



WE BUILD
strength, stability *and* self-reliance
through shelter.



VISION

A world where everyone has a decent place to live.

MISSION

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.

24 years

of building strength,
stability and self-reliance
through shelter.



TOGETHER WE BUILD



Habitat for Humanity Sri Lanka is a voluntary social services organization whose mission is to provide decent and affordable housing for people living in poor conditions.

Our vision is a world where everyone has a safe and decent place to call home. A decent and secure home provides the foundation for health, education and employment. Families partnering with Habitat for Humanity Sri Lanka receive the hand up they need to break the cycle of poverty, build a better life and create a sustainable future.

Working with communities, we construct homes that are affordable, safe and disaster resilient. We also strive to provide training in areas of construction, livelihood development, financial literacy and water, sanitation and hygiene. This gives families the tools and support they need to create a stable and secure future for their children.

Habitat homeownership is not a free giveaway program, but a partnership in which future homeowners and their families are involved in all aspects of our mission. Families are given a hand-up, not a hand-out. Habitat uses the term “sweat equity” to refer to the hours of labour our homeowners dedicate to building their homes as well as the time they spend investing in their own self-improvement. Sweat equity is the single most important strategy Habitat uses to empower future homeowner families. Getting involved in the construction of their homes instils a sense of pride and ownership in homeowners.

At Habitat for Humanity, we are united by the strong conviction that no matter who we are or where we come from, we all deserve to have a decent life. We deserve to feel strength and stability day after day. We deserve to know we have the power to take care of ourselves and build our own futures. Decent shelter provides the solid foundation for all of this. It's the platform on which a family lives out today's realities and prepares for tomorrow's transformations.

Now at the conclusion of our 24th year of operations, we have assisted 25,448 families make their housing dreams a reality. We thank our donors and partners for their generous support and for placing their trust in us and supporting us to create foundations for the future.

We build **strength, stability** and **self-reliance**.
Through shelter, we empower.



WE BUILD

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Our Achievements 2017/18



families supported

848



funds raised

716 million



international volunteers

317



volunteer hours

8,982



female headed families supported with shelter

243



children supported with shelter & sanitation

1,570



sanitation facilities provided for families

718



safe-drinking water provided for families

503



hygiene awareness trainings for individuals

805



financial literacy trainings for individuals

2,125



3,991

individuals supported

In 24 years Habitat for Humanity Sri Lanka has enabled

25,448 families

to achieve strength, stability, self-reliance to build better lives.

Message from the Chairman of the Board



It gives me great pleasure to provide this message for the 2017/2018 Annual Report, which brings my term as President of the Board of Directors of Habitat for Humanity Sri Lanka to a close. At Habitat for Humanity, we believe that every Sri Lankan deserves a decent place to live. This year marked Habitat for Humanity's 24th year in Sri Lanka, and we are proud of the impact Habitat Sri Lanka has been able to create through all our projects over the years.

A proper home is the strong foundation on which families and communities thrive. Better, affordable living conditions lead to improved health and stronger childhood development, well-being of children and give families the ability and financial flexibility to make forward-looking choices. Many of us take this blessing of a secure home for granted. However, thousands of people in Sri Lanka currently live in poor housing conditions with no access to safe drinking water, inadequate sanitation facilities and limited protection against the environment or other hazards. To these families, having a home to call their own is a distant dream.

Since 1994 Habitat for Humanity Sri Lanka has enabled 25,448 families to make this dream a reality. During this fiscal year, with the support of our generous donors and partners, Habitat for Humanity Sri Lanka has assisted 3,991 individuals and 848 families achieve strength, security, stability, self-reliance and rebuild better lives.

Habitat for Humanity Sri Lanka has always been committed to creating holistic and sustainable change in communities, which is why we are proud that we build 'homes' and not houses. In addition to providing low-cost housing solutions and housing-related technical assistance to families, our programs also include flanking measures to support our home partner families with access to safe drinking water, adequate sanitation facilities, we conduct awareness programs that promote hygiene education and financial literacy to better equip families to face the challenges of managing their home. Habitat has also continued investing in earth-based technologies such as innovative alternative construction materials and technologies building on the growing focus of sustainability.

This fiscal year, we have continued our work with the Government of India to build homes for internally displaced families in the Eastern Province and for plantation worker families in the Central and Uva Provinces. The European Union funded mega-scale housing project has made significant progress this year with the completion of 430 homes, and 1,836 homes in various stages of construction. We're grateful to our institutional donors who have placed their trust in Habitat for Humanity Sri Lanka, recognizing our commitment to building self-reliant communities across the nation.

Under the theme of 'Partnerships with Purpose' Habitat Sri Lanka set out this year, to forge more meaningful partnerships with like-minded individuals, corporates, organizations and donors, who would enable Habitat to provide safe and decent homes to more families in need across Sri Lanka. I am very pleased to report that as part of this new endeavour the Habitat Sri Lanka team was successful in securing an unprecedented donation of nearly LKR 51 million from a single local donor who generously stepped forward to construct 37 homes for flood affected families in the Kalutara District. This Kalutara Housing Project which was successfully completed in April 2018, is an

amazing example of God's favour and grace on Habitat for Humanity strengthening and enabling the Habitat team to continue building communities and changing lives across Sri Lanka. In keeping with this theme of 'Partnerships with Purpose' Habitat Sri Lanka was also able to enhance its corporate engagement through a Corporate Social Responsibility (CSR) project funded by Hatton National Bank's Al-Najah (Islamic Banking Unit) providing 50 families with access to safe drinking water and providing sanitation facilities for school students in Kattankuddy, Batticaloa.

Looking ahead, Habitat for Humanity Sri Lanka is hopeful about the future, as we prepare to embark on yet another mega-scale housing project funded by the Government of Sri Lanka in the North and East of Sri Lanka; to be implemented through a consortium of humanitarian agencies led by the United Nations.

Habitat's volunteer program also marked yet another successful year with the Global Village Program enabling more than 300 international volunteers to travel to Sri Lanka on a cultural exchange and provide their time and labour to build homes for communities in need. Our volunteer program which welcomes international and local volunteers has been a rewarding experience not only for the volunteers themselves but also for our beneficiary families and our staff. Through Habitat for Humanity Sri Lanka's volunteer program you get to do more than just donate money to a cause; you get to be a part of changing people's lives. Something powerful happens when we stand shoulder to shoulder to work toward a common goal. Every helping hand, every donation, every voice makes a difference, and the work can be transformative, not just for the family who will reside in a Habitat home, but for everyone involved. It's a great way to give back to communities and do something truly meaningful.

While much work has been done, there is still much that needs to be done. I welcome you to join hands with Habitat for Humanity Sri Lanka and become a part of a story that is reshaping our nation, one Habitat home at a time.

It has been an absolute honour and privilege to serve as the President of the Board of Directors of Habitat for Humanity Sri Lanka for the past three years, and I count myself blessed to be part of the change that this organization has created and will continue to create. My journey with Habitat for Humanity in Sri Lanka commenced in 2005 and my love for this organization and its great work began through volunteerism which I hold as the heart and soul of our organization. I urge more and more people, especially the youth of our nation to volunteer to build another person's home. The experience will be life changing.

To the Board of Directors, thank you very much for your invaluable time, wisdom, enthusiasm and expertise with which you have served. And to our National Director Mr. Li and the amazing staff of Habitat for Humanity Sri Lanka – thank you for your unwavering dedication and passion. Generational impact is caused through your daily contributions and efforts. I wish the incoming Board President and the staff of Habitat Sri Lanka success in all their future endeavours and God's abundant blessings, favor, grace, wisdom and guidance as they continue in this amazing mission of creating a world where everyone has a decent place to live.

Blessings,

Lakshan Madurasinghe
President/Board Chairman

Message from the National Director



I am delighted to share with you this brief report which reflects Habitat for Humanity Sri Lanka's contribution towards housing and human settlements in Sri Lanka during the 2017/18 financial year.

Having assumed the mantle of leadership as National Director mid-way through the fiscal year, I have had the opportunity to understand the 'world' of Habitat's work in providing decent and affordable shelter to the most deserving especially among the poor, vulnerable and marginalized people of our country. The past four months have also enabled me to understand Habitat's global mission and our interdependence with one another as a National Organization with the broader Habitat family. The journey so far has been very interesting and the future whilst understandably challenging gives me hope that we can build on our past experiences to become an even more significant contributor to Sri Lanka's housing and shelter needs.

I would like to acknowledge the contribution of my predecessor Dr. Dinesh Kanagaratnam, under whose leadership Habitat for Humanity Sri Lanka was able to achieve several significant milestones in 2018. The following highlights have been accomplished during

the year under review by the Habitat Sri Lanka team further adding to its work over the past 24 years while also enhancing its organizational reputation as an expert in housing and shelter in Sri Lanka:

- Construction of 206 homes under the 'Indian Housing Project' funded by the Government of India for internally displaced families in Batticaloa and plantation worker communities in the Central Provinces of Sri Lanka.
- Construction of 430 homes using conventional and appropriate construction technology through the 'Homes not Houses Project' funded by the European Union providing safe and decent housing for internally displaced families in the Districts of Kilinochchi, Mullaitivu and Batticaloa.
- Construction of 37 homes for families affected by floods in the District of Kalutara supported by an individual donor.

During the latter part of the fiscal year, Habitat Sri Lanka was engaged in further negotiations on possible new housing programs with the Indian High Commission with the possibility of new projects in the Plantation districts; and the proposed 25,000 houses program in the North & East to be launched by the Government of Sri Lanka undertaken by a consortium of humanitarian agencies led by the United Nations. We are hopeful of these new opportunities which would significantly fulfill gaps in housing & shelter where the need is greatest.

Needless to say, fund raising and resource mobilization remained one of the most significant challenges during the year, and while we are grateful to our bi-lateral donors for supporting the large-scale projects, we are also deeply appreciative of others who have contributed through financial resources. Habitat for Humanity's Global Volunteer (GV) programs are popular the world over and during 2018, Habitat Sri Lanka was blessed to host 317 Global Volunteer teams from over 09 countries visiting Sri Lanka.

The Global Village teams usually numbering between 12-15 volunteers on average are able to expedite the construction of homes through their volunteering of unskilled labour, talents and time while also donating towards funding the mission of Habitat globally. We are grateful to each of the 19 GV teams for selecting Sri Lanka as their destination for volunteering with Habitat for Humanity. In 2019 and future years we hope to build on this experience and promote Sri Lanka for an increased number of international volunteers while also developing opportunities for local volunteers in similar programs.

I am pleased to note the efforts taken by our Corporate Relations and Resource Development team in engaging a number of local private sector Corporates and in 2018 gave us a first breakthrough with the Hatton National Bank Ltd., for a Corporate Social Responsibility partnership in support of a water & sanitation project in the Eastern Province. I am again hopeful that our ambitious plans for engaging local Corporates through various Corporate Social Responsibility initiatives will bear fruit in the coming year.

I am pleased to report that during the latter part of the year, Habitat Sri Lanka was able to begin a process of establishing its new five year Strategic Plan 2019-2023. Significant time and engagement with the National Board of Directors and Habitat for Humanity Asia Pacific Area Office has been invested in this process and I look forward to the launch of the Strategic Plan in the coming months.

