



ተስፋይ ተስፋይ የተመዘገበ የሕብስ አዋቂ እና የተረቀቀ አዳኝ
Tesfaye Tessa - Chartered Certified Accountant & Authorised Auditor

ስልክ / Tel: +251-118-691022/+251-115-586377
ሞባይል/Mob: +251-911-429035/+251-911-354990
ፋክስ/Fax: +251-115-585302
ፖ.ሰ.ቁ/P.O.Box: 41459

Ref. No _____

Addis Ababa, Ethiopia

Date 20 March 2019

The Manager

Abay Nilo Azul

Subject: Engagement Letter

You have requested that we audit the Statement of Financial Position Youth Impact Development Association, as of 31 December 2018, and the related Statement of Comprehensive Income and Cash flow Statement for the year then ended. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our audit will be made with the objective of our expressing an opinion on the financial statements.

We will conduct our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system; there is an unavoidable risk that even some material misstatements may remain undiscovered.

In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to our notice.

አዳኝ ስም አዳኝ
የውጭ ሰነድ አዳኝ
Abay Nilo Azul
Foreign Charity

tesfayetessema@ethionet.et/testis1947@gmail.com

We remind you that the responsibility for preparation of financial statements including adequate disclosure is that of the management of the company. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the company. As part of our audit process, we will request from management written confirmation concerning representation made to us in connection with the audit.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit.

Considering the volume of transactions of the Organization and agreement reached with your good self, the audit fee for the year 31 December 2018 shall be Birr 10,000 Plus VAT.

This letter will be effective for future years unless it is terminated, amended or superseded.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial statements.

Service provider,



For Tesfaye Tessema, Chartered Certified Accountant & Authorized Auditor



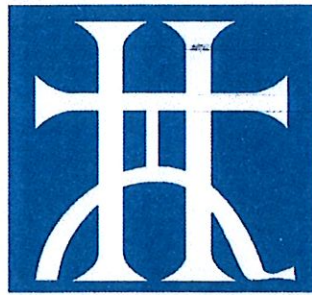
Acknowledged on behalf of Abay Nilo Azul

20 March 2019



28/03/2019





**ABAY NILO AZUL
ACCOUNTS AND AUDIT REPORT
FOR THE ENDED OF
31 DECEMBER 2018**

ተስፋዬ ተሰማ የተመሰከረለት የሒሳብ አዋቂ እና የተፈቀደለት አዲተር
Tesfaye Tessema Chartered Certified Accountant & Authorised Auditor

ስልክ / Tel: +251-118-691022/+251-115-586377
ሞባይል/Mob: +251-911-429035/+251-911-354990
ፋክስ/Fax: +251-115-585302
ፖስቱ/P.O.Box: 41459
e-mail: tesfayettessema@ethionet.et/tests1947@gmail.com

አዲስ አበባ ኢትዮጵያ / Addis Ababa, Ethiopia

TABLE OF CONTENTS

	Page
1 Audit Report	1-2
2 Balance sheet	3
3 Statement of Receipt and Expenditure	4
4 Notes to the Financial Statements	5-8
5 Compliance	9



ተስፋዬ ተስማ የተመሰከረለት የሒሳብ አዋቂ እና የተፈቀደለት አዲተር
Tesfaye Tessema Chartered Certified Accountant & Authorised Auditor

ስልክ / Tel: +251-118-691022/+251-115-586377

ሞባይል / Mob: +251-911-429035/+251-911-354990

ፋክስ / Fax: +251-115-585302

ፖስታ / P.O.Box: 41459

Ref. No TR/3201214/03/2019

Addis Ababa, Ethiopia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABAY NILO AZUL

We have audited the accompanying financial statements of the Abay Nilo Azul which comprise the balance sheet as of 31 December 2018, the statement of income and expenditure for the ended 31 December 2018, and a summary of significant accounting policies and other explanatory notes. The financial statement has been prepared by management using the modified cash receipts and expenditure basis of accounting described in note two to the financial statement.

