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AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

OF

ASOCIACION AMIGOS DE SILVA

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

Amelework Wondimeneh Tamiru

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**ASOCIACION AMIGOS DE SILVA
REPORTS AND ANNUAL FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 31 DECEMBER 2023**

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**ASOCIACION AMIGOS DE SILVA
REPORTS AND ANNUAL FINANCIAL STATEMENTS
KEY ORGANIZATION INFORMATION AND MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Organization TIN number : 0003459082

Executive Management (as of 31 December 2023)

Name	Position	Appointment Date
1 Dr Francisco Asis Moreno (PHD)	Country Representative	02-May-07
2 Hiywot Tadesse	Finance Manager	1-Apr-21

Independent auditor

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Asociacion Amigos De silva

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Werda 07
House Number 246
Tel: 0111 261873
P.O. Box:
Email: hiwot@amigosdesilva.org
Website:

Principal bankers

Commercial Bank of Ethiopia
Awash Bank S.C.

Consulting IPSAS

Kassaye Assefa Chartered Certified Accountant (U.K)
Gurdsholla, Holly City Center Building 5th floor 507
Tel: 0911235039
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Ethiopia



**ASOCIACION AMIGOS DESILVA
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 entity to prepare its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

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

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

The Management accept responsibility for the entity's 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 are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended December 31, 2023 and of the entity's financial position as at that date. The Management further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's 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 entity 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 entity's financial statements were approved by the Management on February 16, 2024 and signed on its behalf by:



Country Representative



Finance Manager





**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF
ASOCIACION AMIGOS DE SILVA**

Section One: Report on the Financial Statements

Opinion

We have audited the financial statements of ASOCIACION AMIGOS DE SILVA which comprise the statement of financial position as at 31 December 2023, the Statement of Financial Performance, Statement of Changes in Net Assets/Equity and Statement of Cash Flows 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 2023 and its financial performance, for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB).

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 Association in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with 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 Organization, and for such internal control as management determines is necessary to enable the preparation of the Organization 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 Organization 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 organization 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 in accordance with guidelines issued by the Authority for Civil Society Organizations to review compliance with Organization of Civil Societies proclamation number 1113/2019;

1) Income:-

- a. All income is collected by raising cash receipt vouchers and correctly recorded.
- b. Income is collected through legal means and by the person delegated for the purpose.
- c. Income obtained from local and foreign sources are properly classified.

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. Operational costs and administrative costs are separated properly. As it is reported in the attached statement of income & expenditure the percentage of administrative cost is 10% of total income during the period.

3) Property administration

- a. Purchases of properties are received by raising Goods Receiving Voucher (GRV), and are issued by raising Issue Vouchers but expensed upon purchases.
- b. The organization maintains fixed asset register.

4) Cash and bank balances

- a. Separate ledger accounts are maintained for cash on hand in the name of each cashier and counted at certain intervals and at the end of the fiscal year to strengthen internal control over it and to ascertain its physical existence.
- b. Separate ledger accounts are maintained for each bank accounts of the Organization and reconciled with the respective bank statements monthly.

5) Debtors

- a. Subsidiary accounts are maintained for each debtor.

6) Creditors

- a. Taxes are deducted and paid over to the tax authority within the time set for settlements.
- b. Subsidiary accounts are maintained for each payable accounts.
- c. Creditors are classified into short and long term properly.



7) Compliances with the project agreements

- a. The project agreement has been adhered to and the related project funds have been used exclusively for the purpose of the project in accordance with the project agreement.

The attached financial statements of ASOCIACION AMIGOS DE SILVA as at 31 December 2023 complies in all material respect with Organization of Civil Societies proclamation number 1113/2019 issued by the Authority for Civil Society Organizations.

