



SIDDARTHA DEVELOPMENT ETHIOPIA
AUDIT REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025



NBBN Audit Service LLP - Chartered Certified Accountants and Authorized Auditors
Tel: +251 930 661 133/55, www.nbbnauditors.com
Email: info@nbbnauditors.com, Addis Ababa, Ethiopia

**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORT AND FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 31 DECEMBER 2025**

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**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORT AND FINANCIAL STATEMENTS
KEY ORGANIZATION INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**

Organization TIN

0001594063

ACSO Registry Number

1343

Executive management (as of 31 December 2025)

Name	Position
Firehun Gebreyohannes	Country Representative
Kifle Sebgeze	Program Manager
Beneber Teshome	Finance Manager

Office address

Siddartha Development Ethiopia (SDE)
Yeka Sub-city
Woreda 03, House No. 586
Located 200 meters from the German Embassy
Telephone +251-111-26 66 56
P.O. Box 25676/1000
Website: www.siddarthainc.org
Email: info@siddarthainc.org
Addis Ababa, Ethiopia

Principal bankers

Commercial Bank of Ethiopia	P.O. Box: 255 Addis Ababa, Ethiopia
Nib International Bank S.C	P.O. Box: 2439 Addis Ababa, Ethiopia
Awash Bank S.C	P.O. Box: 12638 Addis Ababa, Ethiopia
Zemen Bank S.C	P.O. Box: 1212 Addis Ababa, Ethiopia
Siket Bank S.C	P.O. Box: 5667 Addis Ababa, Ethiopia

Independent auditor

NBBN Audit Service Limited Liability Partnership
Chartered Certified Accountants and Authorized Auditors
www.nbbnauditors.com
Email: info@nbbnauditors.com
P.O.Box: 929/1110
Tel: +251-930-661 133/55
Gerji, BMA Plaza, 5th Floor
Google Map: 2R23+62G
Addis Ababa, Ethiopia



**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORT AND FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

Currency: ETB

Management has pleasure of presenting their report on the affairs of Siddartha Development Ethiopia (SDE) (the Organization) together with the financial statements for the year ended 31 December 2025. This report discloses the financial performance and state of affairs of the Organization.

Background information

Siddartha Development Ethiopia (SDE) (the Organization) is a foreign Civil Society Organization, non-religious, not for profit and has been in operation in Ethiopia since 2001 focusing on improving the lives of the marginalized section of the community. Since its establishment in 2001, the Organization envisages to provide the best of itself for unprivileged members of the society in a passion that they can be self dependent. To realize its vision, the organization implements various projects through a fund mobilized by Siddartha Belgium from a great circle of people, professionals and Volunteers. The Organization is actively working towards improving the socio-economic condition of children in street situation; women headed families and returnees; Orphaned Children Living with HIV/AIDS; and Vulnerable Children, Adolescents and Youths.

The Organization has attempted to reach more people and improve its services step wise. The Organization in its effort to address the problem of unprivileged section of the community provides different services and achieved considerable results during the last 26 years of service to the people of Ethiopia.

Principal activities

The principal activities of the organization are:

1. Support program for Women Headed Families and returnees (Glorieux and Edget Fana Project);
2. Support program for Vulnerable Children, Adolescents and Youths (Siddartha Youth Project);
3. Support program for Children Living with HIV/AIDS (Little Heaven Project);
4. Support Program for Children in Street Situation (Circus Andinet Project).

Results

The results of the Organization for the year ended 31 December 2025 are set out on page 10. The summarized results of the Organization are presented below:

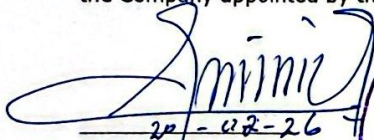
	2025	2024
Revenue	52,897,475	26,942,756
Expenses	<u>30,425,574</u>	<u>27,686,840</u>
Surplus/(deficit) for the year	<u>22,471,901</u>	<u>(744,084)</u>

Management

The management team who serve during the year are set out on page 3.

Statutory auditors

NBBN Audit Service LLP Chartered Certified Accountants and Authorized Auditors are the statutory auditors of the Company appointed by the Management to carry out the audit.


22-12-26

Firehun Gebreyohannes
Country Representative
Addis Ababa, Ethiopia



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**SIDDARTHA DEVELOPMENT ETHIOPIA
REPORT AND FINANCIAL STATEMENTS
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Financial Reporting Proclamation No. 847/2014 require civil society organizations to prepare and present their financial statements in accordance with International Public Sector Accounting Standards (IPSASs).

The Management is required to prepare financial statements in respect of the Organization, which give a true and fair view of the state of affairs of the Organization at the end of the financial year and the operating results of the Organization for that year. 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 Organization.