Let me express my deep appreciation to the National Board of Directors for the important role played in shaping and directing the organization during the past year, and look forward to an even significant role in their leadership and governance.

On behalf of the Habitat for Humanity Sri Lanka team, I wish to express my sincere thanks to our donors, sponsors, supporters and volunteers for their sacrifice & valuable contribution; the home owner families and communities whom we serve for their perseverance and trust; all stakeholders in Government and in the NGO sector for their confidence in us and to Habitat for Humanity International and Asia Pacific Area Offices for their guidance and partnership towards accomplishing our common interests.

I wish to express a special word of appreciation to Habitat Sri Lanka staff both past & present for their service & commitment to the organization in serving those mostly in need of housing, shelter and human settlements. 2019 promises much and I look forward with excitement in engaging with you in making our vision "a world where everyone has a decent place to live" become a reality in Sri Lanka!

In partnership,

A handwritten signature in blue ink that reads "Yu Hwa Li". The signature is stylized and written in a cursive-like font.

Yu Hwa Li
National Director

Board of Directors

Mr. Lakshan Madurasinghe

President (2015-2018)
Country Public Affairs,
Communication and
Sustainability Manager,
Coca-Cola Beverages Sri Lanka Limited

Ms. Amila de Mel

Vice President (2015-2018)
Chartered Architect

Mr. Revanke de Silva

Secretary (2017-2018)
Director / CTO - Heritage Teas (Pvt) Ltd.

Ms. Manjula Mathews

Treasurer (2017 -2018)
Non-Executive Director of
Janashakthi Insurance PLC

Mr. Ernesto Castro-Garcia

Member (since 2012)
Director, Regional Programmes
for Asia-Pacific,
Habitat for Humanity International

Mr. Eardley Perera

Member (since 2013)
Chairman of Dunamis Capital PLC and
Kelsey Developments PLC

Mr. Michael Anthonisz

Member (since 2014)
Consultant - Finance

Mr. Rajith Fernando

Member (since 2014)
General Manager - Marketing,
Citrus Events

Professor Priyan Dias

Member (since 2014)
Senior Professor - Civil Engineering,
University of Moratuwa



Dr. Ravi Fernando

Member (since 2016)
Chairman/CEO,
Global Strategic Corporate Sustainability (Pvt) Ltd

Pastor Neroshan Perera

Member (since 2016)
Executive Pastor,
Peoples' Church - Assembly of God (PCAG)

Mr. Shanek Fernando

Member (since 2016)
Programme Officer - Planning, Monitoring &
Evaluation, United Nations Children's Fund
(UNICEF)

Mr. Chanaka De Silva

Member (since 2017)
Attorney-at-Law &
Partner, Nithya Partners

Senior Management Team



Mr. Yu Hwa Li
National Director



Mr. Clarence Gunarajah
Senior Manager,
Finance



Mrs. Melissa Jayasuriya
Senior Manager,
Corporate Relations
& Resource Development



Mr. Tuan Arifeen
Senior Manager,
Programs



Mr. Brian Grant
Chief of Party
EU funded Project



Mr. Dwight Savundranayagam
Head of Finance
EU funded Project



Mr. Juderaj Croos
Project Director
EU funded Project



Mr. Joseph Jeyamaran
Senior Project Manager
EU funded Project



Mr. Paul Camillus John
Finance Manager
EU funded Project

How Habitat for Humanity Sri Lanka's Affordable Housing Solutions contribute towards the Sustainable Development Goals

11 SUSTAINABLE CITIES AND COMMUNITIES

3 GOOD HEALTH AND WELL-BEING



6 CLEAN WATER AND SANITATION



1 NO POVERTY



4 QUALITY EDUCATION



5 GENDER EQUALITY



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



Housing Ensures Sustainable Development



GOAL 1: No Poverty

- Adequate housing builds resilience and reduces vulnerability to economic, social and climate-related shocks and disasters.
- Equal access to the economic resources of housing and the ownership and control over land and its income generation promotes sustainability.

GOAL 5: Gender Equality

- Equal access to housing prevents women from discriminatory policies and practices related to land distribution, titling and inheritance.

GOAL 6: Clean Water and Sanitation

- Access to clean water and sanitation are integral to safe, healthy, adequate housing.

GOAL 7: Affordable and Clean Energy

- Housing systems that are energy efficient and use affordable, clean energy save costs and reduce air pollution and climate change effects.

GOAL 11: Sustainable Cities and Communities

- Access to affordable, adequate, safe and inclusive housing and basic services increases resilience.
- Integrated housing frameworks support economic, social and environmental policy planning and infrastructure linkages across the urban-rural ecosystem.

GOAL 3: Good Health and Wellbeing

- Poor housing conditions are associated with a wide range of health conditions including respiratory diseases, injuries and poor mental health.
- Lack of safe drinking water and adequate sanitation facilities is a primary cause of the spread of water-borne diseases.

GOAL 4: Quality Education

- Decent and affordable housing creates a foundation for children to grow into their full potential and pursue an education.
- Staying in the same school, having adequate space at home to study, and not worrying about having to move are all contributing factors to educational achievement.

GOAL 8: Decent Work and Economic Growth

- Home construction creates job opportunities for local communities and stimulates the creation of small businesses and livelihoods.
- Families are often excluded from basic services (school, banks, utilities) because they lack proper housing.

GOAL 9: Industry, Innovation and Infrastructure

- Affordable housing promotes the construction of homes with the use of eco-friendly appropriate construction technologies which promotes innovation in the construction industry.

GOAL 10: Reduced Inequalities

- Affordable housing is key to social equality for marginalized and vulnerable communities such as refugees, internally displaced persons, persons with disabilities.

GOAL 13: Climate Action

- Mitigating the impacts of climate change through environmentally safe construction methodologies which reduce the dependence on cement.
- Construction of homes that are disaster resilient.

GOAL 17: Partnerships for the Goals

- Leverage global partnerships which mobilize international and local financing towards affordable housing.

Homes not Houses Project

Building Sustainable Futures Together

A Project Funded by:



European Union

යුරෝපා සංගමය ඉරොපියා ඉන්ද්‍රියය

The European Union (EU) funded housing project with a financial envelope of 14.7 Million Euro now in its second year of implementation, has made further progress this year. More than 215,000 people will benefit from this multi-faceted housing project, financed by the European Union, and implemented by Habitat for Humanity and World Vision Lanka.

The project, which aims to bridge the gap between relief, rehabilitation and development, aims to facilitate access of returnees and host communities to affordable and appropriate incremental housing solutions, social infrastructure and livelihood protection. The 'Homes not Houses Project' is targeted to build 2,315 houses and repair 140 homes in 31 divisions across Batticaloa, Kilinochchi and Mullaitivu by May 2020. While 75% of the intervention is concentrated in the Northern Districts of Kilinochchi and Mullaitivu; 25% of the intervention is focused in Batticaloa in the Eastern Province. As of 30 June, 2018, 430 homes have been successfully constructed and more than 1,836 homes are currently in different phases of construction in all locations.

The multi-year project includes the construction of conventional brick-and-mortar houses as well as homes that are built with appropriate construction materials such as Compressed Stabilized Earth Blocks (CSEB) and Earth Concrete Blocks (ECB). Building on the growing focus on sustainability, Habitat for Humanity has trained suppliers of materials and techniques which will not only result in the use of locally manufactured earth blocks and construction materials, but will also promote sustainable construction methods and reduce construction costs for homeowners, while creating employment opportunities for the local communities.

Additionally, this European Union funded housing project has enabled Habitat for Humanity Sri Lanka to introduce innovative appropriate construction technologies such as the Fairface masonry technology, Ferro-cement –reinforced mortar and filler slab and Rat-trap bond. The Fairface masonry technique uses uniformly cast blocks with pointed mortar joints. It is both an eco-friendly and more cost-effective alternative to the regular process of plastering walls as it uses less sand and cement and provides a higher quality in appearance with pattern options and is more aesthetically pleasing in general. The Rat-trap bond method has proven to be a key construction techniques appropriate for the climatic conditions of the communities as the technique has improved thermal efficiency and reduces the amount of materials required.

Speaking during the handover ceremony of the first ECB house in Mullaitivu, Mr. Yu Hwa Li, National Director of Habitat for Humanity Sri Lanka said,

“I am encouraged to see the significant impact this housing project has made in assisting returnee families to achieve self-reliance and stability. This project has enabled Habitat for Humanity Sri Lanka in particular, to break new ground in the field of appropriate construction technologies by investing in earth-based technologies which are cost-effective and sustainable while boosting the local economy and providing much needed employment opportunities for the local communities. While there is still much to be done, I am proud of all that this project has been able to accomplish thus far. I am especially grateful for the funding from the European Union which enables Habitat for Humanity to assist these returnee families rebuild a sustainable future for themselves”.

Key Project Activities and Targets:

- Access to permanent housing including houses built with appropriate materials (compressed stabilized earth blocks and earth concrete blocks).
- Appropriate incremental building through microcredit to expand a home or create a place of business.
- “Flanking measures” relating to general livelihood support for families and communities such as vocational training in construction, training in appropriate building materials and methods, and forming and strengthening small and medium enterprises.
- Training families in financial literacy including savings plans, microfinance and basics of business. Improved access to appropriate microfinance and management of debt.



A completed house constructed through the use of appropriate technology and Earth Concrete Blocks (ECB) in Mullaitivu

Habitat Sri Lanka's National Director ceremoniously hands over the first ECB house to the beneficiary family in Mullaitivu.



A first beneficiary family to receive a Habitat home constructed with the use of Compressed Stabilized Earth Blocks (CSEB) in Batticaloa. (Photo: Jim Kendall)

CSEB bricks produced and ready to use for construction at the CSEB Production Yard located in Batticaloa.





A Habitat Home constructed through the Indian Housing Project in the Eastern Province of Sri Lanka

A completed home constructed by Habitat Sri Lanka, with a fresh coat of paint; which is the contribution of the homeowner family



The homes built through this project provide a new beginning for families affected by the civil war in Sri Lanka

A family in front of their new home built through the Indian Housing Project



Indian Housing Project - Eastern Province

Building Strength & Stability of Internally Displaced Families

A Project Funded by:



The Indian Housing Project is a housing construction project funded by the Government of India and implemented through a Memorandum of Understanding (MoU) with the Government of Sri Lanka (GOSL) which was initiated in 2012. The Indian Housing Project (IHP) is an extension of the Government of India's commitment to construct 50,000 homes in Sri Lanka for Internally Displaced Persons (IDPs) affected by the 26-year civil war which ravaged the North and East of Sri Lanka.

In 2016, Habitat for Humanity Sri Lanka successfully completed the construction of 3,713 new houses and repair of 46 houses for Internally Displaced Persons (IDPs) in Trincomalee and Batticaloa as part of Phase 1 of the Indian Housing Project funded by the Government of India. Consequent to the completion of Phase 1 of the Indian Housing Project, Habitat for Humanity Sri Lanka was awarded the construction of 270 homes in Batticaloa as part of Phase II of the Indian Housing Project in the Eastern Province. Habitat Sri Lanka commenced the construction of 270 homes in Batticaloa in September 2017 and was subsequently, awarded an additional caseload of 131 homes in Batticaloa. Phase 11 of the Indian Housing Project is expected to be completed by the end of 2018.