Amelework Wondimeneh Tamiru
Certified Audit Firm



February 16, 2024
Addis Ababa

ASOCIACION AMIGOS DE SILVA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<u>Notes</u>	<u>31-Dec-23</u> <u>ETB</u>	<u>31-Dec-22</u> <u>ETB</u>
ASSETS			
Current assets			
Cash and bank balances	4.2, 6	651,558.29	4,462,194.76
Receivables	7	77,836.86	92,844.07
Good in Transit		<u>6,197,730.00</u>	<u>176,112.71</u>
Total current assets		6,927,125.15	4,731,151.54
Non-current assets			
Property, plant and equipment	4.4, 5	<u>1,387,145.57</u>	<u>1,493,274.17</u>
Total non-current assets		1,387,145.57	1,493,274.17
TOTAL ASSETS		<u>8,314,270.72</u>	<u>6,224,425.71</u>
LIABILITIES AND EQUITY			
Current liabilities			
Other liabilities	8	<u>519,904.56</u>	<u>378,700.17</u>
Total current liabilities		519,904.56	378,700.17
Non-current liabilities			
Accrued staff benefits	4.7, 9	<u>103,284.76</u>	<u>166,810.81</u>
Total non-current liability		103,284.76	166,810.81
Total liabilities		623,189.32	545,510.98
Equity			
Fixed Asset Reserve		1,387,145.57	1,493,274.17
Accumulated surplus or deficit		<u>6,303,935.83</u>	<u>4,185,640.56</u>
Total equity		7,691,081.40	5,678,914.73
TOTAL EQUITY AND LIABILITIES		<u>8,314,270.72</u>	<u>6,224,425.71</u>

The notes on pages 10 to 30 are an integral part of these financial statements.



ASOCIACION AMIGOS DE SILVA
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>Notes</u>	31-Dec-23 ETB	31-Dec-22 ETB
Revenue from non-exchange transactions			
Donation in cash		14,077,613.43	18,364,973.99
Donation in kind		<u>6,203,649.74</u>	<u>6,053,265.72</u>
		20,281,263.17	24,418,239.71
Income realized from Property, plant and equipment		<u>106,128.61</u>	<u>108,647.55</u>
		20,387,391.78	24,526,887.26
Expenses			
Program expenses	10	16,241,473.26	19,806,512.26
Administrative expenses	11	<u>2,027,623.25</u>	<u>2,228,024.21</u>
		18,269,096.51	22,034,536.47
Surplus (Deficit) for the year		<u>2,118,295.27</u>	<u>2,492,350.79</u>

Percentage of Program and Administration Expenditure for the Year 2023 G.C.

	<u>From Income</u>	<u>From Expenditure</u>
Program expenditure	80%	89%
Administration expenditure	10%	11%

The notes on pages 10 to 30 are an integral part of these financial statements.



ASOCIACION AMIGOS DE SILVA
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Accumulated surplus or deficit ETB	Fixed Asset Reserve ETB	Total equity ETB
As at 31 December 2022	1,730,789.77	1,564,421.72	3,295,211.49
IPSAS adjustment for property, plant and equipment		(108,647.55)	(108,647.55)
Surplus /deficit/for the year	<u>2,492,350.79</u>	<u>-</u>	<u>2,492,350.79</u>
Balance at 1 January 2023 adjusted (IPSAS)	<u>4,223,140.56</u>	<u>1,455,774.17</u>	<u>5,678,914.73</u>
Current year Depreciation		(106,128.61)	(106,129)
Surplus /deficit/for the year	<u>2,118,295.27</u>	<u>-</u>	<u>2,118,295.27</u>
Balance at 31 December 2023	<u>6,341,435.83</u>	<u>1,349,645.56</u>	<u>7,691,081.39</u>

The notes on pages 10 to 30 are an integral part of these financial statements.



**ASOCIACION AMIGOS DE SILVA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	31/12/2023 <u>ETB</u>	31/12/2022 <u>ETB</u>
Cash flows from operating activities			
Surplus for the year		2,118,295.27	2,492,350.79
Adjustments to reconcile surplus for the year to net cash flows:			
Depreciation for the year	6	106,128.61	108,647.55
Adjustment on fixed asset Reserve		(106,128.61)	(108,647.55)
<i>Changes in assets</i>			
(Increase) in receivables from exchange transactions		15,007.21	(92,310.27)
(Increase) in Inventory from exchange transactions		(6,021,617.29)	1,386,198.99
<i>Changes in liabilities</i>			
Increase in accrued staff benefits		(63,526.05)	109,071.48
(Decrease) in other current liabilities		141,204.39	34,833.68
Net cash generated from operating activities		<u>(3,810,636.47)</u>	<u>3,930,144.67</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	-	-
Net cash (used for) investing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>(3,810,636.47)</u>	<u>3,930,144.67</u>
Movement in cash and cash equivalents			
cash and cash equivalents at beginning of the year		4,462,194.76	532,050.09
Increase /decrease/ in the year		(3,810,636.47)	3,930,144.67
Cash and cash equivalents at end of the year		<u>651,558.29</u>	<u>4,462,194.76</u>
Cash as at 31/12/2023		<u>651,558.29</u>	<u>4,462,194.76</u>