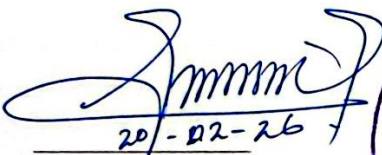
The Management accepts the responsibility for the Organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSASs). The Management is also responsible to ensure that the Organization's financial statements give a true and fair view of the state of Organization's transactions during the year ended 31 December 2025, and of the Organization's 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's financial statements as well as the adequacy of the systems of internal financial control.

Moreover, the Management is also responsible in maintaining program and administrative expenses threshold set under the Organizations of Civil Societies Proclamation No. 1113/2019 when preparing and presenting their annual financial statements.

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's financial statements were approved by the Management on 9 February 2026 and signed on its behalf by:



Firehun Gebreyohannes
Country Representative



Beneber Teshome
Finance Manager



Independent Auditor's Report
On the Financial Statements of Siddhartha Development Ethiopia
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Siddhartha Development Ethiopia (the Organization), set out on pages 9 to 12, which comprise the statement of financial position as at 31 December 2025, the statement of financial performance, statement of cash flows and statement of changes in net assets/equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies specified on pages 13 to 23.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSASs), 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.

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. Management is also responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Bitew Zew



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**Independent Auditor's Report
On the Financial Statements of Siddartha Development Ethiopia
Report on the Audit of the Financial Statements**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation and in compliance with local regulatory requirements.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We have audited whether the Organization complies with the requirements of Directive No. 972/2023, Directive on to determine the presentation of audit and performance reporting of civil society organizations, issued by the Authority for Civil Societies Organizations (ACSO) under proclamation N° 1113/2019 on the following areas:

We have audited whether;

1) Regarding income

- a) Each revenue is collected by valid receipt;
- b) The source of income has been properly identified and verified;
- c) The income is timely recorded;
- d) The collection of the revenue by the entity to which it is to be collected; and
- e) The Organization collected the income from outside sources in accordance with the law.

2) Regarding cost

- a) Evidence is satisfied before any account is expensed;
- b) The Organization uses a valid invoice;
- c) The rules and regulations were followed when expenses were incurred;
- d) Expenditure is incurred and approved by the concerned officer;
- e) The originality of the evidence filed at the expense;
- f) The Organization followed the directives and regulations when making purchases; and
- g) The expenses incurred for the implementation of the objective are not less than 80%.

3) Regarding property management

- a) When any property is purchased or spent, whether a legal receipt is prepared for it;
- b) An inventory of fixed assets is taken and audited annually;
- c) A stock card is prepared for any fixed goods and that fixed goods are recorded in a separate register; and
- d) Identification numbers are assigned to fixed assets and keeping them in a convenient place in a manner that does not expose them to wastage.

Bohanu Zew



**Independent Auditor's Report
On the Financial Statements of Siddartha Development Ethiopia
Report on the Audit of the Financial Statements
Report on Other Legal and Regulatory Requirements (continued)**

4) Regarding cash

- a) The Organization makes registration of the cash account and its closing every month; and
- b) The amount of cash received by the treasury is consistent with the Organization's operating rules or guidelines.

5) Regarding receivables

- a) The timely collection of accounts receivable; and
- b) The Organization is clearly identifying and listing receivables.

6) Regarding debt

- a) Timely payment of tax obligations is made; and
- b) Short-term and long-term liabilities are separated in detail.

7) Regarding bank account

- a) The bank account with different banks is known in detail;
- b) Providing a bank statement for each bank account number;
- c) The bank reconciliation of the bank statement provided;
- d) The bank accounts are operated by the respective business leaders; and
- e) Bank accounts are opened and operated with the approval of the authority.

8) Regarding fund raising

- a) The amount of money and assets collected and their source are identified in detail;
- b) The manner in which the money or property was raised is properly identified;
- c) The Organization has details of the costs incurred in carrying out the public contribution;
- d) The Organization has details of the activities carried out with the funds collected;
- e) The funds collected through contributions are kept in proper records;
- f) The public contribution is consistent with the consent granted;
- g) The completion of the collection of public contributions in accordance with the approved schedule; and
- h) The collection of the money and property collected through the legal receipt.

In our opinion, the Organization complies with the requirements of Directive No. 972/2023 issued by the Authority for Civil Societies Organizations (ACSO) and the financial statements comply with the requirement of the Organizations of Civil Societies Proclamation No. 1113/2019 Article 63 Sub-Article (2) that requires the administrative cost of an organization may not exceed 20% of its total income.

The engagement partner on the audit resulting in this independent auditor's report is Birhanu Zenu.

