

WOLAITTA DEVELOPMENT ASSOCIATION

AUDITORS' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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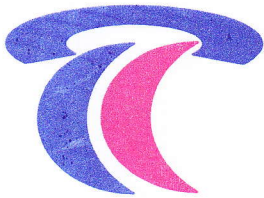
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Authorized Auditor

## AUDITORS' REPORT TO THE MEMBERS OF WOLAITTA DEVELOPMENT ASSOCIATION

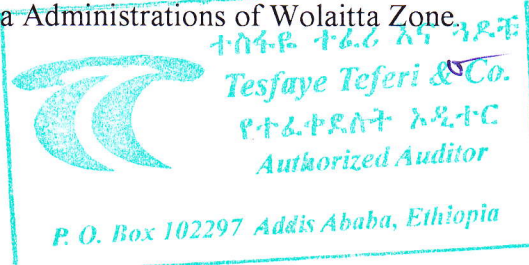
1. We have audited the financial statements of Wolaitta Development Association for the year ended December 31, 2011 which have been prepared under the historical cost convention, and the accounting policies set out on page 5.

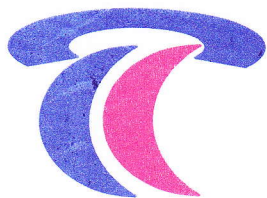
### Respective responsibilities of management and auditors

2. The Association's management is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

3. We conducted our audit in accordance with Generally Accepted Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and adequately disclosed.
4. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.
5. Included in the balance of debtors were long outstanding balances totaling Birr 599,253 of which Birr 294,717 was revolving fund which was given to various associations but did not show any movement. Similarly, the balance of creditors included long outstanding balances totaling Birr 349,931 mainly payable to three Woreda Administrations of Wolaitta Zone.





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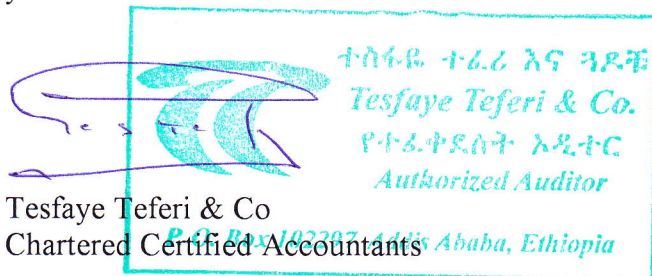
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6. The advance payments to Wolaitta Sodo Road Rehabilitation Project were fully recovered as indicated on payment certificate number 7. However, Birr 2,952,917 is still incorporated in the records of the Association as receivable from the contractor of the Project. We were informed that payment certificate numbers 2 to 5 were settled by Sodo City Municipality and the Association has no information whether the amount of advance payment noted above was recovered through these payment certificates or not. In this respect both receivable from the contractor of the Project and fund balances are overstated by the same amount.
7. We could not ascertain the completeness of membership income as the complete list of members was not made available for the audit.
8. There were significant coding errors of expenses. Expenses were charged in accounts to which their nature does not relate. As a result, the project expenditures and the administration expenditures were not properly segregated.

#### Qualified opinion arising from limitation in audit scope

9. Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the points mentioned in the foregoing paragraphs 5 to 8, in our opinion the financial statements give a true and fair view of the state of the Association's affairs as at December 31, 2011 and of the income collected and the expenditures made for the year then ended.



Tesfaye Teferi & Co

Chartered Certified Accountants

Addis Ababa

March 28, 2012

**WOLAITTA DEVELOPMENT ASSOCIATION**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2011**

	<u>Notes</u>	<u>Birr</u>	<u>2010</u> <u>Birr</u>
<b><u>ASSETS EMPLOYED</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Wolaitta Sodo Road Rehabilitation Project	3	2,952,917	2,952,917
Debtors	4	4,111,500	981,989
Cash at bank and on hand	5	2,370,592	4,876,974
		9,435,009	8,811,880
<b><u>CURRENT LIABILITIES</u></b>			
Creditors	6	1,549,770	544,853
		7,885,239	8,267,027
<b><u>REPRESENTED BY</u></b>			
Fund Balance		7,885,239	8,267,027