The notes on pages 10 to 30 are an integral part of these financial statements.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1 Reporting Entity

Asociacion Amigos De Silva (ADS) is a non for profit making and non governmental international organization Working in health, water, education and food security related charitable activities in Ethiopia. ADS has obtained a license from the Ministry of Justice on March 16, 2007. Following the requirements of the Charities and Societies Proclamation No. 621/2009, ADS re-registered as a foreign charity with the Federal Democratic Republic of Ethiopia Charities and Societies Agency on October 2009 and obtained a certificate bearing No. 0148. The license and registration is renewable every three years and it was renewed on November 07, 2018. In 2019, ADS was further re-registered with the Federal Democratic Republic of Ethiopia Agency for Civil Society Organization Proclamation No.1113/2019 by fulfilling all requirements demanded by the agency.

2 Statement of compliance with the International Public Sector Accounting Standards

The financial statements of Asociacion Amigos De Silva have been prepared mainly in accordance with the accrual basis International Public Sector Accounting Standards (IPSAS), Organizations of Civil Societies Proclamation No. 1113/2019 and Asociacion Amigos De Silva policies and procedures. These annual financial statements of Asociacion Amigos De Silva are the first to be prepared in accordance with IPSAS and certain transitional provisions .

Prior to 01 January 2021, Asociacion Amigos De Silva prepared its financial statements in accordance with local GAAP, which prescribed the use of a modified cash basis of accounting.

On 1 January 2021, Asociacion Amigos De Silva adopted accrual basis IPSAS, and the conversion to full accrual accounting as prescribed by IPSAS has resulted in significant changes to accounting policies and in the type and measurement of assets, liabilities, revenues and expenses recognized. Accordingly, adjustments and reclassifications were made to the Asociacion Amigos De Silva statement of financial position as at 31 December 2020 under Local GAAP to arrive at the Asociacion Amigos De Silva restated 1 January 2021, IPSAS opening statement of financial position.



**ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

New standards and interpretation not yet adopted

i) *IPSAS 41, Financial Instruments*

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The IPSASB approved IPSAS 41, Financial Instruments, in June 2018 and issued in August 2018.

IPSAS 41 Financial Instruments, the standard establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held:
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Asociacion Amigos De Silva International's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

**2 Statement of compliance with the International Public Sector Accounting Standards
(continued)**

ii) *IPSAS 42 Social Benefits*

IPSAS 42 'Social Benefits', seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits.

The standard is effective 1 January 2022. Although early adoption is permitted, it did not apply this standard in 2023.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3 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.

The organization applies the historical cost principle. Asociacion Amigos De Silva previously prepared its financial statements on the modified cash basis under Local GAAP. The House of Peoples' Representatives and Council of Ministers of Ethiopia approved financial reporting proclamation 847/2014 and regulation 332/2014 respectively. Both proclamation and regulation enforce the adoption of International Public Sector Accounting Standard (IPSAS) for Non-Profit making reporting entities when preparing and presenting their annual financial statement.

The financial statement consists of:

A Statement of Financial Position

This provide information about the accumulated surplus/deficit at the reporting year-end date – the difference between Amigo De Silva International’s total assets and liabilities. It gives information about the extent to which resources are available to support future operations and the unfunded liabilities.

A 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 Amigo De Silva International’s cost of programmed delivery and the amounts and resources of revenue contributions from different sources.