Birhanu Zenu

Birhanu Zenu FCCA, MSc

Practicing Certificate No. 21700105

Partner

NBBN Audit Service Limited Liability Partnership

Chartered Certified Accountants and Authorized Auditors

Addis Ababa, Ethiopia

9 February 2026



SIDDARTHA DEVELOPMENT ETHIOPIA
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025
(In ETB)

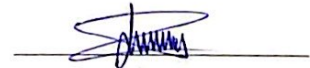
Assets	Note	31 Dec 2025	31 Dec 2024
Current assets			
Cash at bank	5	44,109,952	16,792,432
Receivables from exchange transactions	6	200,000	901,630
Prepayments	7	3,328,076	333,198
Inventories	8	<u>2,995,172</u>	<u>537,857</u>
		<u>50,633,200</u>	<u>18,565,117</u>
Non-current assets			
Property, plant and equipment	9(a)	4,015,010	11,858,724
Right-of-use assets	10	<u>-</u>	<u>203,521</u>
		<u>4,015,010</u>	<u>12,062,245</u>
Total assets		<u>54,648,210</u>	<u>30,627,362</u>
Liabilities and net assets/equity			
Liabilities			
Current liabilities			
Payables under exchange transactions	11	126,500	212,845
Lease obligations	12	-	25,374
Tax and pension payables	13	<u>449,396</u>	<u>292,641</u>
		<u>575,896</u>	<u>530,860</u>
Non current liabilities			
Lease obligations	12	-	157,131
Employee benefits - severance pay	14	<u>4,868,060</u>	<u>3,207,018</u>
		<u>4,868,060</u>	<u>3,364,149</u>
		<u>5,443,956</u>	<u>3,895,009</u>
Total liabilities			
Net assets/equity			
Fund balance		26,732,354	27,476,438
Surplus/(deficit) for the year		<u>22,471,901</u>	<u>(744,084)</u>
Total net assets/equity		<u>49,204,255</u>	<u>26,732,354</u>
Total liabilities and net assets/equity		<u>54,648,210</u>	<u>30,627,362</u>



The notes on pages 13 to 23 are an integral part of these financial statements.

The financial statements and the notes on pages 9 to 23 were approved and authorised for issue by the Organization Management on 9 February 2026 and were signed on its behalf by:


 20/02/26
 Firehun Gebreyohannes
 Country Representative


 Beneber Teshome
 Finance Manager



SIDDARTHA DEVELOPMENT ETHIOPIA
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 DECEMBER 2025
 (In ETB)

Revenue	Note	2025	2024
Revenue from non-exchange transactions			
Income from foreign source	15.1	33,599,147	23,526,724
Income from local source	15.2	<u>173,023</u>	<u>190,827</u>
		33,772,170	23,717,550
Revenue from exchange transactions			
Income from local sources	15.3	<u>19,125,306</u>	<u>3,225,205</u>
		<u>52,897,475</u>	<u>26,942,756</u>
Expenses			
Program expenses	16.1	22,915,106	22,793,180
Administrative expenses	16.2	<u>7,510,469</u>	<u>4,893,659</u>
		<u>30,425,574</u>	<u>27,686,840</u>
Surplus/(deficit) for the year		<u>22,471,901</u>	<u>(744,084)</u>

The notes on pages 13 to 23 are an integral part of these financial statements.



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SIDDARTHA DEVELOPMENT ETHIOPIA
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(In ETB)

	<u>Fund balance</u>	<u>Surplus/(deficit) for the year</u>	<u>Total net assets/equity</u>
Balance as at 1 January 2025	27,476,438	(744,084)	26,732,354
Transfer to fund balance	(744,084)	744,084	-
Surplus for the year	-	<u>22,471,901</u>	<u>22,471,901</u>
Balance as at 31 December 2025	<u>26,732,354</u>	<u>22,471,901</u>	<u>49,204,255</u>
Balance as at 1 January 2024	31,552,914	(4,041,374)	27,511,540
Transfer to fund balance	(4,041,374)	4,041,374	-
(Deficit) for the year	-	(744,084)	(744,084)
Prior year adjustments	<u>(35,102)</u>	-	<u>(35,102)</u>
Balance as at 31 December 2024	<u>27,476,438</u>	<u>(744,084)</u>	<u>26,732,354</u>

The notes on pages 13 to 23 are an integral part of these financial statements.



