

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

OF

EDUCATION 4 CHANGE

AS AT AND FOR YEAR ENDED 31 DECEMBER 2016

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እና የተፈቀደለት አዲተር/ኢትዮጵያ/
HAILEYESUS CHEKOLCHARTERD
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Addis Ababa, Ethiopia

Ref. HCA-158/17

**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF
EDUCATION 4 CHANGE
FOR THE YEAR ENDED 31 DECEMBER 2016**

Report on the financial Statements

We have audited the accompanying financial statements of the Education 4 Change as at 31 December 2016, and statement of activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

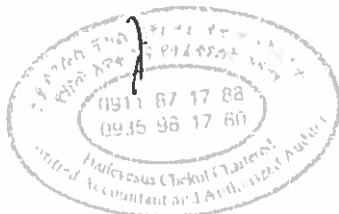
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and the annexed Education 4 Change Terms of Reference for Local Audits 2016. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Education 4 Change as at 31 December 2016 and of its financial performance for the year then ended in accordance with the accounting policies adopted by Education 4 Change.



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 guideline 8/2004 issued by the Ethiopian Charities and Societies Agency to review compliance with Charities and Societies proclamation number 621/2009;

- 1) **Income:-**
 - a. Income is collected by raising cash receipt vouchers and states the source and the amounts of income correctly.
 - b. Income obtained from local and foreign sources are properly classified.
 - c. Income is collected through legal means and by the person delegated for the purposes.

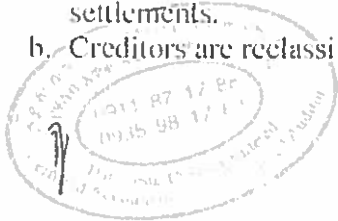
- 2) **Expenditures :-**
 - a. Expenditures are accounted for when evidenced by legal and original invoices, relevant, reliable and sufficient for the purposes.
 - b. Expenditures and purchases of goods and services are incurred as per the relevant regulations and authenticated by the officials of the organization.
 - c. Operational and Administrative costs are properly separated. As is separated in the reported Statement of Income and expenditure the operational costs represent 68 % of the total expenditures and administrative cost is 32% of the total expenditures.

- 3) **Property administration**
 - a. Purchases of properties are not received by raising Goods Receiving Note (GRN) and issued by raising issue vouchers.
 - b. Fixed assets register is maintained with necessary details.
 - c. Fixed assets identification number are given to each asset and cross-referenced with the register book.

- 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 also maintained for each bank accounts of the organization reconciled with the respective bank statements monthly.

- 5) **Debtors**
 - a. Subsidiary accounts are maintained for each debtor and are collectable in one year time.


- 6) **Creditors**
 - a. Taxes are deducted and paid over to the tax authority within the time set for settlements.
 - b. Creditors are reclassified 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 Projects in accordance with the project Agreements.

In our opinion, Except for the matter under 2c and 3a, the attached financial statements of Education 4 Change as at 31 December 2016 complies with Charities and Societies Proclamation number 621/2009 issued by the Ethiopian Charities and Societies Agency.


Haileyesus Chekol
Chartered Certified Accountants &
Authorized Auditors

Addis Ababa
March 8, 2017

EDUCATION 4 CHANGE
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31,2016

Currency: Ethiopian Birr

NOTES

INCOME

Donation 160,602.73

EXPENDITURES

Program expenditure (68%)	4	104,900.00	
Administrative expenditure (32%)	5	<u>50,009.97</u>	<u>154,909.97</u>

EXCESS OF EXPENDITURES

5,692.76

PRIOR PERIOD ADJUSTMENT

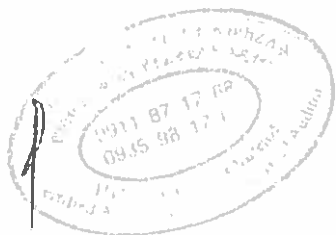
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FUND BALANCE BROUGHT FORWARD

28,372.85

FUND BALANCE CARRIED FORWARD

34,065.61



EDUCATION 4 CHANGE
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31,2016

Currency: Ethiopian Birr

1 ESTABLISHMENT

Education 4 Change was established as Foreign Charity and has obtained its registration Certificate from Charity and Society Agency on September 7, 2016 which is valid until September 06, 2019.

2 ACCOUNTING POLICIES

a FIXED ASSETS

Fixed assets are directly charged to expenditure at the time of acquisition.

b INCOME AND EXPENDITURE

Income and expenditure are recognized when received and paid respectively.

3 CASH AND BANK BALANCE

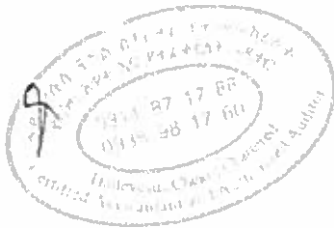
Cash on hand	-
Cash at bank-CBE A/c #1000087436326	40,655.58
	<u>40,655.58</u>

4 PROGRAM EXPENDITURE

Teacher's salary	87,900.00
Books and stationery	15,600.00
Transportation of books	1,400.00
	<u>104,900.00</u>

5 ADMINISTRATIVE

Salary and benefits	48,000.00
Printing ,supplies and Stationery	138.52
Bank service charge	70.20
Interest	201.25
Postage	700.00
Transportation	500.00
License and registration	400.00
	<u>50,009.97</u>



EDUCATION 4 CHANGE
BALANCE SHEET
AS AT 31 DECEMBER 2016

Currency: Ethiopian Birr

NOTES

CURRENT ASSET

Cash at bank

3

40,655.58

CURRENT LIABILITIES

Account payable

1,802.97

Withholding tax

-

Payroll tax

4,787.00

6,589.97

NET CURRENT LIABILITIES

34,065.61

REPRESENTED BY

Fund Balance

34,065.61