**WOLAITTA DEVELOPMENT ASSOCIATION**  
**STATEMENT OF INCOME AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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	WODA Birr	CONCERN ETHIOPIA EDUCATION Birr	CONCERN LIVELIHOOD Birr	CBM Birr	DONBOSCO AND INDIVIDUALS Birr	CRDA /IRISH AND PACKARD Birr	JAPAN EMBASSY Birr	CBR NETWORK ETHIOPIA Birr
<b>INCOME</b>								
Donation	-	1,162,434	4,989,109	1,095,246	82,483	1,330,690	1,776,821	99,074
Membership Contribution	4,540,824	-	-	-	-	-	-	-
Road Construction Project	-	-	-	-	-	-	-	-
Gutara Guest House income	-	-	-	-	-	-	-	-
Cost recovery of computer	548,838	-	-	-	-	-	-	-
Net profit from sales of sugar and edible oil	1,864,606	-	-	-	-	-	-	-
Others (Note 7)								
	6,954,269	1,162,434	4,989,109	1,095,246	82,483	1,330,690	1,776,821	99,074
<b>EXPENDITURES</b>								
<b>PROGRAM COSTS</b>								
Education and Human Capital Development	4,336,272	1,038,881	-	-	-	-	1,384,693	-
Livelihood	-	-	3,674,590	1,006,333	-	-	-	168,483
Economic Diversification	-	-	-	-	-	-	-	-
Awareness and access to Health	-	-	-	-	-	901,015	-	-
Mobilization and Promotion	10,859	-	-	-	-	-	-	-
Road Construction	-	-	-	-	-	-	-	-
	4,347,131	1,038,881	3,674,590	1,006,333	-	901,015	1,384,693	168,483
<b>ADMINISTRATION COSTS</b>								
Computers	-	-	-	-	-	-	-	-
General and Administration (Note 8)	4,423,502	124,193	705,172	1,038,314	-	467,038	-	-
	4,423,502	124,193	705,172	1,038,314	-	467,038	-	-
<b>TOTAL EXPENDITURES</b>	8,770,633	1,163,074	4,379,762	2,044,647	-	1,368,053	1,384,693	168,483
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENDITURES</b>	(1,816,365)	(640)	609,347	(949,401)	82,483	(37,363)	392,129	(69,409)
<b>FUND BALANCE BROUGHT FORWARD</b>								
<b>PRIOR PERIOD ADJUSTMENT</b>	(776,594)	692,884	-	1,886,161	173,535	227,822	(299)	38,826
<b>TRANSFER TO GUTARA ACCOUNT</b>	-	-	-	-	-	-	-	-
<b>FUND BALANCE CARRIED FORWARD</b>	(2,592,959)	692,244	609,348	936,760	256,017	190,459	391,830	(30,583)