A Statement of Changes in Net Assets/Equity

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

A Cash Flow Statement

This provides information about Amigo De Silva International’s liquidity and solvency including how the Asociacion Amigos De Silva raised and used cash during the period . It measures the difference between the actual cash coming in and cash going out.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

3.1 Going concern

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

3 Basis of preparation and authorization for issue (continued)

IPSAS applicable to Asociacion Amigos De Silva are:

- IPSAS 1: Presentation of Financial Statements
- IPSAS 2: Cash Flow Statement
- IPSAS 3: Accounting Policies, Change in Accounting Estimates
- IPSAS 4: The effect of changes in Foreign Exchange Rate
- IPSAS 9: Revenue from Exchange Transactions
- IPSAS 12: Inventories
- IPSAS 13: Leases
- IPSAS 14: Events after the reporting date
- IPSAS 16: Property, Plant and Equipment
- IPSAS 19: Provisions, Contingent Assets and Contingent
- IPSAS 20: Related Party Disclosure
- IPSAS 21: Impairment of Non-Cash Generating
- IPSAS 23: Revenue from Non-Exchange Transactions
- IPSAS 28: Financial Instruments - Presentation
- IPSAS 29: Financial Instruments - Recognition and Measurement
- IPSAS 30: Financial Instruments - Disclosures
- IPSAS 31: Intangible Assets
- IPSAS 39: Employee Benefits

3.2 Transitional provisions and exemptions

IPSAS standards, with effect from 1 April 2019, are applied in accordance with IPSAS transitional provisions as follows:



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

- As per IPSAS 33.77 “Presentation of financial statements”, as permitted for first year adoption, comparative information has not been provided. First IPSAS financial statements presented in accordance with this IPSAS shall include; one statement of financial position, and an opening statement of financial position at the date of adoption (1 January 2019), one statement of financial performance, one statement of changes in net assets , one statement of cash flow, related notes and disclosures.

- As per IPSAS 33. 79 (e) presentation of budget information in financial statement is required annually as one element of financial statement when Asociacion Amigos De Silva make its annual budget for the year publically available. However, the budget information was not publically available and therefore exempted to produce budget versus actual amount as part financial statement for the period 31 December 2023.

3.3 Authorization for issue

These financial statements are certified and approved by the Management of Asociacion Amigos De Silva. This issuance approval is dated February 16, 2024. No other authority has the power to amend the financial statements after issuance.

3.4 Financial risk management

Assocatin of Amigo De Silva 's activities exposed it to a variety of financial risks, mainly, liquidity risk, foreign exchange risk and credit risk.

3 Basis of preparation and authorization for issue (continued)

3.4 Financial risk management (continued)

i) Liquidity Risk

Liquidity risk is the risk of Asociacion Amigos De Silva not being able to meet its obligations as they fall due. Amigo De Silva International's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its liabilities when due, without incurring unacceptable losses of risking damage to Asociacion Amigos De Silva reputation.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Asociacion Amigos De Silva ensures that it has sufficient cash on demand to meet expected operating expenses through the maintenance of liquid cash and deposits that are available on demand.

As at the year-end, Asociacion Amigos De Silvia's not exposed to a significant liquidity risk.

ii) Market Risk

Foreign exchange currency risk

The entity receives contributions in currencies other than the Ethiopian Birr and it is exposed to foreign exchange currency risk arising from fluctuations in currency exchange rates. Translation into Ethiopian Birr of transactions expressed in other currencies is done at the prevailing rates of exchange at the date of transaction.

Price Risk

Asociacion Amigos De Silva does not hold any financial instruments subject to price risk.

Cash flow, fair value and interest rate risk

Asociacion Amigos De Silva does not hold any bank loans and loans from related parties subject to cash flow, fair value and interest rate risk.

iii) Credit risk

Credit risk arises from cash and short term deposits with banks. Asociacion Amigos De Silva does not have any significant concentrations of credit risk.

The amount that best represents the Asociacion Amigos De Silva 's maximum exposure to credit risk at 31 December 2023 is made up as follows:

	31-Dec-23	31-Dec-22
	ETB	ETB
Cash and cash equivalents	651,558.29	4,462,194.76
Balance as at 31 December 2023	651,558.29	4,462,194.76

No collateral is held for any of the above assets.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4 Summary of significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 Property, plant and equipment

Recognition and measurement

All property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of the asset and the initial estimate of dismantling and site restoration costs. Where an asset is acquired for nil or nominal consideration, the fair value at the date of acquisition is deemed to be its cost. The threshold for recognition of property, plant and equipment as an asset is more than ETB 2,000.00 per unit.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Transition to IPSAS

On transition to IPSAS, Asociacion Amigos De Silva has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 January 2021 measured as its historical cost and use that cost as the deemed cost of the property, plant and equipment.