A grant of LKR 550,000 was provided to each beneficiary family in four installments to construct a new house. All families built their homes according to Local Authority guidelines with a minimum area of 550 square feet. As the project followed a participatory "homeowner driven" process of construction, Habitat Sri Lanka provided technical assistance to homeowners so that they could in turn manage the construction process themselves. The support by Habitat for Humanity Sri Lanka particularly includes basic technical awareness in construction and skills training.

This unique approach encourages homeowners to take ownership of the design and construction of their own homes, utilizing the extensive orientation and training given by the implementing agencies on basics of construction, technical aspects and house lifecycle management. Habitat Sri Lanka's Technical Officers regularly visited the construction sites and assisted beneficiaries to source good quality building materials and supervise skilled labour.

This homeowner-driven participatory construction method has also been a key methodology utilized by Habitat Sri Lanka in building strength, stability and self-reliance among communities rebuilding their lives after the war.



**Individuals
Supported**
576



**Children
Supported**
288



**Female Headed
Households**
95



**Sanitation
Facilities Provided**
144

Indian Housing Project - Central Province

Building Self-Reliance of Plantation Worker Families

A Project Funded by:



The plantation sector provides a significant share of Sri Lanka's national economy, with an estimated 244,500 families and a population of 966,700 living in the plantation sector. The population serving in this sector consists mainly of plantation workers who reside in small attached houses referred to as 'line houses'. These line houses which date back to the colonial era, are now in a state of disrepair resulting in the families being compelled to live in very poor conditions which lack basic water and sanitation facilities.

In response to this major housing need in the Central and Uva Provinces, the Government of India initiated the Indian Housing Project in the Central and Uva Provinces to make a significant contribution to the sustainable resettlement of at least 4,000 plantation worker families in newly created cluster villages or small townships, under the auspices of the Ministry of Hill Country, New Villages and Infrastructure and Community Development.

The Indian Housing Project in the Central and Uva Provinces is an extension of the Government of India's overall commitment of constructing 50,000 houses in Sri Lanka.

This Project envisages construction of new houses, through a peoples' process with the involvement of beneficiaries and Estate Workers' Housing Cooperative Societies (EWHCS). The project is implemented in close collaboration with the Plantation Human Development Trust (PHDT), respective Regional Plantation Companies (RPC) and the Estate Worker Housing Cooperative Societies (EWHCS) of the selected estates.

Divided into three phases, the project is currently its first phase during which the implementation strategy is tested through the construction of 1,134 housing units constructed by four implementing partners. Habitat for Humanity Sri Lanka as one such implementing partner has constructed 98 homes for plantation workers in the Hellboda Estate, Pussellawa as part of Phase 1 of this project. In addition, 265 homes in 5 new tea plantations in the Kandy and Nuwaraeliya Districts will be constructed in 2019.

As part of this project, homes are constructed for families under the home owner driven approach. This approach encourages homeowners to take ownership of their homes, with extensive orientation and training given on technical aspects and house lifecycle management. The participatory method of decision-making within this approach helps homeowners to develop their skills and self-reliance.

Each house constructed through the Indian Housing Project will be a minimum of 550 square feet, consisting of two bedrooms, a living room, a kitchen and a toilet. The beneficiaries have the flexibility to expand the houses after the completion of the basic core-house is constructed under the project. Beneficiaries are also encouraged to provide in-kind contributions of labour and building materials towards the construction efforts in order to save costs.



Individuals Supported
248



Children Supported
124



Female Headed Households
52



Sanitation Facilities Provided
62



A completed home of the Indian Housing Project in the Central Province at Hellboda Estate



Homes constructed for plantation workers in the Estate consist of 2 bedrooms, a living room, a kitchen, sanitation facilities, and a verandah

26/07/2018 1

Visibility for the Indian Housing Project funded by the Government of India

The Indian Housing Project in the Central and Uva Provinces will benefit Plantation Estate Workers who live in poor conditions referred to as 'line rooms'





A decorated Habitat Home constructed in Kalutara, ready to be ceremoniously handed over to a beneficiary family

Beneficiaries of the Kalutara Housing Project celebrate their new homes and the generational impact of this change



Vincentiyanugama; one of the two Habitat Villages supported through the Kalutara Housing Project

A completed house constructed through the Kalutara Housing Project - 550 sq.ft with 02 bedrooms, a living room, kitchen and toilet.



Kalutara Housing Project

Building Disaster Resilient Communities

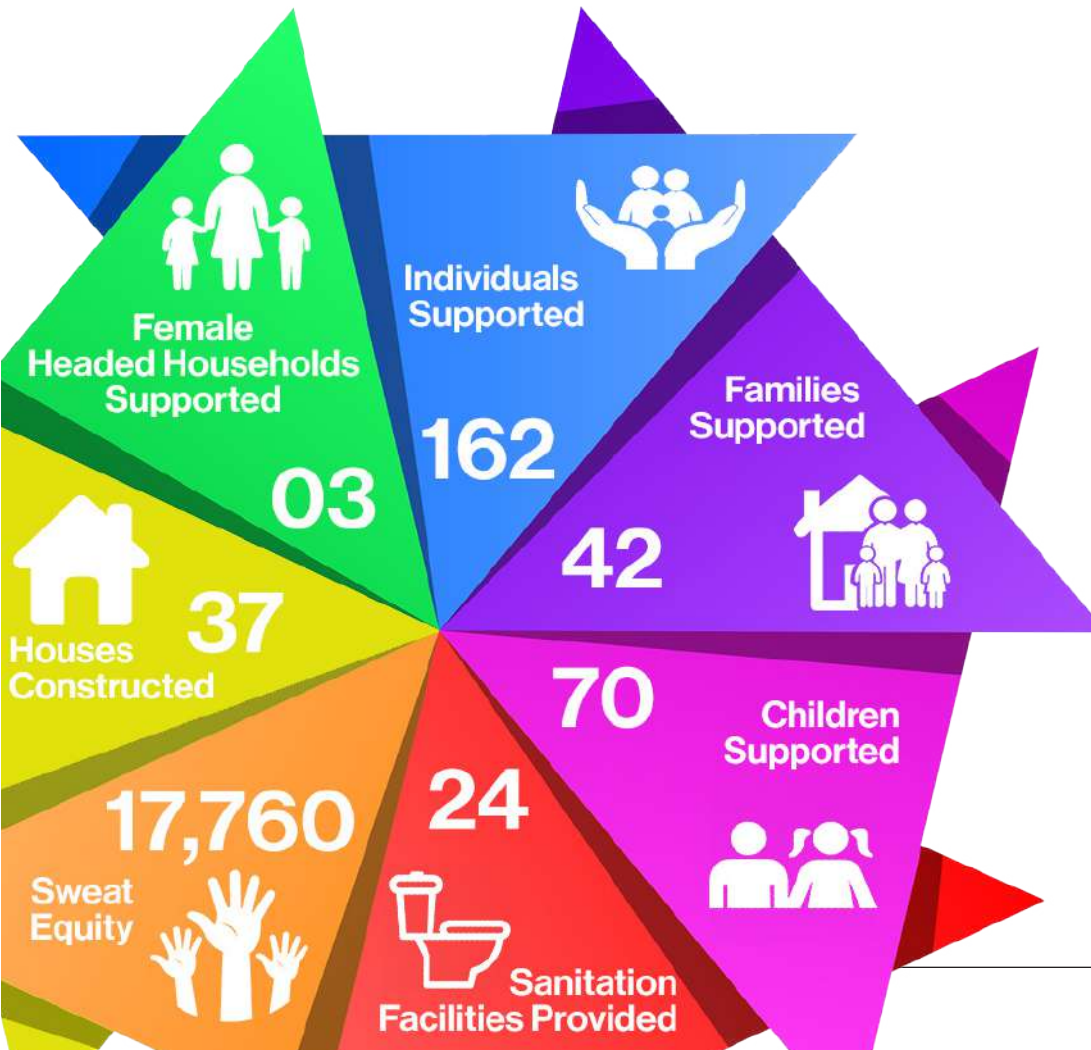
The Kalutara Housing Project was initiated in August 2017 to construct 37 homes for low-income families in the District of Kalutara. The selected beneficiary families originally lived in small one-bedroom temporary wooden structures with limited protection from adverse weather conditions; outside intruders and provided minimal privacy for the girl child.

These temporary structures were also extremely unsafe and unstable as they had not been constructed on a strong foundation and had a poorly constructed roof - which could easily blow off as a result of strong winds. Each year, the Kalutara District reports high incidents of floods and landslides during times of cyclonic weather conditions, and these 37 families were among those most vulnerable to disasters given the conditions of their unsafe temporary wooden structures, they called home.

As part of the Kalutara Housing Project, Habitat for Humanity Sri Lanka selected 24 beneficiary families in Vincentiyanugama Village and 13 families in Diyalagoda Village to receive new homes through this housing project.

All 37 houses of this project are lockable houses that have been specifically designed to include disaster resilient features to minimize the risk of future disasters such as floods, in accordance with the standards of the NBRO. The cost of construction of all 37 homes was sponsored through a grant of LKR 51 Million made by an individual donor. The Catholic Archdiocese of Colombo donated 8 perches of land to each family in these two villages for the construction of these homes.

The Kalutara Housing Project has successfully provided 37 families, a total of 162 individuals and 70 children a safe and decent place to call home.



Beneficiary temporary shelters before the project



Completed Habitat Homes handed over to the 37 beneficiary families in Kalutara



Drops of Life Project (CSR)

Promoting Access to Safe Drinking Water & Sanitation

A Project Funded by:



Access to safe water and basic sanitation, combined with good hygiene behaviors, contributes significantly to improving public health outcomes. The importance of water, sanitation and hygiene (WASH) has been acknowledged through the UN's Sustainable Development Goal 6 "Achieve universal and equitable access to safe, affordable drinking water and adequate sanitation and hygiene for all".

As part of its commitment to the 'Partnerships with Purpose Campaign' Habitat for Humanity Sri Lanka forged a meaningful corporate partnership with Hatton National Bank in 2018. The 'Drops of Life Project' was initiated as a Corporate Social Responsibility initiative of Hatton National Bank's Islamic Banking arm, HNB Al-Najah aimed at providing marginalized communities in Batticaloa with access to safe drinking water, adequate sanitation facilities while promoting hygiene education.

The primary activities of this project included:

- Providing 50 families in Kattankuddy with access to safe drinking water through the provision of 50 water tanks (500L)
- Providing adequate sanitation facilities for 155 students in Ameer Ali Vidyalaya, Kattankuddy through the construction of 03 toilets in the school
- Promoting Hygiene Education and good practices among 155 students in Ameer Ali Vidyalaya in Kattankuddy through an awareness program

The 50 beneficiary families selected to receive water tanks, previously had no access to pipe-borne water and had no water storage facilities which made the community susceptible to water-borne diseases.