**WOLAITTA DEVELOPMENT ASSOCIATION**  
**STATEMENT OF INCOME AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

..... continued from the previous page

	PATH/ SEPDA	ISOB FOUNDATION	INDIVIDUAL DONATION	SODO TOWN ASPHALT PROJECT	MEANS TO LIFE FOUNDATION	Programmes with no current year movement (Note 9)	TOTAL	2010 Birr
<b>INCOME</b>	<b>Birr</b>	<b>Birr</b>	<b>Birr</b>	<b>Birr</b>	<b>Birr</b>	<b>Birr</b>	<b>Birr</b>	
Donation	721,214	115,513	28,030	-	16,747	-	11,417,361	12,120,560
Membership Contribution	-	-	-	-	-	-	4,540,824	3,107,980
Road Construction Project	-	-	-	6,580,486	-	-	6,580,486	2,702,679
Gutara Guest House income	-	-	-	-	-	-	-	4,355,508
Cost recovery of computer	-	-	-	-	-	-	-	63,975
Net profit from sales of sugar and edible oil	-	-	-	-	-	-	548,838	-
Others (Note 7)	-	-	-	-	-	-	1,864,606	402,397
	721,214	115,513	28,030	6,580,486	16,747	-	24,952,115	22,753,099
<b>EXPENDITURES</b>								
<b>PROGRAM COSTS</b>								
Education and Human Capital Development	-	-	-	-	-	-	6,759,846	3,158,039
Livelihood	-	-	-	-	-	-	4,849,406	6,366,217
Economic Diversification	-	-	-	-	-	-	-	3,900,100
Awareness and access to Health	634,807	-	-	-	-	-	1,535,822	1,026,826
Mobilization and Promotion	-	-	-	-	-	-	10,859	1,001,984
Road Construction	-	-	-	4,311,381	-	-	4,311,381	4,946,117
	634,807	-	-	4,311,381	-	-	17,467,314	20,399,283
<b>ADMINISTRATION COSTS</b>								
Computers	-	-	-	-	-	-	-	348,810
General and Administration (Note 8)	153,256	-	-	-	-	-	6,911,475	1,348,272
	153,256	-	-	-	-	-	6,911,475	1,697,082
<b>TOTAL EXPENDITURES</b>	<b>788,063</b>	<b>115,513</b>	<b>28,030</b>	<b>4,311,381</b>	<b>16,747</b>	<b>-</b>	<b>24,378,789</b>	<b>22,096,365</b>
<b>EXCESS (DEFICIT) OF INCOME OVER EXPENDITURES</b>	<b>(66,849)</b>	<b>115,513</b>	<b>28,030</b>	<b>2,269,105</b>	<b>16,747</b>	<b>-</b>	<b>573,327</b>	<b>656,734</b>
<b>FUND BALANCE BROUGHT FORWARD</b>	<b>9,172</b>	<b>363,460</b>	<b>4,096,151</b>	<b>-</b>	<b>-</b>	<b>1,555,909</b>	<b>8,267,027</b>	<b>7,547,541</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(955,115)</b>	<b>(955,115)</b>	<b>62,753</b>
<b>TRANSFER TO GUTARA ACCOUNT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE CARRIED FORWARD</b>	<b>(57,677)</b>	<b>478,973</b>	<b>28,030</b>	<b>6,365,256</b>	<b>16,747</b>	<b>600,794</b>	<b>7,885,239</b>	<b>8,267,027</b>

**WOLAITTA DEVELOPMENT ASSOCIATION**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**1. INTRODUCTION**

Wolaitta Development Association (WDA) is an indigenous non-governmental organization established in 2001. It operates in fifteen woredas of Wolaitta Zone and five city administrations outside Wolaitta. The Association is registered with the Ministry of Justice under license number 798. The Association is also re-registered with the Agency of Charity and Societies under license number 0486 on November 9, 2009. This certificate is valid until November 9, 2012.

The major goal of WDA is to reduce the poverty level and improve living standard of the people of Wolaitta. The general objectives of the Association is to guarantee economic self-sufficiency, improve social welfare of the community, empower the disabled person and women, improve agricultural production and productivity, raise the coverage and quality of education and health service, provide potable water supply for the people, and ensure sustainable community participation in the development.

**2. SIGNIFICANT ACCOUNTING POLICIES**

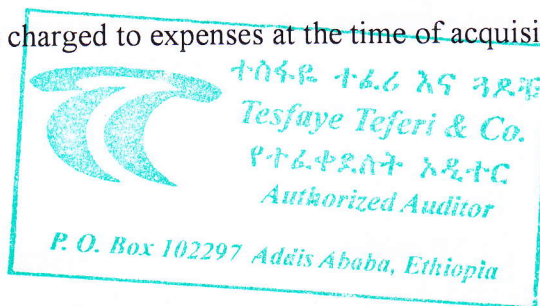
The significant accounting policies adopted and consistently applied by the Association is the following:

**a) Basis of accounting**

The Association uses modified cash basis of accounting system in which income is recognized when actually received and expenses are recorded when incurred.

**b) Fixed assets**

Fixed assets are charged to expenses at the time of acquisition.