Subsequent costs

Asociacion Amigos De Silva 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 Asociacion Amigos De Silva and the cost of the item can be measured reliably. Day to day minor repairs and maintenance are charged to surplus or deficit in the statement of financial performance in the year in which they are incurred.

4 Summary of significant accounting policies (continued)

4.4 Property, plant and equipment (continued)

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. Assets under construction are not depreciated, as they are not yet available for use.

The estimated useful lives are as follows:

Furniture	10
Machinery	15
Motor vehicles	20
Computers	6

Asociacion Amigos De Silva commences depreciation when the asset is available for use and ceases depreciation of an asset when the asset is derecognized.



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Given the expected pattern of usage of property, plant and equipment, there are no residual values for office equipment following full depreciation.

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.

4.5 Intangible assets

Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss.

Acquired intangible assets are capitalized based on costs incurred to acquire and bring to use the specific assets based on the minimum threshold to be set for Intangibles.

Amortization is recognized in surplus or deficit in the statement of financial performance provided on a straight-line basis on all intangible assets as per the life of the license/agreement from the service provider.

4 Summary of significant accounting policies (continued)

4.6 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 Asociacion Amigos De Silva operates ('the functional currency'). The functional currency and presentation currency of Asociacion Amigos De Silvia's the Ethiopian Birr (ETB).



ASOCIACION AMIGOS DE SILVA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 Amigo De Silva International's 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.

4.7 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), 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.

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

Asociacion Amigos De Silva has two defined contribution plans;

i) 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 Asociacion Amigos De Silva respectively based on the employees' salary;

Employer's contributions to this scheme are charged to statement of financial performance in the period in which it relates.



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The contributions are treated as payments to a defined contribution plan. A defined contribution plan is a pension plan under which fixed contributions are paid into a separate pension entity fund. Once the contributions have been paid, the entity retains no legal or constructive obligation to pay further contributions if the fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The contributions are recognized as employee benefit expense when they are due.

4 Summary of significant accounting policies (continued)

4.7 Employee benefits (continued)

Annual leave

Annual leave benefit is non accumulating benefits and not paid in monetary in Association Amigo De Silva .

End of service/severance benefits

Asociacion Amigos De Silva 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.

Termination benefits

Termination benefits are recognized as an expense only when Asociacion Amigos De Silva 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.



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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 severance benefits. These are recognized as non-current liabilities and are measured based on management estimate of severance pay to those employees who have served Asociacion Amigos De Silva at the reporting dates. The recent salary has been used to determine the entitlement.

4.8 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Entity as a lessee

Leases that do not transfer to the entity substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the statement of financial performance on a straight-line basis over the lease term.

4 Summary of significant accounting policies (continued)

4.8 Leases (continued)

Entity as a lessor

Leases where the entity does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.



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Right-to-use arrangements

Where Asociacion Amigos De Silva has signed an agreement for the right-to-use assets without legal title/ownership of the assets, e.g., through donated use granted to Asociacion Amigos De Silva 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.

4.9 Provisions and contingencies

Provisions

A provision is recognized if, as a result of a past event, Asociacion Amigos De Silva has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits or service potential will be required to settle the obligation. Provisions are measured at the present value of the expenses expected to be required to settle the obligation. The increase in a provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent assets

A contingent asset is disclosed when an inflow of economic benefits or service potential is probable. If it has become virtually certain that an asset is no longer contingent and that its value can be measured reliably, the asset and the related revenue are recognized in the year in which the change occurs.

Contingent liabilities

A contingent liability is disclosed unless the possibility that it will be realized is remote. If it becomes probable that a contingent liability will be realized, a provision is recognized in the year in which the change of probability occurs.



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4.10 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits or service potential will flow to Asociacion Amigos De Silva 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.

4 Summary of significant accounting policies (continued)

4.10 Revenue recognition (continued)

Voluntary contributions are non-exchange transactions which are recognized as revenue when contribution agreements become enforceable, or when cash is received in the absence of contribution agreements. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

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 Asociacion Amigos De Silva and the fair value of those assets can be measured reliably. Asociacion Amigos De Silva disclose contributions of services in-kind if services doesn't meet the definition of an asset.

Revenue from exchange transactions

Exchange transactions are those in which Asociacion Amigos De Silva sells goods or provides services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is shown net of returns and discounts. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits or service potential is probable and when specific criteria have been met.