Ameer Ali Vidyalaya, the primary school selected to receive the 03 sanitation facilities, reported a student population of 155 male and female students between the ages of 6-10 years. Prior to the implementation of the project the school had only 02 toilets available for all 155 students and teachers to share. As a result of these poor sanitation and hygiene conditions, the children were exposed to many health risks and this had also resulted in poor attendance.

The 'Drops of Life Project' funded the construction of 03 new toilets for the school which have now been dedicated only for the use of the female students, which has promoted the privacy and safety of the girl child in this community.





HNB Head of Islamic Banking, Hisham Ally and Habitat Sri Lanka National Director, Yu Hwa Li at the MOU signing ceremony



HNB Staff and Habitat Sri Lanka staff at the official handover ceremony to mark the handover of 50 water tanks to families in Kattankuddy, Batticaloa

Tree Planting initiative led by the HNB Staff at Ameer Ali Vidyalaya in Kattankuddy, Batticaloa



The handover of 3 sanitation facilities constructed through the Drops Of Life project for the Ameer Ali Vidyalaya in Batticaloa; benefiting more than 150 students





every home
is a foundation for a brighter future

Home is the Key



We believe that home is the foundation for our lives, and it should provide an atmosphere of contentment and calm where individuals can thrive. Yet for many families in Sri Lanka, the concept of a safe and decent home seems out of reach. Driven by the United Nations Sustainable Development Goals, Habitat for Humanity Sri Lanka firmly believes that investing in affordable housing equals to investing in the long-term sustainable development of the nation. With the help of our generous donors, we have been able to demonstrate over the past 24 years that the home plays a vital role in helping families break the cycle of poverty for good. It gives families a stable foundation with a sense of dignity and pride.

*“A House is to a family what soil is to a plant. A plant needs to be rooted. A family is like that too. If a family is not rooted it will not flourish. It will not grow... it will not blossom. But once a family is well-rooted, all kinds of wonderful things will begin to happen.”
- Millard Fuller (founder, Habitat for Humanity)*



Community
Transformation



Health



Security



Economic
Stability



Education



Women
Empowerment

Sivarasa and his wife with their family; more empowered than ever under the roof of their Habitat Home. (Batticaloa, Sri Lanka)



A Place to Call Home

Sivarasa is a hardworking man who takes care of not only his wife and 3 children, but also his parents. His father (78) and his mother (72) are excited to see their grandchildren grow up in a home that is theirs as a family, and take pride in the fact that they finally own a home, after being displaced during the years of the civil war.

The 7 of them are a very close and happy family, and Sivarasa's wife Somasundari is most thankful for the safety that their home gives them all. Despite the impact and fear the civil war had on their life, she remarked how she and her husband persisted, and were grateful when they got the news that they would become homeowners through this project. They worked hard to earn and save to start this new chapter of their lives. She also mentioned how she feels blessed as a mother to know that no matter where her children go in life, they always have a stable place to come back to that is home to all of them.

Sivarasa explains; "this home is a ladder for my children to dream and do things we were not able to when we were their age".

*"This home is a ladder
for my children to dream and
do things we were not able to
when we were their age".*



Hope of a Brighter Tomorrow

Mohanaledchami is expecting her second child in early August 2018, and is currently preparing for this new addition to her life. She lives with her husband, her daughter (10), her mother and her mother-in-law; and together they form a loving and a very close-knit family.

Mohanaledchami remarks that she is beyond relieved to be able bring her new baby to a home that will become the foundation to her complete family and is so grateful to Habitat Sri Lanka and the Indian Housing Project for this milestone in their life.

Mohanaledchami's 10 year old daughter Pavitra is excited about her new Habitat home as well; she has planned to decorate the house in various ways and is mostly looking forward to having a room to share with her new baby sibling. When asked what Pavitra would do first in her new room, she gleamed and said "Study!"

The area they live in demands that Mohanaledchami walks many miles to fetch water several times a day to get clean drinkable water, in order to keep their storage full. She says that having this home lifts a great burden off her because she now knows that her family will have adequate sanitation in their new home, as well as the security that they have prayed to have all these years.



"I know my daughter's future is secure now that she has a permanent home. She loves that she has a place to study".



Pavitra snuggles up to her grandmother as she is asked how she will decorate her own room in their new Habitat Home. (Batticaloa, Sri Lanka)



Indika and Sudarshani celebrate their house-warming day with their family - and make plans for a bright future.
(Kalutara, Sri Lanka)





“This is a dream come true for our family. I believe this new home is the beginning of a brand new chapter in our lives”.



A Dream Come True

Sudarshani and Indika live in their new Habitat home with their four children aged 17, 11, 8 and 4 and Sudarshani's elderly mother. The family of seven previously lived in a single-roomed temporary shelter made of wooden planks, which Indika had sourced from the neighbourhood.

Indika's main livelihood is deep sea fishing, however since Sudarshani suffers from Epilepsy, Indika has been unable to leave his family for long periods of time and has been working as a daily wage labourer in order to care for his family during this difficult time. With the increase in cost of living and the lack of daily wage labour opportunities Indika says their family has been struggling to cover their basic needs in the last two years. Given their circumstances Sudarshani and Indika firmly believe that their new Habitat Home was indeed a blessing from God, as they could otherwise never imagine owning a home of their own.

Sudarshani was excited to show us her new home which they had taken much care in decorating. She said, “This is a dream come true for our family. I believe this new home is the beginning of a brand new chapter in our lives”. She is confident that her children now have a safe place to grow up in.

Sudarshani has been undergoing treatment for her seizures and with the help of her mother, she is now looking to gain employment in the nearby village. Indika too feels that he no longer has to fear for the safety of his family because of their new home, and he is once again hoping to begin his fishing expeditions.

Hope for the Next Generation

Upon being displaced in Batticaloa after the civil war for eight months, 52 year old Kumaraguru explains how extremely “happy and hopeful for this new chapter in life” he is. Kumaraguru lost his boutique shop; his only source of income during the war due to a bombing that took place in his village and he unfortunately hasn’t been able to financially recover ever since. Kumaraguru and his family had to give up their house as dowry when his elder daughter got married, which compelled Kumaraguru along with his wife, son and two daughters to move into a temporary shelter adjoining their main house.

“Happy and hopeful about this new chapter in life for my family.”



Despite all the obstacles Kumaraguru has faced in life he says “things are improving gradually” -from his daughters receiving sound education, to his son taking pride in helping construct their new home; Kumaraguru has restored a lot of hope for the future of his children. As a father, Kumaraguru expressed his role in making sure to provide his kids with the element of safety with the new house. Kumaraguru says he’s “happy to be part of Indian Housing Project”.

Kumaraguru’s daughters, Sudharshi (28) and Sinthuja(23), are both graduates and ambitious girls. They are excited for their new home and what their future beholds.



Sudharshi and Sinthuja; daughters of Kumaraguru - both empowered and educated sisters; collectively believe that their new home will be the foundation for their future.
(Batticaloa, Sri Lanka)

Dynamic and playful children of Perinparasa now have a safe place to play, and a strong roof over their head to keep them safe. (Batticaloa, Sri Lanka)



A Mother's Dream

Perinparasa takes care of a household with 7 vibrant members in it. She is a daily wage laborer and works regularly in nearby paddy fields. Her husband is a fisherman and spends most of his time at the coast of Batticaloa looking for work to provide for their family.

Her eldest son works in Saudi Arabia and earns a salary of LKR. 25,000/- (approx. USD 160) and sends his family in Batticaloa a portion of it to contribute to their living expenses.

When asked what this home meant to her, Perinparasa commented that "this home is where my family can live happily together and feel safe no matter what problems happen in life".

Her eldest daughter Shyalini (20) is looking at new job opportunities and has applied for numerous jobs at reputable local companies to widen her horizons so she can also help take care of her five younger siblings. She is excitedly waiting for a second interview with a globally renown garment factory in Batticaloa. Should she succeed in securing a job, Shyalini would be the first woman to be employed and receive a stable income in her family.

This conventional home constructed through the "Homes not Houses" European Union funded project, has given a safe space for Perinparasa's children to grow up in, and for them to create happy memories together, while having the necessary space and security to study and play.

"This home is where my family can live happily together and feel safe no matter what problems happen in life".



The Road to Recovery

Sujeewa beams with glee as she welcomes guests into her first home owned by her family, after years of living in houses that were rented. Sujeewa's husband Susil (48) is a cancer survivor, who currently owns a trishaw and takes hires to bring a steady income for their family.

Their eldest daughter (23 years old) is married and lives with her own family; their second daughter (21 years old) works at a local grocery store and helps with the finances at home and saves for her own future, while their three youngest daughters are still attending school. Sujeewa explains how owning a house was a unrealistic dream a few years ago with her husband being diagnosed with cancer.

It was a difficult time and Sujeewa had many worries about the safety of her daughters alongside the duty of caring for her husband. "With God's grace my husband is now cured and my children will always have a safe place to call home" Sujeewa said. Now with a secure home, Sujeewa is able to live with fewer worries, and is optimistic to see her daughters having a stable place to study and enhance their future.

"With God's grace my husband is now cured and my five daughters will always have a safe place to call home."





Sujeewa stands proudly together with her husband and their 5 daughters in their new Habitat Home (Kalutara, Sri Lanka)



Vajira and her family; moments before they step into their Habitat Home and begin their new, uplifted life. (Kalutara, Sri Lanka)

New Beginnings

Vajira and her family moved into their brand new Habitat home constructed through the Kalutara Housing Project on the 1st of April 2018. Vajira works as a janitor at a local campus; and has two daughters who are 19 and 13 years old. Vajira became the breadwinner of her family when her husband had an unfortunate accident and lost his thumb while operating heavy machinery at his job. As a result he is unable to find a stable job and this has significantly impacted their family's economy,

Vajira recalls a time when they lived in the wooden shack they called home. She feared for her daughters safety in their previous home as it would get flooded during the rainy season. Today Vajira says she is no longer afraid for her daughters' safety as they finally have a safeplace to call home. This Habitat home is more than a house to her family – it is a relief to an otherwise difficult life, where only Vajira is able to bring an income into their household.

“This Habitat home is more than a houseit is a relief to an otherwise difficult life.”



Global Village Volunteers

Global Village is Habitat for Humanity's International Volunteer Program which offers individuals, students and corporate teams the chance to travel and build a home for communities in need of adequate housing. Our Global Village Volunteers are given the opportunity to get hands-on experience of uplifting lives while assisting low-income families to build their homes by providing volunteer labour. GV teams join Habitat Sri Lanka's ongoing homebuilding projects around the country and add quality to the homeowners experience as well as their own. The participation of volunteers fosters a sense of community, encouraging more people to participate in builds as volunteers.

Not only do our volunteers assist in building safe, decent homes for families but their fundraising efforts and donations help ensure more families can have a brighter future. Volunteers' program donations enable Habitat to build community impact—one of our strategic plan goals—by serving more families and transforming communities. Habitat homeowners and their family members who work on their own homes are, in turn, inspired to help others. This promotes mutual respect, improves community cohesion and strengthens the fabric of society. Thanks to our dedicated Global Village volunteers we have been able to change the lives of so many families across Sri Lanka this year. Global Village teams bring invaluable support to the communities they visit, and as a result for their generosity with time and donations; more homes are able to be built each year.