Managements' Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash receipts and expenditure basis of accounting described in note two to the financial statements; this includes that the modified cash receipts and expenditure basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and the requirements of the Charities and Societies Agency Proclamation No. 621/2009. International Standards on Auditing require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance 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 statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 statement.



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

Unqualified Opinion

In our opinion, the financial statement presents fairly in all material respect, the financial position of Abay Nilo Azul as at 31 December 2018 and of its income received and expenses incurred for the ended 31 December 2018 in accordance with the modified cash receipts and expenditure basis of accounting described in note two to the financial statement.

Report on Other Legal and Regulatory Requirements

In our opinion, based on our verification procedures, Abay Nilo Azul has complied with the requirements of the Charities and Societies Agency Proclamation No. 621/2009 and the matters described in directive 8 issued by the Charities and Societies Agency issued in September 2011. Whoever, Income not collected on pre-numbered Cash receipt.

27 March 2019
Addis Ababa

Tesfaye Tessema, *Chartered Certified Accountants*
and *Authorized Auditors*



ABAY NILO AZUL
STATEMENT OF FINANCIAL POSITIONS
AS OF 31 DECEMBER 2018

Currency: Ethiopian Birr

	Notes		2017
ASSETS EMPLOYED	2a		
CURRENT ASSETS			
Accounts receivable	3	215,959	432,161
Cash and bank balances	4	<u>769,219</u>	<u>281,219</u>
		985,178	713,380
LESS: CURRENT LIABILITIES			
Accounts payable	5	<u>113,090</u>	<u>132,637</u>
NET CURRENT ASSETS		<u>872,088</u>	<u>580,743</u>
REPRESENTED BY			
General fund	7	<u>872,088</u>	<u>580,743</u>
		<u>872,088</u>	<u>580,743</u>



ABAY NILO AZUL
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018

Currency: Ethiopian Birr

	Notes		2017
INCOME			
Donation income	6, 2.(a)	8,750,554	4,045,069
EXPENDITURE			
Program costs	8, 2.(b) 90%	7,633,138	3,670,850
Administrative expenses	9, 2.(b) 10%	<u>826,071</u>	<u>470,168</u>
		<u>8,459,209</u>	<u>4,141,018</u>
EXCESS OF INCOME OVER EXPENDITURE		<u>291,345</u>	<u>(95,949)</u>



**ABAY NILO AZUL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Currency: Ethiopian Birr

1. BACKGROUND

Abay Nilo Azul is a Non Profit and Non Governmental Organization with its head office in Valencia, Spain and registered and licensed by FDRE Charities and Societies Agency as a foreign charity in accordance with charities proclamation No.621/2009 on November 22, 2012.

The organization operates with the following objectives:

- to improve infrastructure of Gaba Kemisa Medical Center
- to enable child birth assistance in the center
- to provide health and hygiene education
- to start campaign to prevent the spread of sexually transmitted diseases
- to reduce child and maternal death
- to prevent and control transmitted diseases

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies (Modified cash basis) adopted in the preparation of these statement of receipts and expenditures are set out below:

a) Income

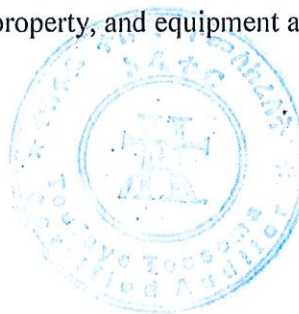
Incomes especially, donations income is recognized as income when the cash is collected from the donors.

b) Expense

Expenditures are recognized in the book of account when they are incurred.

c) Other items

Other items such as inventories including property, and equipment are expensed when they are acquired.



ABAY NILO AZUL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Currency: Ethiopian Birr

d) Foreign currency transactions

The functional currency is Ethiopian Birr.

Transactions in foreign currency are accounted as follows:

- i. income received from donors is translated in to the reporting currency (Birr) at the rate prevailing on the date of transfer.
- ii. Monetary assets and liabilities outstanding at the close of the accounting period are translated at the rate of ruling on that date.