Contribution in-kind and in-service

Contributions in-kind and in-service received by Asociacion Amigos De Silva 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.



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Miscellaneous Revenue (exchange transactions)

Miscellaneous revenue includes foreign currency revaluation, exchange rate gains and losses, interest earned, realized gains and losses, and gains and losses from the sale of property, plant, and equipment.

4.11 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.

4.12 Change in accounting policies and estimates

Asociacion Amigos De Silva 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.

4 Summary of significant accounting policies (continued)

4.13 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.

4.14 Related Parties

Asociacion Amigos De Silva 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 vice versa. Members of key management are regarded as related parties and comprises the executive director, program director and Finance and Administration Manager .



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5 Property, plant and equipment

Asociacion of Amigos De Silva has four broad categories of property, plant and equipment.

	<u>Bal. as at 31-Dec-22</u>	<u>Additions</u>	<u>Disposal</u>	<u>Bal. as at 31-Dec-23</u>
Cost				
Computer & Accessories	77,770.70	-	-	77,770.70
Furniture and Equipment	26,198.15	-	-	26,198.15
Machinery	100,228.00	-	-	100,228.00
Vehicle	1,790,425.22	-	-	1,790,425.22
	<u>1,994,622.07</u>	<u>-</u>	<u>-</u>	<u>1,994,622.07</u>
Depreciation				
Computer & Accessories	46,852.02	7,305.67	-	54,157.69
Furniture and Equipment	17,571.85	2,619.82	-	20,191.67
Machinery	67,489.49	6,681.87	-	74,171.36
Vehicle	369,434.54	89,521.26	-	458,955.80
	<u>501,347.90</u>	<u>106,128.61</u>	<u>-</u>	<u>607,476.51</u>
	<u>1,493,274.17</u>	<u>-</u>	<u>-</u>	<u>1,387,145.57</u>

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

6 Cash and bank balances

	2023 ETB	2022 ETB
Petty cash	-	-
Cash at bank	651,558.29	4,462,194.76
	<u>651,558.29</u>	<u>4,462,194.76</u>

7 Receivables

	2023 ETB	2022 ETB
Receivable	86.33	261.21
Prepayment	77,750.53	92,582.86
	<u>77,836.86</u>	<u>92,844.07</u>



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8 Other Current liabilities

	31-Dec-23	31-Dec-22
	ETB	ETB
Pension payable	21,452.38	31,174.53
Income tax payable	34,633.49	44,020.74
Withholding	197,072.88	31,030.79
Staff Payable	799.55	6,527.85
Retention	265,946.26	265,946.26
	<u>519,904.56</u>	<u>378,700.17</u>

9 Accrued staff benefits

Accrued staff benefits is post employment (severance) payable.

	31-Dec-23	31-Dec-22
	ETB	ETB
Current		
Accrued leave payable	<u>14,209.46</u>	-
Total current	-	-
Non-Current		
Severance payable *	<u>89,075.30</u>	<u>166,810.81</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 Labor proclamation 1156/2019 .

Below are the details of movements and amounts recognized in the financial statements:

	31-Dec-23	31-Dec-22
	ETB	ETB
A) Severance		
Opening balance	166,810.81	57,739.33
Accrual for the year	<u>(77,735.51)</u>	<u>109,071.48</u>
Closing balance	<u>89,075.30</u>	<u>166,810.81</u>