This year alone, 317 international volunteers from 08 countries travelled to Sri Lanka through Habitat for Humanity's Global Village Program to support the vision and mission of Habitat Sri Lanka.

Thank you to each volunteer for their generosity, commitment, hard work and time spent supporting the vision and mission of Habitat for Humanity Sri Lanka. Your support is life changing.

Every Volunteer makes a Difference.



317 Volunteers



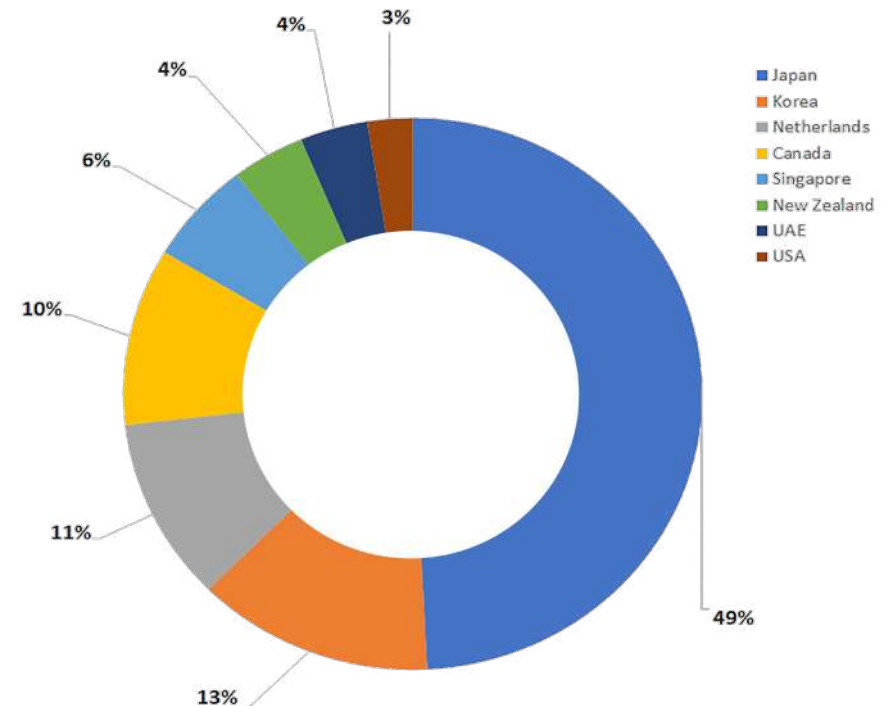
19 Teams



22,404
Volunteer Hours



08 Countries





Volunteer Changemakers

Judy says she would definitely recommend a Global Village Volunteer experience in Sri Lanka because “it’s a beautiful country with heartwarming & friendly people. It is a country which has gone through natural disasters and it is a great cause to help them rebuild their lives.”
- Jui Woan Ho [Australia]



“There is always a continuous need to improve and enhance safe and adequate housing to improve the lives of people. With adequate and safe housing the homeowner and family can start fresh from their past challenges.” - Dennis Yeo King Song [Singapore]

Jennifer made her first trip to Sri Lanka a little over ten years ago- during the aftermath of the Tsunami. In May 2018, Jennifer had the opportunity to return to Sri Lanka through leading an all-female volunteer team called ‘Hammers and Heels’. Volunteering in Sri Lanka years later and assisting victims of the civil war to rebuild their lives, Jennifer considers this as “an aspiring and moving return to the country”. She’s proud that her team was able to play a small but vital role in helping people in need to uplift the quality of their lives through Habitat Sri Lanka.
- Jennifer Lemke [Netherlands]





"I would definitely recommend the program; it's an experience of a lifetime"
 - Heng Rui Jie Ray [Singapore]

"Food, People, and culture are all interesting. I was moved"
 - Akane Okamoto [Japan]



Volunteering with Habitat for Humanity : Making a Difference

In isolation, a few hours by one volunteer might not look like much but, when combined, the actions of volunteer teams or Global Village volunteers have made a huge impact on the work done by Habitat Sri Lanka.

As potential local volunteers, global volunteers and friends of Habitat Sri Lanka here's what you should know:

- A 12 member team working 32 hours a week can provide all the unskilled labour to complete an entire house.
- Short-term volunteers who haul water and mix cement decrease fatigue on paid skilled labour allowing for a more efficient build.
- The participation of volunteers fosters a sense of community, encouraging more people to participate in builds as volunteers.
- The knowledge that people care and are willing to give their time to help, adds to the motivation of these communities.

The experience of volunteering with Habitat is unique - you are able to get a hands-on experience of building a tangible change for a family. Previous experience with construction is not necessary to become a volunteer. Habitat merely encourages its volunteers to come equipped with a positive attitude and willingness to create positive change while it is made clear that their safety on site is of utmost priority for Habitat. You'll experience the country like a local, meet people from different communities and cultures. Spending time with other cultures doesn't mean just exploring the differences, but also discovering the commonalities. You'll find that you don't even need to speak the language.

Local Volunteer Opportunities – Something for everyone

- **Individuals:** Local Volunteers can help us fundraise to build homes for families in need through social media and joining our fundraising campaigns; you can also apply for internships with our National Office Resource Development Team.
- **Corporates, Local Businesses and Organizations:** Come join our Corporate Team Builds and build your Team Spirit while doing good; Join hands with Habitat through a Cause Marketing Partnership
- **Youth Groups, Schools and Universities:** Fundraiser for Habitat for Humanity, Join a youth build and come volunteer to construct homes for families in need with your friends.
- **Churches and Faith-based Organizations:** Help spread the news about Habitat for Humanity's work among your congregations and join us to build more safe homes for families in need across Sri Lanka.

Volunteers who join the work of Habitat for Humanity globally, all contribute towards building a world where everyone has a decent place to live.

Partnerships with Purpose

Changing Lives Through Meaningful Partnerships

The support of our Corporate partners has played a valuable role in changing the lives of families in Sri Lanka for the better. By working closely with generous organisations who choose to support our projects, we have together given hope to thousands of families by providing the stability and safety of a home, as well as providing assistance in areas such as water, sanitation and hygiene, livelihood and financial literacy training and disaster risk reduction.

The support of our corporate partners has enabled Habitat for Humanity Sri Lanka to touch many lives and have a positive impact in uplifting communities, while improving communal facilities. Our corporate partners work hand-in-hand with us around the world to provide decent, affordable shelter to families who need it.

Partnering with Habitat has proven to be an excellent way to promote your corporate social responsibility goals while making a lasting impact. In return, we provide our partners with a wealth of benefits, including public relations and team building and creating a positive impact on company morale and productivity.

Habitat has worked with corporations of all sizes to build customized partnerships that allow them to give back to communities in multiple ways:

Corporate Social Responsibility

Habitat Sri Lanka has provided numerous Corporates the opportunity to partner with Habitat on CSR initiatives such as housing projects (for employees), disaster response projects, water and sanitation projects benefiting communities in need.



Cause Marketing

Corporates and local businesses interested in Cause Marketing Campaigns also have the opportunity to join hands with Habitat Sri Lanka to provide their consumers with unique products that will not only grow their business but do good in the long-term by giving back to society through a portion of the profits being channeled towards Habitat Sri Lanka's Housing or Water and Sanitation Initiatives.



Teambuilding and Volunteer Opportunities

Habitat for Humanity Sri Lanka also offers Corporates a unique team building experience for their own employees by participating in Habitat's "Corporate Team Builds". This program allows participants a unique experience in being able to participate in an exceptional 'team building' activity where you are able to construct a home for a family in need.



Donors and Corporate Partners 2005 - 2018

Housing Solutions Partners



Water and Sanitation Solutions Partners



Corporate Event Sponsors and Partners



“At Habitat for Humanity, you get to do more than just donate money to a cause. The beauty of partnering and volunteering with Habitat is that you get to be a part of changing people’s lives. An additional benefit is that the results of your team work will be extremely tangible and will have a positive impact on multiple generations. There is no greater satisfaction that you were part of a family’s journey towards having a safe and decent place to call home. It’s a great way to do something truly meaningful with your work colleagues. I invite all corporates and organisations to join us in our mission to provide everyone in Sri Lanka a decent place to live.”

- Lakshan Madurasinghe
Chairman, Board of Directors
Habitat for Humanity Sri Lanka

Staff Development

Habitat for Humanity Sri Lanka has an employee strength of 82 based within the national office located in Colombo as well as in other project offices throughout the country. The successful operation of the work of Habitat Sri Lanka is attributed to the enthusiasm and dedication of its employees who work tirelessly towards building strong communities in Sri Lanka. The Habitat for Humanity Sri Lanka team is a cohesive group of dynamic individuals who work together and are united with the objective of building homes, communities and hope. Over the last few years the organization has been dedicated towards building the skills, competencies and knowledge of its employees. This investment enables the team to reach better heights and grow in a personal and professional scope. With each workshop / training, the team strengthens the organization and Habitat Sri Lanka becomes more efficient and better-abled to streamline its activities to meet the ultimate vision of the organization.

Participants	Conference, Training, Workshop
Yu Hwa Li	Habitat for Humanity Orientation & On-boarding (Manila, Philippines)
Melissa Jayasuriya	Asia-Pacific Housing Forum 6 Habitat for Humanity Asia-Pacific Leadership Conference (Hong Kong)
Shashika Gonapinuwala Chanaka Tillakaratne	Program Design Monitoring & Evaluation Training Workshop (Yogyakarta, Indonesia)
Melissa Jayasuriya Tuan Arifeen	Asia-Pacific Regional Program Conference (Manila, Philippines)
Paul Camillus John Chinthaka Kahavidana Prageeth Perera Rohan Gnanapragasamuthali	Finance Workshop (Bangkok, Thailand)
Melissa Jayasuriya Kaavya Pathirana	Asia-Pacific Communications Workshop (Bangkok, Thailand)
Dwight Savundaranayagam	Staley Leadership Development Program (Atlanta, USA)
Deepika Seneweera Jeyagowry Singaram	Human Resources and Organizational Development Conference (Manila, Philippines)
Habitat for Humanity Sri Lanka Senior Management and Staff	Vision 2023 : Strategic Planning Workshop





Annual Staff Retreat
20-21 October 2017

Annual Report of the Director's for the year ended June 30, 2018

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY FOR THE YEAR ENDED 30TH JUNE, 2018

The Directors have pleasure in submitting their Report together with the Audited Statement of Accounts for the year ended 30st June, 2018.

1. PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

Principal Activities of the Company during the year were:

- To touch the lives of people by demonstrating: the love of God in obedience to the great Commandment; the spirit of unity based on ecumenical principles; and provide a way for sharing between the affluent and those in need.
- To take steps to improve the economic and social conditions of the low income & vulnerable people by the construction of simple, decent and affordable houses in partnership with those in great need without favouritism or discrimination of race or religion.
- To assist the poor and underprivileged by means of technical expertise to repair, extend and build houses at no profit.

