absences (e.g. paid leave, such as annual leave), other short-term and non-monetary benefits, and the current portion of long-term benefits provided to current employees. An expense is recognized when a staff member provides services in exchange for employee benefits. A liability is reported for any entitlement that has not been settled at the reporting date and represents the amount paid or expected to be paid to settle the liability. Owing to the short-term nature of those entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities.

Owing to the short-term nature of those entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities.

3.7 Post-employment benefits-defined contribution plan/pension and provident fund contribution

Disability Development Initiative has pension scheme in line with the provisions of Ethiopian pension of private Organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and Disability Development Initiative respectively based on the employees' salary;



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Paid annual leave

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognized as an expense accrual. Disability Development Initiative recognizes and accrues leave based on the number of outstanding leave days as at the financial year end. The payment is based on an employees basic salary prorated to the average number of working days in the last financial year end month.

Termination benefits

Termination benefits are recognized as an expense only when Disability Development Initiative is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Termination benefits settled within 12 months are reported at the amount expected to be paid.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted.

End of service/severance benefits

Disability Development Initiative provides end of services/severance benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and the Ethiopian Labor Law (Article 39-40). The expected costs of these benefits are accrued over the period of employment.

The final pay-out of severance is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

Upon resignation, all employees are entitled to severance pay who has served for more than 5 years.

Other long-term employee benefits

Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Those benefits include the non-current portions of paid annual leave. These are recognized as non-current liabilities and are measured based on management estimate of severance pay to those employees who have served Disability Development Initiative at the reporting dates. The recent salary has been used to determine the entitlement.



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINACIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3.8 Leases

Right-to-use arrangements

Where Disability Development Initiative has signed an agreement for the right-to-use assets without legal title/ownership of the assets, e.g., through donated use granted to Disability Development Initiative at no cost, the transaction is a non-exchange transaction. In this case, an asset and revenue is recognized at the point the agreement is entered into. Recognition of an asset is contingent upon satisfying criteria for recognition of an asset. Valuation of the asset will be the fair value of the resource for which the right to use was acquired at the date of acquisition. The asset is depreciated over the shorter of the asset's useful life and the right-to-use term.

Revenue is also recognized at the same amount as the asset, except to the extent that a liability is also recognized.

3.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits or service potential will flow to Disability Development Initiative and the revenue can be reliably measured.

Revenue from non-exchange transactions/contributions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized. Where the full criteria for recognition of an asset under a non-exchange agreement are not fulfilled, a contingent asset may be disclosed.

In-kind contributions of goods provided are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to Disability Development Initiative and the fair value of those assets can be measured reliably. Disability Development Initiative disclose contributions of services in-kind if services doesn't meet the definition of an asset.

Contribution in-kind and in-service

Contributions in-kind and in-service received by Disability Development Initiative are recorded upon receipt from the contributor at an amount equal to their fair market value as determined at the time of acquisition. Donated PPE and inventories are recognized as an asset with the corresponding entry to revenue. Other in-kind or in-service contributions are recognized as revenue with a corresponding entry to expense.

3.10 Expense recognition

Under accrual accounting, expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid. Moreover, any commitment of contracts and obligations as the result of past events recognized as expenses.



DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINACIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Currency: Ethiopian Birr

3.11 Change in accounting policies and estimates

Disablity Development Initiative recognizes the effect of change in accounting policy and change in accounting estimates retrospectively at the date of adoption and after adoption of IPSAS, change in accounting estimates applied prospectively and change in accounting policy applied retrospectively.

3.12 Statement of cash flow

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

The cash flow statement reports cash flows during the period classified by operating and investing activities and the financing activities.

3.13 Related Parties

Disablity Development Initiative 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 entity, or vise versa. Members of key management are regarded as related parties .