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SIDDARTHA DEVELOPMENT ETHIOPIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In ETB)

	Note	2025	2024
Cash flows from operating activities			
Surplus/(deficit) for the year		22,471,901	(744,084)
Non-cash movements			
Depreciation - property, plant and equipment	9(a)	761,824	982,600
Depreciation - right-of-use assets	10	1,156	2,313
Gain on disposal of property, plant and equipment		(19,145,165)	(3,225,205)
Adjustment for derecognition of right-of-use assets and lease liabilities		19,859	-
Prior year adjustments		-	(35,102)
Changes in:			
Receivables from exchange transactions		701,630	(901,630)
Prepayments		(2,994,879)	627,296
Inventories		(2,457,314)	532,797
Payables under exchange transactions		(86,345)	180,345
Tax and pension payables		156,755	(97,618)
Employee benefits		<u>1,661,042</u>	<u>1,094,350</u>
Net cash generated from/(used in) operating activities		1,090,466	(1,583,939)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		<u>26,227,055</u>	<u>3,600,000</u>
Net cash generated from investing activities		26,227,055	3,600,000
Cash flows from financing activities			
Payment of lease obligations		<u>-</u>	<u>(25,374)</u>
Net cash (used in) financing activities		<u>-</u>	<u>(25,374)</u>
Movement in cash and bank balances		27,317,521	1,990,687
Cash and bank balances at the beginning of the year		<u>16,792,432</u>	<u>14,801,745</u>
Cash at bank at the end of the year	5	<u>44,109,952</u>	<u>16,792,432</u>

The notes on pages 13 to 23 are an integral part of these financial statements.



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1 REPORTING ENTITY

Siddartha Development Ethiopia (SDE) (the Organization) is a foreign Civil Society Organization, non-religious, not for profit and has been in operation in Ethiopia since 2001 focusing on improving the lives of the marginalized section of the community. Since its establishment in 2001, the Organization envisages to provide the best of itself for unprivileged members of the society in a passion that they can be self dependent. To realize its vision, the organization implements various projects through a fund mobilized by Siddartha Belgium from a great circle of people, professionals and Volunteers. The Organization is actively working towards improving the socio-economic condition of children in street situation; women headed families and returnees; Orphaned Children Living with HIV/AIDS; and Vulnerable Children, Adolescents and Youths.

The Organization has been re-registered and licensed by Federal Democratic Republic of Ethiopia Authority for Civil Societies Organization (ACSO) as local organization in accordance with Proclamation No.1113/2019 with certificate No. 1343.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with and comply with the accrual basis of International Public Sector Accounting Standards (IPSASs), Organizations of Civil Societies Proclamation No. 1113/2019 and the Organization's accounting policies.

2.2 Basis of preparation

The financial statements have been prepared on an accrual basis of International Public Sector Accounting Standards (IPSASs), using the historical cost convention. The cashflow statement is prepared using the indirect method. The accounting policies have been consistently applied to all the years presented.

The financial statements are presented in Ethiopian Birr (ETB).

2.3 Use of estimates and judgement

The preparation of financial statements in conformity with IPSAS requires Management to make judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Key estimates Management has made in preparing the financial statements concerned the lives of property, plant and equipment are further disclosed in Note 4.5 and Note 9 and post employment benefits disclosed in Note 4.7 and Note 14.

2.4 Change in accounting policies and estimates

The Organization recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. Changes in estimates are applied prospectively.

2.5 Going concern

The financial statements were prepared on a going concern basis which assumes the Organization will continue in operation and will meet its mandate for the foreseeable future. The Management of the Organization have not communicated any intention to terminate the Organization or to cease its operations.

2.6 Authorization for issue

These financial statements are certified and approved by Management on 9 February 2026.

3 FINANCIAL RISK MANAGEMENT

The Organization's operations expose it to a variety of financial risks and compliance/regulatory risks.

3.1 Market risk

3.1.1 Foreign exchange risk

Foreign currency risk arises primarily when the foreign currency exchange rate fluctuates against the local currency (ETB).



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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Market risk (continued)

3.1.2 Interest rate risk

There is no significant short-term exposure to interest rate changes, as the Organization has no loan contracts, and its cash and cash equivalents are held in demand deposits and current accounts with minimal interest rate risk.

3.2 Credit risk

There is no significant concentration of credit risk.

3.3 Liquidity risk

The Organization does not exposed to liquidity risk as there is no reported significant payable balances except for employee benefits, tax payables and some accrued liabilities.

3.4 Compliance or regulatory risk

Compliance or regulatory risk arises when the regulatory body such as Authority for Civil Society Organizations (ACSO) issued new regulation like threshold for program and administrative expenses, limit the scope of operation affects the operation of the Organization. The Organization has close follow up on those risks and set proper safeguard mechanism to avoid the risk related with compliance and regulation.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 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.

4.2 Receivables and prepayments

Receivables represent receivables from exchange transactions and receivables from non-exchange transactions. Current receivables are for amounts to be collected within 12 months of the reporting date, while non-current receivables are those that are collected after 12 months from the reporting date of the financial statements.

4.2.1 Receivables from non-exchange transactions

Receivables from non-exchange transactions comprises contributions receivable which represent uncollected revenue committed to the Organization by donors based on enforceable commitments which are recognized as revenue.