2. DIRECTORS

The Director of the Company as at 30th June, 2018 were:

1)	Mr. R. L. Madurasinghe	-	President
2)	Mr. D. R. De Silva	-	Director
3)	Mr. F. E. Castro-Garcia	-	Director
4)	Mr. E. Perera	-	Director
5)	Ms. A De Mel	-	Director
6)	Mr. W. P. S. Dias	-	Director
7)	Mr. R. S. Fernando	-	Director
8)	Mr. C. M. Anthonisz	-	Director
9)	Ms. M. Mathews	-	Director
10)	Mr. W. N. J. E Perera	-	Director
11)	Mr. R. A. Fernando	-	Director
12)	Mr. S. M. Fernando	-	Director
13)	Mr. T. H. D. E. C. de Silva	-	Director Appointed on 29.09.2017

3. FINANCIAL STATEMENT

The Financial Statements of the Company are given in page 4 to 7 of the Audited Accounts.

4. AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given in the page 1 to 3 of the Audited Accounts.

5. ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

The accounting policies and notes are given in page 8 to 22 of the Audited Accounts and there were no material changes in the Accounting Policies adopted.

6. DIRECTORS INTEREST IN CONTRACT

Mr. R. L. Madurasinghe, Mr. D. R. De Silva, Mr. F. E. Castro-Garcia, Mr. E. Perera, Ms. A De Mel, Mr. W. P. S. Dias, Mr. R. S. Fernando, Mr. C. M. Anthonisz, Ms. M. Mathews, Mr. W. N. J. E Perera, Mr. R. A. Fernando, Mr. S. M. Fernando and Mr. T. H. D. E. C. de Silva, Directors were not interested in the contracts of the Company other than the details given in note 21 to the Financial Statements during the year ended 30th June, 2018.

7. DIRECTORS REMUNERATION AND OTHER BENEFIT

The Directors were not paid remuneration in respect of the institute, for the financial year ended 30th June, 2018.

8. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no significant events after the reporting date that required adjustments to or disclosures in the financial statements.

9. TAXATION

As per the Income Statement tax liability for the year ended 30th June, 2018 was Rs. 3,726,859/-.

10. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the Government and the employees have been made on time.

11. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant capital commitments and Contingent Liabilities is given under note 19 to the notes to financial Statements.

12. INVESTMENTS

The Association has invested its excess funds in Fixed Deposits which stood at Rs. 29,086,203 as at 30th June 2018.

13. DONATIONS

The Association has made no donations during the accounting period.

14. AUDITORS

The present Auditors Messrs PricewaterhouseCoopers, Chartered Accountants, have signified their willingness to continue in office and are recommended for re-appointment.

As far as the Directors are aware, the Auditors do not have any relationship, with the Company other than its auditors and tax consultants.

The Auditors were paid Rs.700,000/- as audit fees for the year ended 30th June, 2018.

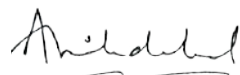
15. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 12th October, 2018 at 5.00 p.m. at the Conference Room of Habitat for Humanity Sri Lanka, at No. 42/14, Ananda Coomaraswamy Mawatha, Colombo 3.

**BY ORDER OF THE BOARD OF DIRECTORS OF HABITAT FOR HUMANITY SRI LANKA
ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED SECRETARIES**



Lakshan Madurasinghe
President/Chairman



Amila De Mel
Vice-President



Secretaries
Accounting Systems Secretarial
Services (Private) Limited

Independent Auditor's Report

To the Members of Habitat for Humanity - Sri Lanka (Guarantee) Limited



Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Habitat for Humanity - Sri Lanka (Guarantee) Limited ("the Company") as at 30 June 2018, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations issued by the Institute of Chartered Accountants of Sri Lanka.

What we have audited

The financial statements of the Company, which comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in accumulated fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies."

Basis for opinion

We conducted our audit in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations issued by the Institute of Chartered Accountants of Sri Lanka. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations issued by the Institute of Chartered Accountants of Sri Lanka 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 SLAuSs 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 SLAuSs, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 Company 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.

We communicate with those charged with governance 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.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.


PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
28th September 2018
COLOMBO

Statement of comprehensive income

	Note	Year ended	
		30 June	
		2018	2017
Project income			
Incoming resources	5	674,444,880	324,739,173
Total project income		674,444,880	324,739,173
Project expenditure			
Direct project cost	6	(597,907,848)	(274,648,444)
Direct project staff cost	6	(56,626,072)	(46,821,286)
Indirect project cost	6	(26,213,044)	(23,696,683)
Total project costs		(680,746,964)	(345,166,413)
Net deficit on project activities		(6,302,084)	(20,427,240)
Grants-unrestricted fundings		30,866,771	28,045,220
Other income	7	17,418,483	9,150,450
Administration and other operating costs	8	(56,837,128)	(66,125,793)
Net deficit before income tax	9	(14,853,958)	(49,357,363)
Income tax expense	10	(3,726,859)	(1,377,411)
Net deficit after income tax		(18,580,817)	(50,734,774)

Statement of financial position

Assets

Non current assets

Property, plant and equipment	12	18,275,983	23,574,309
Investments	13	29,086,203	31,489,081
		<u>47,362,186</u>	<u>55,063,390</u>

Current assets

Prepayments and other receivables	14	16,210,716	14,162,943
Cash and cash equivalents	15	32,783,062	30,356,978
		<u>48,993,778.48</u>	<u>44,519,921</u>

Total assets

		<u>96,355,964</u>	<u>99,583,311</u>
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Reserves and liabilities

Funds and reserves

Unrestricted funds	18	18,216,042	36,461,149
Restricted funds	18	54,693,885	41,085,047
Total funds and reserves		<u>72,909,927</u>	<u>77,546,196</u>

Non current liabilities

Defined benefit obligation	16	13,041,412	11,386,534
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Current liabilities

Income tax payable		9,213,467	5,486,608
Creditors and other payables	17	1,191,158	5,163,973
		<u>10,404,625</u>	<u>10,650,581</u>

Total liabilities

		<u>23,446,037</u>	<u>22,037,115</u>
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Total reserves and liabilities

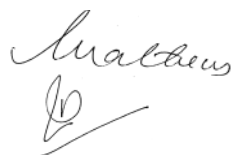
		<u>96,355,964</u>	<u>99,583,311</u>
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I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.



Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by the Board of Directors on 28.09.2018.



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Directors

28th September 2018

Statement of changes in accumulated fund

(all amounts in Sri Lanka Rupees)

	Restricted funds	Unrestricted funds	Total Fund
Balance as at 1 July 2016	61,615,428	75,061,740	136,677,168
Net deficit for the year	-	(50,734,774)	(50,734,774)
Fund received during the year	316,342,975	-	316,342,975
Fund transferred to statement of comprehensive income	(324,739,173)	-	(324,739,173)
Transferred to unrestricted funds	(12,134,183)	12,134,183	-
Transferred from unrestricted funds	-	-	-
Balance as at 30 June 2017	41,085,047	36,461,149	77,546,196
Balance as at 1 July 2017	41,085,047	36,461,149	77,546,196
Net deficit for the year	-	(18,580,817)	(18,580,817)
Fund received during the year	688,213,163	-	688,213,163
Fund transferred to statement of comprehensive income	(674,444,880)	-	(674,444,880)
Transferred to unrestricted funds	(159,445)	159,445	-
Transferred from unrestricted funds	-	-	-
Last year income tax portion	-	176,265	176,265
Balance as at 30 June 2018	54,693,885	18,216,042	72,909,927

Statement of cash flows

	Note	Year ended	
		2018	2017
Cash flows from operating activities			
Net deficit before taxation		(14,853,958)	(49,357,363)
Adjustment for:			
Depreciation charge	12	6,061,153	7,424,741
Provision for defined benefit plans	16	2,642,803	4,518,964
Profit on disposal of property plant and equipment	7	-	(814,640)
Interest income	7	(16,477,575)	(8,092,737)
Fund balance adjustments to incoming resources	18	13,944,548	(8,396,200)
Write-off of property plant and equipment		358,798	-
Net cash outflows before working capital changes		(8,324,231)	(54,717,235)
Changes in working capital			
Movement in homeowner receivables		-	4,974,989
Increase in prepayments and other receivables		(2,047,773)	(876,094)
(Decrease) / increase in creditors and payables		(3,972,815)	3,835,959
Cash generated from operations		(14,344,819)	(46,782,381)
Income tax paid		-	(589,145)
Defined benefits paid	17	(987,925)	-
Net cash generated from operating activities		(15,332,744)	(47,371,526)
Cash flows from investing activities			
Addition of property, plant and equipment	12	(1,121,625)	(12,040,735)
Investment in interest bearing instruments	13	2,402,878	12,850,797
Proceeds from sale of property plant and equipment		-	1,204,732
Interest received	7	16,477,575	8,092,737
Net cash used in from investing activities		17,758,828	10,107,531
Increase / (decrease) in cash and cash equivalents		2,426,084	(37,263,995)
Movement in cash and cash equivalents			
At start of year		30,356,978	67,620,973
Increase / (decrease) in cash and cash equivalents		2,426,084	(37,263,995)
At end of year	15	32,783,062	30,356,978

Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

1.1 The Habitat for Humanity - Sri Lanka (Guarantee) Limited (HFHSL) is a non governmental organisation and is registered with the Department of Social Services under the Voluntary Social Service Organisation (Registration and Supervision) Act, No. 31 of 1980 as amended by Act, No. 8 of 1998.

HFHSL has been incorporated under the Companies Act, No. 17 of 1982 and re-registered under Companies Act, No. 7 of 2007 on 1 September 2009 as a Company limited by guarantee. In the event the Company is wound up the liability of the members is limited to Rs 2,500 per member.

1.2 The principal activity of HFHSL is the provision of financial assistance in the form of re-imbusement of expenses on construction, to needy families to assist in constructing houses.

1.3 The Company had entered in to agreements with the following donor organisations to conduct activities in furtherance of its objectives:

Indian High Commission	Habitat for Humanity International
Habitat for Humanity - EMEA (EU Project)	Habitat for Humanity - AP
Habitat for Humanity - Japan	Habitat for Humanity - Canada
Habitat for Humanity - Singapore	Habitat for Humanity - Korea
Habitat for Humanity - Netherland	Habitat for Humanity - NewZealand
Habitat for Humanity - Abu Dhabi	Ruani Prianthi Jayasuriya
Hatton National Bank	

2 Basis of preparation

2.1 Statement of compliance

The Company's financial statements for the year ended 30 June 2018 are prepared under accounting policies that comply with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations. The Company's transition date from SLFRS for SME to Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations is 1 July 2015. The statements of financial position, financial activities, changes in accumulated fund and the cash flows together with the accounting policies and notes to the financial statements comply with Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations issued by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of measurement

The financial statements have been prepared using the historical cost convention.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest thousand, except when otherwise indicated.

2.4 Changes in accounting policies and disclosures

The accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates can result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Estimated impairment of non-current assets

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

(b) Provisions

The Company recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each date of the statement of financial position and adjusted to reflect the Company's current best estimate.