### 3. WOLAITTA SODO ROAD REHABILITATION PROJECT

- a) The Association has been collecting community contributions for Wolaita Sodo Road Rehabilitation. Sodo City Municipality signed construction agreement with Keangnem Enterprise LTD as per the instruction of Wolaita Zone Council. The Association was also instructed to release payment from time to time based on the request of the Municipality. Birr 6,932,851 being 20% advance payment was made to the contractor of the Project in the previous year.
- b) The income collected in the current and the previous year, the payment made out of it, and the remaining balance, which represents payments made from other sources, is reflected as follows:

	<u>Birr</u>	<u>Birr</u>
Collected in 2006		4,652,474
Collected in 2007		11,830,096
Collected in 2008		1,640,211
Collected in 2009		12,077,805
Collected in 2010		2,702,679
Collected in 2011		<u>6,580,486</u>
		39,483,751
Advance payment to contractor	6,932,851	
Payment made as per payment certificate-2008	5,667,843	
Payment made as per payment certificate-2009	18,181,043	
Payment made as per payment certificate-2010	4,942,465	
Payment made as per payment certificate-2011	<u>4,311,380</u>	
		<u>40,035,582</u>
Balance of payments made from other sources		<u>(551,831)</u>

### 4. DEBTORS

	<u>Birr</u>	<u>2010 Birr</u>
Revolving fund receivable	294,717	294,717
Staff debtors	9,960	4,579
Sundry debtors	<u>3806,823</u>	<u>682,693</u>
	<u>4,111,500</u>	<u>981,989</u>



## 5. CASH AT BANK AND ON HAND

	<u>Birr</u>	<u>2010</u> <u>Birr</u>
CBE – Mahtama Ghandi Branch	180,115	180,115
CBE –Awassa Branch	8,557	-
CBE - Wolaitta Soddo Branch	2,175,663	3,773,018
CBE - Arbaminch Branch	1,000	1,000
Dashen Bank S. Co. - Wolaitta Soddo Branch	-	921,523
Dashen Bank S. Co. - Awassa Branch	4,707	1,318
Awash Bank S.Co.- Addis Ababa Branch	<u>250</u>	<u>-</u>
	<u>2,370,292</u>	<u>4,876,974</u>

## 6. CREDITORS

	<u>Birr</u>	<u>2010</u> <u>Birr</u>
Retention payable	357,002	155,672
Withholding tax	27,629	8,613
Wolaitta Gutara Training Center	765,000	-
Sundry creditors	<u>400,139</u>	<u>380,568</u>
	<u>1,549,770</u>	<u>544,853</u>

## 7. OTHER INCOME

	<u>Birr</u>	<u>2010</u> <u>Birr</u>
Community school	302,798	194,595
Wolaitta ditcha sport club	598,418	13,496
Rent income	17,100	37,110
Income from expo 2003	643,087	-
Sundry	<u>303,203</u>	<u>157,196</u>
	<u>1,864,606</u>	<u>402,397</u>



## 8. GENERAL AND ADMINISTRATION

	<u>Birr</u>	<u>2010</u> <u>Birr</u>
Salaries and employee benefits	2,381,473	973,404
Travel and per diem	186,830	85,275
Encouragement and support	59,005	36,370
Office furniture and equipment	7,976	105
Car running	670,079	8,710
Stationery and printing materials	59,128	47,206
Repair and maintenance	159,641	8,421
System software development	-	14,020
Bank charge	11,904	1,916
Commission and incentive	61,073	59,173
Membership fee	5,000	14,750
Audit and professional fees	-	16,675
Legal fee	187	4,390
Utilities	387,359	20,050
Entertainment	12,664	8,840
Rent	46,679	12,928
Expo. 2003	522,911	-
Resource mobilization and promotion	801,708	-
Strengthening Ditcha sport club	1,385,484	-
Miscellaneous	<u>152,374</u>	<u>36,039</u>
	<u>6,911,475</u>	<u>1,348,272</u>

## 9. PROGRAMMES WITH NO CURRENT YEAR MOVEMENT

	<u>Birr</u>
Dawn of Hope	23,188
UNICEF	871
Initiative Africa	(3,723)
SNV	38,401
BAKILOSEGNO Road Project	43,922
CETAA	(23,592)
BARTOS Management	55,647
FERAWU ABAYA Resort Project	466,080
Gutara Training Center	<u>955,115</u>
	<u>1,555,909</u>



## 10. FIXED ASSETS

As per the policy of the Association, capital expenditures including the cost of assets are directly charged to expense. This is because the Association has a responsibility of reporting the cost as expense to the donors who provided the fund for the purchase or construction of the asset. The Association has, as of the balance sheet date, the assets listed on the next page.