4.2.2 Receivables from exchange transactions

Receivables from exchange transactions represent amounts owed to the Organization for services provided by it to others. In exchange, the Organization directly receives approximately equal value in the form of cash.

Receivables are recorded at their estimated realizable value after providing for doubtful and uncollectable amount.

4.2.3 Other receivables and prepayments

Prepayment and deposits are stated at cost and transferred to the appropriate expenditure account on a monthly basis with the equivalent value services rendered by the vendor.

Work advance and travel advance provided to the staff are also recorded and presented at cost and transferred to the appropriate expenditure account at the time of settlement after completion of the assignment.

4.3 Inventories

Inventories represent items held to be distributed to beneficiaries. Cost is determined using First in First Out method. Inventories held for distribution for beneficiaries for free are recorded at cost, adjusted where applicable for any loss of service potential. Inventories on hand are valued at lower of cost and replacement cost.



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4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Inventories (continued)

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. When inventories are distributed to beneficiaries, the carrying amount of those inventories are recognised as an expense in the period of distribution.

4.4 Payables

Payables arising from the purchase of goods and services are recognized when goods are received and a goods received notes (GRN) is issued at reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Organization in accordance with the delivery principles. Account payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

4.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the Organization holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognized as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the Organization, and the cost of the item can be measured reliably.

Property, plant and equipment are capitalized when their cost is more than ETB 10,000.

Initial measurement

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalization of borrowing costs on qualifying assets.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Organization and the subsequent costs can be measured reliably.

Depreciation

Depreciation is recognized for property, plant and equipment over their estimated useful life using the straight-line method. The estimated useful life of property, plant and equipment classes is as shown below.

<u>Class</u>	<u>Estimated useful life (in years)</u>
Building	50
Motor vehicles	20
Machineries	10
Office equipment	5
Office furniture	5



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

Impairment reviews are undertaken for property, plant and equipment at least annually and any impairment losses are recognized in the statement of financial performance. The useful lives of assets are reviewed at least annually and adjusted, if applicable.

A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance.

4.6 Foreign currency

Functional and presentation currency

The financial statements are presented in Ethiopian Birr (ETB), which is the functional and presentation currency of the Organization. The financial statements are expressed in the nearest ETB.

Foreign currency transactions are translated into the functional currency (ETB) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in surplus or deficit.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Employee benefits

The Organization recognizes the following employee benefits:

4.7.1 Short-term employee benefits

Short-term employee benefits comprise regular monthly benefits (wages, salaries, allowances), compensated absences (paid sick leave and paternity leave) and other short-term benefits. Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. All short-term employee benefits that are earned but not taken as at the reporting date are treated as current liabilities.

4.7.2 Post-employment benefits

Post-employment benefits comprise pension scheme, severance pay and paid annual leave.

Pension scheme

Pension scheme contributions are set at 7 percent of earnings from employees and 11 percent from the Organization. The pension contribution is paid to Private Organization Employees Pension Fund monthly.

The Organization's contributions to this scheme are charged as employee benefit expense to statement of financial performance in the period in which it relates.

Paid annual leave

Annual leave benefits are calculated at nominal value 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 (22 days) in the last financial year end month.

Severance pay

In accordance with the Labor Proclamation No. 1156/2019 and the Organization's policy, the Organization operates an unfunded severance pay plan for its employees who have served the Organization for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out 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 years in employment to a maximum of 12 months final monthly salary.

4.7.3 Termination benefits

Termination benefits are recognized as an expense only when the Organization 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.

4.8 Leases

The Organization assesses whether a contract is, or contains, a lease at inception. A lease is defined as a contract that conveys the right to use an identified asset for a period of time in exchange for consideration.

4.7.1 Leases – Lessee accounting (Right-of-Use assets and lease liabilities)

Recognition at commencement:

At the commencement date, the Organization recognizes a right-of-use (ROU) asset and a corresponding lease liability for all leases, except for short-term leases (≤ 12 months) or leases of low-value assets, which are recognized as an expense on a straight-line basis over the lease term.

Initial measurement of ROU asset:

The amount of the initial lease liability,
Plus any lease payments made at or before the commencement date,
Plus any initial direct costs, and
Less any lease incentives received.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Leases (continued)

4.7.1 Leases – Lessee accounting (Right-of-Use assets and lease liabilities) (continued)

Initial measurement of lease liability:

The lease liability is measured at the present value of lease payments not yet paid, discounted using the interest rate implicit in the lease or, if not readily determinable, the Organization's incremental borrowing rate.

Subsequent measurement:

The ROU asset is depreciated on a straight-line basis over the lease term or the useful life of the underlying asset, if shorter.

The lease liability is increased by interest expense and reduced by lease payments made.