4. Cash and bank balance

		<u>2022</u>
Cash on Hand	612.55	-
Commercial Bank of Ethiopia	446,422.00	399,873
Bank of Abysinia	28,681.00	26,401
Hibret Bank S.C	586,153.87	433,004
	<u>1,061,869.42</u>	<u>859,278</u>

5. Trade and Other Receivable

		<u>2022</u>
Staff debtor	-	70,000
Prepayment	216,594.90	192,528
Purchase Advance	50,337.62	-
	<u>266,932.52</u>	<u>262,528</u>



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Currency: Ethiopian Birr

6. Property, plant and equipment

	At 31		
Cost	December 2022	Additions	At 31 December 2023
Office Furniture and Fixture	336,988.99	-	336,988.99
Motor vehicles	3,713,900.30	-	3,713,900.30
Other Fixed asset	279,774.00	19,000.00	298,774.00
Computer and Accessories	617,005.38	109,800.00	726,805.38
	4,947,668.67	128,800.00	5,076,468.67
Depreciation			
Office Furniture and Fixture	122,411.45	36,898.50	159,309.95
Motor vehicles	511,664.30	259,450.87	771,115.17
Other Fixed asset	108,585.00	30,095.65	138,680.65
Computer and Accessories	302,855.47	90,728.60	393,584.07
	1,045,516.22	417,173.62	1,462,689.84
Net book values	3,902,152.45		3,613,778.83

PPE are reviewed annually to determine if there is any indication that PPE may be impaired in their value. As at 31 December 2023, DISABILITY DEVELOPMENT INITIATIVES did not have any impairment on property, plant and equipment.

7. Other Current Liabilities

		2022
Account payable	44,783.00	44,783
Professional fee payable	327,316.00	292,316
Medical Fund Payable	73,756.85	97,575
Cash Indemnity	3,000.00	-
Audit fee Payable	42,929.60	47,249
Other Acruals	52,283.82	-
Payable to Zeger Construction	25,000.00	25,000
	569,069.27	506,923

8. Government payables

		2022
Income tax payable	85,767.04	42,326
Pension payable	14,108.99	13,716
Withholding tax payable	13,240.52	2,650
	113,116.55	58,692



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Currency: Ethiopian Birr

9. Accrued staff benefits

Accrued staff benefits includes accrued leave payable and post employment (severance) payable.

a) Current

Accrued leave payable

Total current

b) Non-Current

Severance payable *

Total non-current

		<u>2022</u>
	-	-
	-	-
	473,239.33	424,495
	473,239.33	424,495
	<u>473,239.33</u>	<u>424,495</u>

The final pay-out of severance is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary. (Ethiopian Labour proclamation 1156/2019 - Article 39-40)

10. Revenue from non-exchange transactions

a) Sponsorship-donation

Remittance from FPD

b) Other Income

Membership Fee

		<u>2022</u>
	7,042,490.80	8,262,539
	2,280.00	21,920
	<u>7,044,770.80</u>	<u>8,284,459</u>



**DISABILITY DEVELOPMENT INITIATIVE
NOTES TO THE FINACIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Currency: Ethiopian Birr

11. EXPENDITURE

		<u>2022</u>
Salary and Benefits	3,096,262.86	2,611,921
Training	742,872.47	497,872
Travel and perdiem	267,732.18	110,300
Advertising	74,361.50	-
Stationery,Printing and Office supplies	224,676.11	62,765
Membership fee	33,040.11	103,582
Accessibility Audit	292,272.57	-
School Accessibility	435,802.82	754,586
Peer Learning Workshop	197,346.21	-
Board Meeting	30,098.97	12,250
Consulting Meeting	-	57,310
General Assembly Meeting	41,898.89	38,809
Cost of Satellite Office D/Zeyt	-	33,665
Accessibility Modification	151,576.36	-
Fuel and lubricant	222,977.98	262,456
Repair and maintenance	272,126.47	167,716
Office Rent	586,036.00	553,461
Depreciation	417,173.62	308,460.93
Accounting/Audit Fee	35,000.00	-
Telephone & Internet	88,549.64	74,029
Transportation	-	13,574
Cleaning and sanitation	75,732.48	49,825
Utilities	5,926.39	5,872
	<u>7,291,463.63</u>	<u>5,718,453</u>



Auditor's Report on Agreed-upon Procedures

To: Disability Development Initiative

Addis Ababa

Ethiopia

We have performed the procedures agreed with you and enumerated below, relating to the annual report on the Accessible Ethiopia for all project. Accessible Ethiopia for all projects was implemented by Finnish Association of People with physical disability. The annual report, totaling 7,008,156.77 ETB for the period of 01/01/2023- 31/12/2023, was signed by Mr. Yoseph Fekadu on 31/12/2023.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements taking into account the conditions set out in the discretionary government transfer decision for Accessible Ethiopia for all project support. The following procedures were performed solely to assist Finnish Association of People with physical disability and Ministry for Foreign Affairs of Finland in evaluating whether the annual report has been drawn up, and the funds have been used for intended purposes, in accordance with general conditions for the use of discretionary government transfers and additional conditions for Accessible Ethiopia for all projects.