ABAY NILO AZUL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Currency: Ethiopian Birr

3 ACCOUNTS RECEIVABLE

		2017
Project advance	--	147,023
Receivable from project advance	--	90,000
Staff receivable	215,959	195,138
	<u>215,959</u>	<u>432,161</u>

4 CASH ON HAND AND AT BANK

Cash at bank	769,219	281,219
	<u>769,219</u>	<u>281,219</u>

5 ACCOUNTS PAYABLE

Unpaid salary	--	49,876
Income tax payable	2,912	22,515
Pension contribution	5,386	29,513
Account payable	104,793	30,733
	<u>113,090</u>	<u>132,637</u>

6 INCOME

Foreign donation	8,750,554	4,041,069
Local donation	--	4,000
	<u>8,750,554</u>	<u>4,045,069</u>

7 FUND BALANCE

Fund balance brought forward	580,743	676,692
Add: Excess of expenditure over income for the year	291,345	(95,949)
	<u>872,088</u>	<u>580,743</u>



ABAY NILO AZUL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8 PROGRAM COSTS

		2017
Salary for program staffs	830,489	498,625
Foods, cloths, sanitations and health support for children's in kangaroo project	2,689,441	1,824,908
Cloths and blankets for women's in rehabilitation programmes	91,615	30,215
Provision of monthly health and nutrition support for family around Welmera Woreda in Gaba Kemisa Kebele	381,773	239,688
Sponsorship for to Children's in autism center	66,773	48,249
School materials and fuel for generator for Alternative Basic Education Programmes	144,577	36,925
Sponsorship for students to train in college	67,410	19,674
Chair, table & motor cycle for students in sponsorship program	325,309	85,934
Expansion of infrastructure in the public school of Bacho Welmera in Gaba Kemisa Kebele	114,000	396,000
Construction of textile training center	2,754,671	360,440
Purchase of textile and machineries of training center	149,577	111,909
Sport materials for health through sport program	17,502	18,283
	<u>7,633,138</u>	<u>3,670,850</u>

9 ADMINSTRATIVE COSTS

Salary for administrative staffs	182,360	228,786
Write off expense	237,023	--
Stationary and printing	19,775	28,005
Fuel and lubricant	--	12,287
Transport and perdiem for project monitoring and survey activities	163,079	76,950
Transportation and perdiem	40,312	40,928
Repair and maintenance	310	9,135
Office rent	--	16,000
Communication	18,095	8,077
License and registration	14,063	3,827
Professional fee	11,500	10,000
Office furniture and equipment	127,600	30,364
Penalty	9,802	--
Miscellaneous	2,152	5,809
	<u>826,071</u>	<u>470,168</u>



ABAY NILO AZUL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Currency: Ethiopian Birr

10 Statement of Compliance

This compliance report is issued pursuant to directives issued by Charities and Societies Agency

10.1 Income

- Income is not collected by raising cash receipt voucher by stating the source of income and related amount appropriately
 - As per the document presented for us sources of income are clearly Identified;
 - All income has been recorded on time ;
 - All income were collected by authorized personnel/cashiers or deposited directly to bank;
 - All foreign income collected by the organization are legal;

10.2 Expenditures

- Expenditures covered under our sample are supported by appropriate source documents;
- The organization has pre numbered payment vouchers ;
- Payments were effected following payment procedures designed by the organization;
- Payment were approved by management;
- Original documents were used as supporting evidence for expenditures;
- Purchase covered under our sample were effected following procedures designed by the organization;
- Program expenditure of the organization is 73%.

10.3 Fixed Asset

- Purchase of asset was supported by legal invoices;
- Fixed asset were counted by the management at year end;
- Fixed Asset were Registered separately;
- Fixed Asset kept properly and has its own separate registration number.

10.4 Bank Balance

- The details of Bank accounts used by the organization are Known;
- Bank Balances were presented for us;
- Bank reconciliations were made for each accounts ;
- Bank accounts were run by authorized officials.

10.5 Account Receivables

- Receivables were collected timely;
- Receivables are presented separately .

10.6 Account Payables

- All tax payables are setteled.