Interest expense on the lease liability is recognized in the statement of financial performance.

4.7.2 Short-term and low-value leases

Lease payments for short-term leases (lease term \leq 12 months) or leases of low-value assets are recognized as an expense in the statement of financial performance on a straight-line basis over the lease term.

No ROU asset or lease liability is recognized for these leases.

4.9 Provisions and contingencies

4.9.1 Provisions

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of past event and it is probable that the Organization will be required to settle the obligation, and the value can be reliably measured. The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

4.9.2 Contingent liabilities and contingent assets

Contingent liabilities

Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Organization or where value cannot be reliably estimated, are disclosed as contingent liabilities. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of resources embodying economic benefits or service potential will be required, a provision is recognized in the financial statements of the year in which change of probability occurs.

Contingent assets

Any possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organization are disclosed as contingent assets.

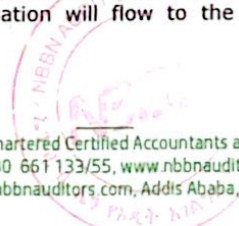
4.10 Revenue recognition

The Organization's revenue consist of both revenue from non-exchange and exchange transactions. Revenue is recognized when the amount of revenue can be reliably measured; it is probable that the economic benefits associated with the transaction will flow to the Organization. Revenue is measured at the fair value of consideration received or receivable. Revenue is recognized on accrual basis in the period in which it occurs.

4.10.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions comprise donations in cash or in kind by organizations and individuals (donors).

Cash donations are recognized when received through the Organization's designated bank account while in kind donations are recognized as revenue and assets when it is probable that future economic benefits or service potential associated with the donation will flow to the Organization and the fair value can be measured reliably.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency: ETB

4.10 Revenue recognition (continued)

4.10.2 Revenue from exchange transactions

Revenue from the sale of goods, if any, is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Organization.

4.11 Expense recognition

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows, consumptions of assets, or increases of liabilities that result in decreases in net assets.

In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery of goods or services by the supplier or service provider. Expenses are recorded and recognized in the financial statements of the periods to which they relate.

5 CASH AT BANK	<u>31-Dec-25</u>	<u>31-Dec-24</u>
Cash at bank	44,109,952	16,792,432
	<u>44,109,952</u>	<u>16,792,432</u>

Cash at bank comprises of current accounts maintained at different banks.

6 RECEIVABLES FROM EXCHANGE TRANSACTIONS	<u>31-Dec-25</u>	<u>31-Dec-24</u>
Other receivable	200,000	-
Staff receivable	-	400,000
Work advance	-	501,630
	<u>200,000</u>	<u>901,630</u>

The Organization paid an environmental penalty of ETB 400,000 imposed by Yeka Sub-city Administration Woreda 03 Code Enforcement Office due to a sewage discharge issue. Based on an agreement between the Organization and the landlord, the penalty is shared equally. Accordingly, ETB 200,000 representing the landlord's share is recognized as other receivable and will be recovered through deductions from future rent payments.

7 PREPAYMENTS	<u>31-Dec-25</u>	<u>31-Dec-24</u>
Prepaid rent	3,142,567	272,977
Prepaid insurance	185,510	60,221
	<u>3,328,076</u>	<u>333,198</u>

Prepayments represent expenses paid in advance for goods and services to be received in future periods, including prepaid rent and prepaid insurance. Prepayments are measured at cost and recognized as expenses over the period to which they relate.

8 INVENTORIES	<u>31-Dec-25</u>	<u>31-Dec-24</u>
See accounting policy in Note 4.3		
Food items	2,376,702	240,023
Cleaning materials	403,057	70,592
Office supplies	215,413	61,049
Training materials	-	146,115
Cloth items	-	15,638
Medical supplies	-	4,441
	<u>2,995,172</u>	<u>537,857</u>

Inventories consist of undistributed and unused items and supplies for beneficiaries, which will be used or transferred to beneficiaries in the next reporting period.



SIDDARTHA DEVELOPMENT ETHIOPIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2025

9 PROPERTY, PLANT AND EQUIPMENT

Currency: ETB

See accounting policy in Note 4.5

a) Reconciliation of carrying amounts

Cost	1-Jan-25	Additions	Disposals	31-Dec-25
Building	9,000,000	-	(9,000,000)	-
Motor vehicles	4,438,684	-	-	4,438,684
Machineries	1,259,054	-	-	1,259,054
Office equipment	1,635,004	-	-	1,635,004
Office furniture	138,553	-	-	138,553
	<u>16,471,295</u>	<u>-</u>	<u>(9,000,000)</u>	<u>7,471,295</u>