(c) Useful life times of assets

The Company has reviewed the useful life time of all non current asset as of 30 June 2018, and amended the financial statements accordingly as per the accounting policy stated above.

3 Summary of significant accounting policies

3.1 Foreign-currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within support service expenses.

3.2 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, short term investments readily convertible to identified amounts of cash and which are not subject to any significant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and fixed deposits held at banks, net of bank overdrafts.

3.3 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the price at which inventories can be reasonably expected to be sold in the market place, less any estimated cost necessary to make the sale. Cost incurred to bringing inventories to its present location and condition include cost of raw materials on a first in first out basis, any direct labour, and an appropriate portion of any other direct overhead. Items donated for distribution or resale are not included in the financial statements until such time as they are distributed or resold.

3.4 Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads.

Buildings owned are used for purposes of the Company and therefore do not fall under the definition of investment property.

All property, plant and equipment is initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to statement of comprehensive income during the financial period in which they are incurred.

During the year the entity has reassessed the useful life time of each non current asset and resulting amendments have been taken into account in the current year financial statements.

Depreciation is calculated on the straight-line method to write off the cost of each asset, to their residual values over their estimated useful lives.

Estimated useful life time of the non current assets after the reassessment is as follows:

	2018	2017
Building	10 years	10 years
Warehouse and construction equipment	3 years	3 years
Office equipment	5 years	5 years
Computer hardware and software	2 years	2 years
Motor vehicles	4 years	4 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining excess of income over expenditure.

3.5 Receivables

Receivables are carried at fair value. An impairment assessment is made for doubtful receivables based on a review of all outstanding amounts at the year end. Irrecoverable balances are written-off during the year in which they are identified.

3.6 Employee Benefits

a. Defined benefit plan - Gratuity

The retirement gratuity is a defined benefit plan. The Company is liable to pay gratuity in terms of Gratuity Act, No. 12 of 1983. In order to meet this liability, a provision is carried in the balance sheet that is based on the half-month's salary as of the last month of the financial year for all employees for each completed year of service commencing from the first year of service. The difference between the provision that is brought forward at the beginning of the year and the provision that is required to be carried forward at the end of the year is adjusted through the statement of comprehensive income.

This provision is not externally funded. However, in accordance with the Payment of Gratuity Act, No. 12 of 1983, this liability arises only on the completion of five years of continued service of any employee.

b. Defined contribution plans

All employees are eligible to contribution to the Employee's Provident Fund and the Employee's Trust Fund in accordance with the relevant statutes and regulations. The Company contributed a defined percentage of the gross emoluments of the employees to the Employees' Provident Fund and to the Employee's Trust Fund respectively.

3.7 Accounting for receipts and utilisation of funds

a. Unrestricted Funds

Unrestricted funds are those that are available for use by Habitat for Humanity Sri Lanka at the discretion of the Board, in furtherance of the general objectives and which are not designated for specific purpose.

Surplus funds are transferred from restricted funds to unrestricted funds in terms of the relevant Donor Agreements or with the subsequent approval of the Donor.

Contributions received from the general public are recognized in the statement of financial activities on a cash basis.

b. Restricted Funds

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the statement of financial activities to match with expenses incurred in respect of that identified project. Unutilized funds are held in their respective fund accounts and included under accumulated fund in the balance sheet until such time as they are required.

Funds collected through a fund raising activity for any specific or defined purpose are also included under this category.

Where approved grant expenditure exceeds the income received and there is certainty that the balance will be received such amount is recognized through receivables in the balance sheet.

The activities for which these restricted funds may and are being used are identified in the notes to the financial statements.

3.8 Grants and subsidies

Grants and subsidies are recognised in the financial statements at their fair value. When the grant or subsidy relates to an expense it is recognised as income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

Grants and subsidies related to assets are generally deferred in the balance sheet and credited to the statement of comprehensive income over the useful life of the asset.

3.9 Statement of comprehensive income

a. Incoming Resources

Income realized from restricted funds is recognized in the statement of financial activities only when there is certainty that all of the conditions for receipt of the funds have been complied with and the relevant expenditure that is expected to compensate has been incurred and charged to the statement of financial activities. Unutilised funds are carried forward as such in the balance sheet.

Gifts and donations received in kind are recognised at valuation at the time that they are distributed to beneficiaries, or if received for resale with proceeds being used for the purposes of the Project at the point of such sale.

All other income is recognised when the Company is legally entitled to the use of such funds and the amount can be quantified. This would include income receivable through fund raising activities and donations.

Grants are recognised in the financial statements at their fair value. When the grant relates to an expense it is recognised as income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

b. Revenue

Interest earned is recognised on an accrual basis.

Net gains and losses on the disposal of property, plant and equipment and other non current assets, including investments, are recognised in the statement of financial activities after deducting from the proceeds on disposal, the carrying value of the item disposed of and any related selling expenses.

Other income is recognised on an accrual basis.

3.10 Expenditure recognition

Expenses in carrying out the projects and other activities of the Company are recognised in the statement of comprehensive income during the period in which they are incurred. Other expenses incurred in administering and running the Company and in restoring and maintaining the property, plant and equipment to perform at expected levels are accounted for on an accrual basis and charged to the statement of comprehensive income.

3.11 Taxation

Income tax is provided in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments, Inland Revenue (Amendment) Act, No. 10 of 2007, and is based on the elements of income and expenditure reflected in the statement of comprehensive income and on the elements of grants received, subject to exemptions referred to in Note 10 to the financial statements.

3.12 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of Habitat for Humanity - Sri Lanka. It may also be a present obligation that arises from past events but in respect of which an outflow of economic benefit is not probable or which cannot be measured with sufficient reliability. Such contingent liabilities are recorded under Note 19. For certain operational claims reported as contingent liabilities, it is not practical to disclose detailed information on their corresponding nature and uncertainties.

4 Going concern

These financial statements are prepared on the assumption that the Company is a going concern, i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the Company has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations.

5 Incoming resources

Activities in furtherance of company's objectives

	2018	2017
Grants-Restricted Fundings (Note 6)	<u>674,444,880</u>	<u>324,739,173</u>
	<u>674,444,880</u>	<u>324,739,173</u>

Above incoming resources include restricted funds accounted based on Sri Lanka Statement of Recommended Practice for Not-for-Profit Organizations. However, the total funds received during the year was Rs 716,872,154 (2017 - Rs 345,149,112).

Donor	2018
Indian High Commission	12,183,100
European Union	617,138,925
Habitat for Humanity - Asia Pacific	11,568,500
Habitat International GV Sending countries corporates	18,113,221
Individual local donors	3,963,030
Online donation	53,869,628
	<u>35,750</u>
	<u>716,872,154</u>

6 Project activity summary

Identified project	Transferred from restricted funds		Received during the year from unrestricted funds and other sources	Total amount expended			Total cost	Surplus/ (deficit) on projects	Notes
	Organisation	Amount		Staff	Direct	Indirect			
Indian Embassy Houses	Indian High Commission - Colombo	-	-	(2,560)	(128,710)	(38,385)	(169,655)	(169,655)	Note 6.1
Indian High Commission-Plantation	Indian High Commission - Colombo	4,884,806	-	(7,516,277)	-	(3,924,796)	(11,441,073)	(6,556,267)	Note 6.2
Construction of Water Tank and Connections, Matale	HFH-Great Britain Cash Transfers	1,859,451	-	(129,770)	(1,631,183)	(98,498)	(1,859,451)	-	
Homes not Houses: Building Sustainable Future	HFH-EMEA Cash Transfers	605,334,475	-	(38,685,073)	(549,254,858)	(17,394,545)	(605,334,475)	-	
Indian Embassy Houses-Phase 2	Indian High Commission - Colombo	9,394,339	-	(6,360,365)	-	(2,610,136)	(8,970,501)	423,838	
Yatiyanthota Two Houses-DR	HFH-AU Cash Transfers	1,290,286	-	(361,353)	(880,759)	(48,175)	(1,290,286)	-	
Kaluthara 37 Houses Project	Local Donor	50,101,628	-	(3,570,674)	(44,533,628)	(1,997,326)	(50,101,628)	-	
Kelaniya 1 house Project	Local Donor	988,210	-	-	(988,210)	-	(988,210)	-	
HNB Watsan Project	Hatton National Bank	591,685	-	-	(490,500)	(101,185)	(591,685)	-	
	Total	674,444,880	-	(56,626,072)	(597,907,848)	(26,213,044)	(680,746,965)	(6,302,084)	

Note 6.1

This deficit was due to expenses incurred from restricted funds received prior to 1 July 2015 (before adopting SoRP as accounting framework) which had been accounted as income in the respective years of receipt in the income statement and transferred as surplus to unrestricted funds. Accordingly during the current year an amount equal to the deficit had been transferred from unrestricted funds to restricted funds.

Note 6.2

This deficit comprise expenses incurred from unrestricted fund balance as at 1 July 2017 on restricted projects.

7 Other income

	2018	2017
Profit on sale of property, plant and equipment	-	814,640
Interest income	16,477,575	8,092,737
Recoveries from write-offs	975,234	152,138
Net foreign exchange transaction loss	(39,328)	(13,411)
Other miscellaneous Income	5,002	104,346
	17,418,483	9,150,450

8 Administration and other operating costs

	2018	2017
Establishment cost	47,967,445	48,553,866
Other operating costs	8,869,683	17,571,927
	56,837,128	66,125,793

Other operating costs includes housing support service cost, repair and maintenance costs for houses constructed which were incurred out of unrestricted funds.

9 Net deficit before income tax

The following items have been charged in arriving at net deficit before income tax:

	2018	2017
Directors' emoluments	-	-
Auditors' remuneration	700,000	635,029
	-	-
Depreciation charge on property, plant and equipment (Note 12)	6,061,153	7,424,741
Staff costs (Note 11)	84,581,949	73,162,975
Provision for impairment - home owner receivables	-	801,610
Professional services	1,293,796	1,170,290

10 Taxation

Effective from 1 April 2011, the Company was liable to income tax at the rate of 28% on 3% of grants received as per Section 102 of Inland Revenue Act, No. 10 of 2006. In addition to the tax on the grants received, interest and other income, if any, are liable for income tax at the rate of 10%.

As explained in Note 1.1 to the financial statements, the Company had been registered as a Non Governmental Organisation with the Secretariat Branch of the Inland Revenue for the purposes of applying for remission of income tax from the Commissioner General of Inland Revenue and applied for remission in respect of the Year of Assessment 2016/2017. The Inland Revenue had granted remission of 76.85%, 88.75% for 2014/15, 2015/16 respectively. Income tax remission in respect of the current year (Year of assessment 2017/2018) have not been filled with the Inland Revenue and the Company intend to submit those requisitions on the due dates specified in the Income Tax Act.