- 1) We obtained a mutually signed valid agreement of cooperation with Finnish Association of People with physical disability and Disability Development Initiative in order to find out whether
 - the parties have a valid agreement of cooperation,
 - the agreement of cooperation has been adhered to and
 - the financial programme/project report correspond with the agreement of cooperation.

Additionally, we obtained the instructions issued by Finnish Association of People with physical disability including the reporting and procurement instructions and interviewed Mr. Yoseph Fekadu –Director whether the instructions have been adhered to.

- 2) We obtained Disability Development Initiative project accounting documents, a description of how the project accounting is arranged and interviewed Mr. Habte Yemerga-Finance Head in order to find out
 - does the Disability Development Initiative have an adequate double-entry bookkeeping system in place, including journal and general ledger, and
 - what bookkeeping software is used.
- 3) We obtained documentation on working time recording and interviewed Mr. Yoseph Fekadu-Director in order to find out how the employee's working time recording is arranged.



- 4) We obtained the project's budget and activity plan approved by Finnish Association of People with physical disability and performed the following.
- compared the actual figures to the budgeted figures, and
 - checked whether the annual report includes explanations of budgetary deviations over 15 %.
- 5) We reconciled the financial figures presented in the financial section of the annual report with the project accounting in order to find out does the annual financial figures in the annual report match up with the bookkeeping. The reconciliation included matching.
- the opening balance of funds between the bookkeeping and the auditor's report of the previous year,
 - received funds between the bookkeeping and the annual report,
 - incurred costs between the bookkeeping and the annual report and
 - received but unused funds between liabilities in bookkeeping and ending balance of the annual report.

Additionally, we reconciled the official bank account statements and cash books relating to the Accessible Ethiopia for all project with the bookkeeping as of 31/12/2023 and calculated Disability Development Initiative cash and reconciled the amount with the bookkeeping as of 31/12/2023.

- 6) When the Finnish partner organization is a special foundation and the local partner organization has locally acquired self-financing, we ensured that the self-financing in the annual report is based on bookkeeping or adequate specifications.
- 7) With regard to the information in the cost statement, the following procedures were carried out. The procedures covered at least 30 % of the wages and salaries reported for the project and at least 15 % of the payment of wages and salaries reported for the project.
- We tested that at least 30 % of total wages and salaries are based on properly signed contracts and an adequate working time recording.
 - We tested that at least 15 % of total wages and salaries have been paid.
 - We tested social security expenses including pensions and taxes have been recorded and paid to relevant authorities in accordance with the national legislation.
- 8) With regard to the information in the cost statement, the following procedures were carried out. The procedures covered at least 30 % of the costs (other than personnel-related costs) reported for the project and at least 15 % of the payments of the costs (other than personnel-related costs) reported for the project.



- We tested that the recorded costs are based on supporting documentation,
- We agreed the audit trail from general ledger to the project financial reporting,
- We assessed the eligibility of costs against the funding agreement and project budget.
- We tested that the costs were approved according to the Disability Development Initiative approval guidance.

With regard to the costs inspected, we assessed whether the procurement instructions issued by Finnish Association of People with physical disability have been adhered to.

- With regard to taxes (other than personnel-related) we assessed whether they have been appropriately recorded and timely paid out to relevant authorities.

9) We obtained a list of fixed assets and performed the following procedures:

- We assessed if the list was maintained up-to-date.
- We reconciled the list and the changes in the list with the bookkeeping.

Additionally, we checked that at the termination of projects adequate documents of the transfer of the fixed assets have been prepared and signed.

10) We interviewed Mr Yoseph Fekadu –Director in order to find out the following:

- How Disability Development Initiative ensures that the funds have not been, even temporarily, used for any other than project purposes.
- What kind of procedures does Disability Development Initiative have with the original documents of all valid essential contracts (e.g. agreements with authorities, rental, lease, service agreements).
- Has there been any indication of fraud, corruption, money laundering or terrorism in any form.

11) Based on information we received during performing the agreed-upon procedures, we assessed whether any internal control deficiencies have come to light, which are significant in terms of project funding. If during performing the agreed-upon procedures we see a conflict between the financial section of the annual report and the other sections of the annual report, we report our observations.

We report our findings below:

1) In Item 1 we observed that

- the parties have a valid agreement of cooperation that was signed in June 23, 2022
- based on our observations during this engagement the agreement has been adhered to
- The financial Accessible Ethiopia for all project report corresponds with the agreement of cooperation.