Accumulated depreciation

Building	1,828,110	90,000	(1,918,110)	-
Motor vehicles	968,763	221,934	-	1,190,697
Machineries	728,293	115,474	-	843,768
Office equipment	1,001,596	307,403	-	1,309,000
Office furniture	85,809	27,012	-	112,820
	<u>4,612,571</u>	<u>761,824</u>	<u>(1,918,110)</u>	<u>3,456,285</u>

Net book values

11,858,724 4,015,010

Cost	1-Jan-24	Additions	Disposals	31-Dec-24
Building	9,000,000	-	-	9,000,000
Motor vehicles	6,238,684	-	(1,800,000)	4,438,684
Machineries	1,259,054	-	-	1,259,054
Office equipment	1,635,004	-	-	1,635,004
Office furniture	138,553	-	-	138,553
	<u>18,271,295</u>	<u>-</u>	<u>(1,800,000)</u>	<u>16,471,295</u>

Accumulated depreciation

Building	1,648,111	180,000	-	1,828,110
Motor vehicles	2,097,075	296,893	(1,425,205)	968,763
Machineries	606,380	121,914	-	728,293
Office equipment	657,252	344,345	-	1,001,596
Office furniture	46,360	39,448	-	85,809
	<u>5,055,177</u>	<u>982,600</u>	<u>(1,425,205)</u>	<u>4,612,571</u>

Net book values

13,216,118 11,858,724

During the year, the Organization's building was demolished by the government for corridor development. In return, the Organization received compensation amounting to ETB 26,227,055. Accordingly, the cost of the building and the related accumulated depreciation were derecognized from property, plant and equipment. The resulting difference between the compensation received and the net book value of the building was recognized as a gain from government compensation for building in the statement of financial performance.

b) Impairment test

Property, plant and equipment are reviewed at least annually to determine whether there is any indication of impairment. Where such an indication exists, the recoverable service amount of the asset is estimated. Any impairment loss identified is recognized in the statement of financial performance. No impairment loss was recognized for the year ended 31 December 2025.



NBBN Audit Service LLP - Chartered Certified Accountants and Authorized Auditors
 Tel: +251 930 661 133/55, www.nbbnauditors.com
 Email info@nbbnauditors.com, Addis Ababa, Ethiopia



SIDDARTHA DEVELOPMENT ETHIOPIA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2025

10 RIGHT-OF-USE ASSETS	Currency: ETB
See accounting policy in Note 4.8	
Reconciliation of carrying amounts	Amount
Cost	
Balance at 1 January 2024	208,147
Additions	-
Balance at 31 December 2024	<u>208,147</u>
Disposal	<u>(208,147)</u>
Balance at 31 December 2025	<u>-</u>
Accumulated depreciation	
Balance at 1 January 2024	2,313
Depreciation	<u>2,313</u>
Balance at 31 December 2024	4,625
Depreciation	1,156
Disposal	<u>(5,782)</u>
Balance at 31 December 2025	<u>-</u>
Carrying amount	
At 31 December 2024	<u>203,521</u>
At 31 December 2025	<u>-</u>

Detail of the lease contract are as follows:

<u>Lessor</u>	<u>Area (m²)</u>	<u>Lease term (year)</u>	<u>Total lease value</u>
Addis Ababa City Administration	875	60	-

11 PAYABLES UNDER EXCHANGE TRANSACTIONS	31-Dec-25	31-Dec-24
Accruals	126,500	74,750
Salary payable	-	<u>138,095</u>
	<u>126,500</u>	<u>212,845</u>

Accruals primarily relate to amounts payable for services already received, such as audit services.

12 LEASE OBLIGATIONS		31-Dec-25	31-Dec-24
Carrying amounts			
Non-current liabilities		31-Dec-25	31-Dec-24
Lease liabilities		-	<u>157,131</u>
		-	<u>157,131</u>
Current liabilities		31-Dec-25	31-Dec-24
Lease liabilities		-	25,374
		-	<u>25,374</u>
13 TAX AND PENSION PAYABLES		31-Dec-25	31-Dec-24
Income tax payable		267,409	203,500
Pension payable		101,017	84,110
Withholding tax payable		80,971	5,030
		<u>449,396</u>	<u>292,641</u>

Tax and pension payables represent statutory obligations outstanding at the reporting date. These balances will be settled in the subsequent period.