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	2023 ETB	2022 ETB
10 Operational Expenditure		
10.1 Water Project		
Zeolite Filter	4,000.00	1,910,637.76
Maintenance, management of exh	-	20,769.00
Capacity Building in FMOWIE	-	35,250.00
	<u>4,000.00</u>	<u>1,966,656.76</u>
10.2 MUNDOSANO Project		
Field Staff Project Cost	919,644.66	662,732.72
PC Intervention (IVR to SAC)	-	6,023,153.01
Evaluation of the impact of PC	5,000.00	1,600.00
Education programs implemented for SAC in schools	74296.17	-
PhD program on STH	176,112.71	-
	<u>1,175,053.54</u>	<u>6,687,485.73</u>
10.3 Gimbichu Project		
Field Staff Project Cost	46,436.35	249,653.42
Construction of the drinking and irrigation water system.	33,403.04	2,165,876.26
Training & sensitization on COVID 19, hygiene & safe water consumpt	-	22,001.72
Afforestation and installation of live barriers. Forest nursery and affores	4,708.10	38,042.86
Collective cultivation of vegetables	37,449.99	741,800.88
Regulation of operation of the common garden	-	7,642.86
Construction & implementation of the Guimbichu Women's Tukul	24,300.00	338,578.27
Women's health Session with health professionals	500.00	-
Systematization of the experience, study of women's empowerment and	66,000.00	-
	<u>212,797.48</u>	<u>3,563,596.27</u>
10.4 Sagure Project		
Field Staff Project Cost	-	197,340.46
Construction and upgrading of the Kindergarten	-	6,362,602.04
	<u>-</u>	<u>6,559,942.50</u>
10.5 CORDOBA Project		
Drinking water supply	<u>800,004.63</u>	<u>1,028,831.00</u>



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	2023	2022
	ETB	ETB
10.6 Emergency Project		
Field Staff Project Cost	45,107.29	-
Daily feeding children	2,351,743.32	-
Care for children with acute m	543,247.61	-
Attention to pregnant or BFWom	414,506.00	-
Training women leaders	136,860.88	-
Training for parents	7,056.05	-
Training for pregnant or BFW	11,760.11	-
	<u>3,510,281.26</u>	<u>-</u>
10.8 Jimma School Project		
Construction of two blocks of	10,495,742.43	-
Licenses prior to construction	13,379.54	-
	<u>10,539,336.35</u>	<u>-</u>
Total Project cost	<u>16,241,473.26</u>	<u>19,806,512.26</u>



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11 Adminisrative cost

	2023	2022
	<u>ETB</u>	<u>ETB</u>
ACC for coordination Team	20,059.53	322,950.20
Communication	67,924.09	42,314.08
Air ticket	155,721.00	78,900.00
Audit fee	23,000.00	58,700.00
Salary and benefits	1,048,181.97	816,060.02
Perdiem and related	32,624.98	2,000.00
Maintenance and fuel	350,377.55	311,627.91
Severance	(77,735.51)	109,071.48
Deprecation	106,128.61	108,647.55
Office rent	136,752.00	64,679.99
Miscellaneous	68,568.75	4,400.00
Utility	15,918.61	20,882.38
SA for coordination Team	-	120,083.17
Printer and stationary	71,413.65	106,388.05
Taxi service	3,986.00	2,646.93
Team communication cost	4,468.70	8,483.45
Transport for coordination Team	233.32	50,189.00
	<u>2,027,623.25</u>	<u>2,228,024.21</u>



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12 Related party disclosure

Related party transactions represent transactions with the donors, senior management of Asociacion Amigos De Silva and entities in which they are principal owners or over which they exercise significant influence.

Transactions with related parties included in the financial statements are as follows:

	2023
	<u>ETB</u>
Transaction with the Donors	
Donation in cash	14,077,613.43
Donation in kind	6,203,649.74
	<u>20,281,263.17</u>

Key Management Personnel

Key management personnel are Country Representative & Finance Manager as they have the authority and responsibility for planning, directing and controlling the activities of the Organization. Key management personnel are also qualified for post-employment benefits at the same level as other employees.

	31-Dec-23	31-Dec-22
	<u>ETB</u>	<u>ETB</u>
Key Management Personnel		
Number of positions	2	2
Salaries and other short-term employee benefits	615,337.90	489,396.51
Post employment/severance benefit	18,805.83	38,004.82
Total Remuneration	<u>634,143.73</u>	<u>527,401.33</u>

13 Provisions, contingent liabilities and contingent assets

As at 31 December 2023, the Organization had not recognized any provisions.

14 Commitments

There were no commitments for capital expenditure at the reporting date.

15 Events after the reporting period

Asociacion Amigos De Silva's reporting date is 31 December 2023. On the date of the signing of these accounts, no material events, favorable or unfavorable, had been incurred between the closing date and the date when the financial statements were authorized for issue that would have had an impact on the financial statements. Asociacion Amigos De Silva's reporting date is 31 December 2023. On the date of the signing of these accounts, no material events, favorable or unfavorable, had been incurred between the closing date and the date when the financial statements were authorized for issue that would have had an impact on the financial statements.