- Additionally, we obtained the instructions issued Finnish Association of People with physical disability including the reporting and procurement instructions.
Based on the interview with Mr. Yoseph Fekadu –Director, the instructions have been adhered to.
- 2) In Item 2 we observed that Disability Development Initiative project accounting is prepared based on IPSAS (International Public Sector Accounting Standards). Disability Development Initiative has an adequate double-entry bookkeeping system in place, including journal and general ledger, and the organization is using Peachtree accounting software.
 - 3) In Item 3 we observed that Disability Development Initiative working time recording is arranged. They have attendance sheet and daily employees are sign on it. Moreover, the monthly salary is prepared based on the attendance sheet.
 - 4) In Item 4 we obtained the project's budget approved by Finnish Association of People with physical disability on 20/02/2023 totaling 123,733.59 Euro. We also tested that.
 - the actual figures in annual report aren't in line with the budget and
 - the annual report does not include explanations of budgetary deviations over 15 %.
 - 5) In Item 5 we reconciled the project accounting with the financial section of the annual report: the opening balance of funds 192,024.12 ETB matches between the bookkeeping and the auditor's report of the previous year.
 - received fund matches between the bookkeeping and the annual report.
 - incurred cost matches between the bookkeeping and the annual report and received but unused funds 226,358.05 ETB match between liabilities in bookkeeping and ending balance of the annual report.
- Additionally, we reconciled the official bank account statements and cash books relating to the Accessible Ethiopia for all project with the bookkeeping as of December 31, 2023 with no differences and calculated Disability Development Initiative cash 1,061,869.42 and reconciled the amount with the bookkeeping as of 31 December 2023.
- 6) In Item 6 we noted that Finnish Association of People with physical disability is not a special foundation and Disability Development Initiative have not locally acquired self-financing.
 - 7) In Item 7 we tested that:
 - 50% of total wages and salaries is based on properly signed contracts and an adequate working time recording,
 - 50% of total wages and salaries have been paid and
 - Social security expenses including pensions and taxes have been recorded and paid to relevant authorities in accordance with the national legislation.



8) In Item 8 we observed that the costs tested:

- Were not based on supporting documentation.
- The audit trail from general ledger to the project financial reporting was adequate and complete.
- We did not recognize any suggestions that the costs examined would not have been eligible according to the funding agreement and project budget.
- The costs were approved according to the Disability Development Initiative approval guidance.

The procurement instructions issued by Finnish Association of People with physical disability have been adhered to.

- The taxes (other than personnel-related) have been appropriately recorded and timely paid out to relevant authorities.

9) In Item 9 we observed that:

- The list has been maintained up-to-date by Disability Development Initiative
- The list and the changes in the list reconcile with the bookkeeping.

Additionally, we ensured that at the termination of projects, adequate documents of the transfer of the fixed assets have been prepared and signed. There is no termination of projects.

10) In Item 10 we inquired Mr. Yoseph Fekadu –Director to find out the following:

- Disability Development Initiative ensures that the funds have not been, even temporarily, used for any other than project purposes.
- describe what kind of procedures Disability Development Initiative have with the original documents of all valid essential contracts (e.g. agreements with authorities, rental, lease, service agreements)

They are kept in a safe with only access by the director and copies are used for financial or related activity.

No indication of fraud, corruption, money laundering or terrorism in any form.

11) In Item 11 we point out that based on the information we received during performing the agreed-upon procedures, we have not detected any internal control deficiencies which are significant in terms of project funding. We have not detected a conflict between the financial section of the annual report and the other sections of the annual report.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance of the abovementioned issues.



Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and is not to be used for any other purpose. The report or part of it may not be copied, otherwise duplicated or be given to a third party. [According to the Finnish Act on the Openness of Government Activities (621/1999), the report is a public document, with the exception of business and professional secrets that the recipient has clearly labelled as commercial and professional secrets, ie. confidential information, in accordance with Section 24 para. 20 of the Act on the Openness of Government Activities. The obligation of professional secrecy does not apply to information that the Ministry for Foreign Affairs of Finland declares or gives to a third party on the basis of an authority or a law. Our Report only applies to the annual report detailed above; it does not apply to the recipient's complete financial statements.


Soliyana Kiros Legesse (FCCA)
Certified Audit Firm



Addis Ababa
March 7, 2024