SIDDARTHA DEVELOPMENT ETHIOPIA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

		Currency: ETB	
14 EMPLOYEE BENEFITS			
	See accounting policy in Note 4.7		
Non-current liabilities		31-Dec-25	31-Dec-24
Severance pay		4,868,060	3,207,018
		<u>4,868,060</u>	<u>3,207,018</u>
15 REVENUE			
	See accounting policy in Note 4.10		
Revenue from non-exchange transactions			
15.1 Income from foreign sources		2025	2024
Cash transfer from Siddartha Development Belgium		33,458,619	23,526,724
Donation in-kind		140,528	-
		<u>33,599,147</u>	<u>23,526,724</u>
	The donation in-kind represents donations of various musical instruments, bed sheets, and t-shirts.		
15.2 Income from local sources		2025	2024
Individual donation		116,573	151,367
Donation in-kind		54,310	24,660
Other income		2,140	14,800
		<u>173,023</u>	<u>190,827</u>
	The donation in-kind represents donations of various cleaning and sanitation items and notebooks.		
Revenue from exchange transactions			
15.3 Income from local sources		2025	2024
Gain from government compensation for building		19,125,306	-
Gain on sale of vehicle		-	3,225,205
		<u>19,125,306</u>	<u>3,225,205</u>
16 EXPENSES			
	See accounting policy in Note 4.11		
16.1 Program expenses		2025	2024
Salaries and related benefits		6,358,697	5,698,539
Support for beneficiaries		3,784,947	4,910,312
Food support for beneficiaries		3,320,148	3,248,310
Rent for beneficiaries		3,089,744	2,662,172
Training materials		829,351	661,156
Repair and maintenance		784,216	625,871
Depreciation		762,980	949,810
Cleaning materials		692,461	408,476
Monitoring and evaluation		577,824	319,025
Utilities		531,872	640,426
Recreation		461,611	321,252
Educational materials and tuition fees		372,644	364,696
Fuel and oil		344,704	804,061
Volunteers transport payment		281,410	236,832
Beneficiaries reunification and graduation		189,403	190,644
Training for beneficiaries		154,720	199,754
Stationery and printing		130,535	147,301
Apparent ship		100,800	81,840
Insurance		63,784	55,113
Purchase of fixed assets for shelters		37,370	109,403
Staff uniform		35,926	21,000
Staff training		6,900	89,487
Miscellaneous		3,060	23,260
Lease interest		-	24,440
		<u>22,915,106</u>	<u>22,793,180</u>





17 RELATED PARTIES (CONTINUED)

Currency: ETB

Key management personnel

The key management personnel of the Organization are regarded as related parties and comprises the Country Representative, Program Manager, and Finance Manager. These persons have the authority and responsibility for planning, directing and controlling the activities of the Organization and influencing its strategic direction.

Details about key management personnel during the year:

	<u>2025</u>	<u>2024</u>
Number of individuals	3	3
Short term employee benefits	5,121,522	3,424,924
Post employment benefits	<u>2,922,069</u>	<u>1,703,181</u>
	<u>8,043,591</u>	<u>5,128,106</u>

The aggregate remuneration paid to key management personnel includes gross salaries and employer contributions to the pension plan. Key management personnel are also qualified for post-employment benefits (severance benefit), which are payable only upon resignation. No non-monetary and indirect benefits were paid to key management personnel.

Transactions with related party entities

Except otherwise noted in these statements for revenue from non-exchange transactions, all transactions made with third parties occur within a normal supplier or client/recipient relationship or at arm's-length terms and conditions.

18 COMMITMENTS

There were no commitment at the reporting date.

19 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Organization's financial statements are disclosed below. The Organization intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IPSAS 47: Revenue

IPSAS 47, titled Revenue, was issued by the International Public Sector Accounting Standards Board (IPSASB) in May 2023. This standard serves as a comprehensive source for revenue accounting guidance in the public sector, introducing two accounting models based on the existence of a binding arrangement. It replaces the previous standards IPSAS 9, Revenue from Exchange Transactions; IPSAS 11, Construction Contracts; and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). The effective date of IPSAS 47 is January 1, 2026, with earlier application permitted.

IPSAS 48: Transfer Expenses

IPSAS 48, titled Transfer Expenses, was issued by the International Public Sector Accounting Standards Board (IPSASB) in May 2023. This standard provides accounting guidance for transfer expenses, which constitute a significant portion of expenditures for many public sector entities. It addresses the accounting treatment for transfers made by public sector entities to other entities or individuals, ensuring consistency and transparency in financial reporting. The effective date of IPSAS 48 is January 1, 2026, with earlier application permitted.

IPSAS 49: Retirement Benefit Plans

IPSAS 49, titled Retirement Benefit Plans, was issued by the International Public Sector Accounting Standards Board (IPSASB) in November 2023. This standard establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, which include current and former public sector employees and other eligible members. The effective date of IPSAS 49 is January 1, 2026, with earlier application permitted.

20 EVENTS AFTER THE REPORTING PERIOD

There are no subsequent events that have occurred after the reporting period which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.



NBBN Audit Service LLP - Chartered Certified Accountants and Authorized Auditors
 Tel: +251 930 661 133/55, www.nbbnauditors.com
 Email: info@nbbnauditors.com, Addis Ababa, Ethiopia