10 Taxation (Contd)

	2018	2017
Tax charge for the year net of over provision (see note below)	3,726,859	1,377,411
	<u>3,726,859</u>	<u>1,377,411</u>
	2018	2017
Income tax on grants received during the year	6,009,181	2,899,252
Tax on other income		
Disposal profit on property-plant and equipment	-	81,464
Other miscellaneous Income	500	10,435
Recoveries from write-offs	97,523	15,214
Application fee	-	-
Special event income	-	7,760
Sales of home	-	-
	<u>6,107,204</u>	<u>3,014,125</u>
Adjustment for over provision in respect of previous year	(2,380,345)	(1,636,714)
	<u>3,726,859</u>	<u>1,377,411</u>

11 Staff costs

	2018	2017
Wages and salaries	71,268,031	59,731,674
Other employee benefits	1,477,740	1,120,074
Defined contribution plans	9,193,374	7,792,263
Defined benefit obligations (Note 16)	2,642,803	4,518,964
	<u>84,581,949</u>	<u>73,162,975</u>

Average monthly number of persons employed by the Company during the year:

Full time	82	77
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12 Property, plant and equipment

	Freehold land	Building	Warehouse and construction equipment	Office equipment	Computer hardware	Motor vehicles	Total
At 01 July 2016							
Cost	4,333,000	1,327,102	207,394	4,704,721	4,914,262	15,972,685	31,459,164
Accumulated depreciation	-	(1,138,520)	(207,394)	(2,712,963)	(3,792,579)	(4,259,301)	(12,110,757)
Net book amount	4,333,000	188,582	-	1,991,758	1,121,683	11,713,384	19,348,407
Year ended 30 June 2017							
Opening net book amount	4,333,000	188,582	-	1,991,758	1,121,683	11,713,384	19,348,407
Additions / transfers: Cost	-	-	-	3,945,385	3,347,550	4,747,800	12,040,735
Disposals / transfers : Cost	-	-	(60,144)	(320,060)	(740,650)	(2,821,145)	(3,941,999)
Accumulated depreciation	-	-	60,144	320,060	720,650	2,451,053	3,551,907
Depreciation charge (Note 9)	-	(132,710)	-	(1,014,619)	(2,080,030)	(4,197,382)	(7,424,741)
Closing net book amount	4,333,000	55,872	-	4,922,524	2,369,203	11,893,710	23,574,309
At 30 June 2017							
Cost	4,333,000	1,327,102	147,250	8,330,046	7,521,162	17,899,340	39,557,900
Accumulated depreciation	-	(1,271,230)	(147,250)	(3,407,522)	(5,151,959)	(6,005,630)	(15,983,590)
Net book amount	4,333,000	55,872	-	4,922,524	2,369,203	11,893,710	23,574,309
Year ended 30 June 2018							
Opening net book amount	4,333,000	55,872	-	4,922,524	2,369,203	11,893,710	23,574,309
Additions / transfers: Cost	-	-	-	143,925	977,700	-	1,121,625
Disposals / transfers : Cost	-	-	-	(758,542)	(210,460)	-	(969,002)
Accumulated depreciation	-	-	-	426,576	183,627	-	610,203
Depreciation charge (Note 9)	-	(55,872)	-	(941,338)	(659,322)	(4,404,621)	(6,061,153)
Closing net book amount	4,333,000	-	-	3,793,145	2,660,749	7,489,089	18,275,982
At 30 June 2018							
Cost	4,333,000	1,327,102	147,250	7,715,429	8,288,402	17,899,340	39,710,523
Accumulated depreciation	-	(1,327,102)	(147,250)	(3,922,284)	(5,627,653)	(10,410,251)	(21,434,540)
Net book amount	4,333,000	-	-	3,793,145	2,660,749	7,489,089	18,275,983

13 Investments

	2018	2017
Investments in fixed deposits	29,086,203	31,489,081
	<u>29,086,203</u>	<u>31,489,081</u>

Investments in fixed deposits include fixed deposit balance at Commercial bank and Hatton National Bank as of the year end.

14 Prepayments and other receivables

	2018	2017
Deposits and receivables	5,614,570	3,890,070
Advances	518,444	682,501
Other receivables	10,077,702	9,590,372
	<u>16,210,716</u>	<u>14,162,943</u>

(a) Deposits and receivables mainly consist of refundable rent deposits made for project offices & National Office amounting to Rs 1,227,500 (2017 - Rs 1,010,000) and prepayment for the National Office & Project offices amounting to Rs 4,013,000 (2017 - Rs 2,250,000).

(b) Advances comprise 1/3 of medical insurance recoverable from employee amounting to Rs. 416,944 (2017 - Rs 523,000), business advances receivable from employees amounting to Rs 15,000 (2017 - Rs 55,000) and loan receivable from employees of Rs 86,500 (2017 - Rs 104,500).

(c) Other receivables mainly comprise fund receivable in respect of Indian Housing Project-Phase 02 and Plantation of Rs 3,530,100 (2017 - Rs 1,056,395), interest receivable for fixed deposit of Rs. 512,563 (2017 - Rs 636,745), and receivable from EU Consortium Rs. 4,278,782 (2017 - Nil).

15 Cash and cash equivalents

	2018	2017
Cash in hand	370,000	370,000
Cash at bank	32,413,062	29,986,978
	<u>32,783,062</u>	<u>30,356,978</u>

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	2018	2017
Cash and bank balances	32,783,062	30,356,978
	<u>32,783,062</u>	<u>30,356,978</u>

16 Defined benefit obligation

The movement during the year is as follows:

	2018	2017
At beginning of year	11,386,534	6,867,570
Current service cost (Note 11)	2,642,803	4,518,964
Benefits paid	(987,925)	-
At end of year	<u>13,041,412</u>	<u>11,386,534</u>

The defined benefit obligation represents only the legal liability as per the Gratuity Act, No:12 of 1983 computed from the year of commencement of employment and is not actuarially valued or externally funded.

17 Creditors and other payables

	2018	2017
Accrued expenses	140,000	410,752
EPF, ETF and PAYE payable	-	31,892
Accounts payable	1,051,158	4,721,013
Other payables	-	316
	<u>1,191,158</u>	<u>5,163,973</u>

- (a) Accrued expenses mainly consist of utility payables such as telephone, electricity and water in respect of services obtained.
- (b) Accounts payable mainly consist of annual audit fee payable Rs 700,000 (2017 - Rs 635,029) and other miscellaneous payables Rs 351,158 (2017 - Rs 547,575).

18 Funds

The movement in unrestricted and restricted funds are as follows:

a) Unrestricted Reserves / Funds

	2018	2017
Balance at beginning of the year	36,461,149	75,061,740
Deficit in operating activities	(18,580,817)	(50,734,774)
Transferred from restricted funds (Note (b) below)	159,445	12,134,183
Transferred to restricted funds (Note (b) below)	-	-
Last year income tax portion	176,265	-
Balance as at year end	<u>18,216,042</u>	<u>36,461,149</u>

b) Restricted Funds

	2018	2017
Balance as at beginning of year	41,085,047	61,615,428
Funds received / receivable during the year	688,213,163	316,342,975
Transferred to unrestricted funds (Note (a) above)	(159,445)	(12,134,183)
Transferred from unrestricted funds (Note (a) above)	-	-
Transferred to statement of comprehensive income (Note 06)	(674,444,880)	(324,739,173)
Balance as at year end	<u>54,693,885</u>	<u>41,085,047</u>

Funds (Contd)

b) Restricted Funds

Project	Balance b/f	Funds received / receivable during the year	Transferred as incoming resources	Transferred (to) unrestricted funds	Transferred (to) / from other projects	Balance c/f
Cleaning of 1600 wells & 5 Pre-Schools-Cent & East	1,066,387	-	-	-	-	1,066,387
Indian Embassy houses	22,207,241	-	-	(169,655)	-	22,037,586
Indian High Commission-Plantation		4,884,806	(4,884,806)	-	-	-
Construction of Water Tank & Connections	2,948,262	(166,056)	(1,859,451)	-	-	922,755
Homes not Houses: Building Sustainable Future	11,658,702	617,138,925	(605,334,475)	-	-	23,463,152
Indian Embassy Houses -East Phase 2	-	9,772,000	(9,394,339)	-	-	377,661
Yatyanthota two house-DR	1,290,286		(1,290,286)	-	-	-
Designated funds - Disaster & response	1,914,169	1,343,860	-	-	-	3,258,029
Kaluthara 37 Houses Project	-	51,968,000	(50,101,628)	-	-	1,866,372
Kelaniya 1 house Project	-	978,000	(988,210)	10,210	-	-
HNB Watsan Project	-	800,000	(591,685)	-	-	208,315
Mercy House Renovation Project	-	1,493,628	-	-	-	1,493,628
Total	41,085,047	688,213,163	(674,444,880)	(159,445)	-	54,693,885

19 Contingencies

(a) Contingent liabilities

The Company is registered with the Secretariat Branch of the Inland Revenue and is entitled to apply for remission of income tax from the Commissioner General of Inland Revenue under Section 102 of the Inland Revenue Act, No. 10 of 2006 on the grounds that the Company is engaged in:

a) rehabilitation and the provision of infrastructure facilities and livelihood support to displaced persons in any area identified by the Government for such purposes; and b) in other activities approved by the Minister as being humanitarian in nature, taking into consideration the nature and gravity of any disaster and the magnitude of relief consequently required to be provided,

The Company intends to appeal to the Department of Inland Revenue and obtain remission of taxes payable, in respect of Years of Assessments 2016/2017 and 2017/2018.

In the event the Company fails to obtain remissions from the Commissioner General of Inland Revenue for the Year of Assessment 2017/2018, it will be liable to tax on the basis specified explained in Note 10 on the grant income at the stipulated rate.

Other than the above there were no material contingent liabilities or pending litigation outstanding as at 30 June 2018.

(b) Contingent assets

In the event the company is able to obtain a remission from the Commissioner General of Inland Revenue for the Year of Assessment 2017/2018, it will be entitled to a tax remission on the basis specified explained in Note 10 on the grant income at the stipulated rate.

20 Commitments

Capital commitments

There were no material capital commitments outstanding at the balance sheet date.

Financial commitments

There were no material financial commitments outstanding at the balance sheet date.

21 Directors' interest and related party transactions

21.1 The directors during the financial year were ;

Mr. Rosanth Lakshan Madurasinghe
Ms. Amila de Mel
Mr. Revanke de Silva
Mr. Eardley Perera
Prof. W. Priyan Solomon Dias
Mr. Rajith Stephan Fernando
Mr. Christopher M. Anthonisz

Ms. Manjula Mathews
Pastor Neroshan Perera
Dr. Ravi Fernando
Mr. Ernesto Castro
Mr. Shanek Fernando
Mr. Chanaka De Silva (Appointed on - 29.09.2017)
Mr. Rohan T. Fernando (Term ended on - 30.07.2017)

21 Directors' interest and related party transactions (Contd)

21.2 The National Organisation is affiliated with Habitat for Humanity International (HFHI)-USA, through the National Affiliation agreement. However it is incorporated by "Guarantee" in the Register of Companies (ROC) - Sri Lanka.

Mr. Ernesto Castro, Director-Regional Program-HFHI-Asia Pacific, represents HFHI Asia Pacific Region, as a Director in the National Board of Habitat for Humanity Sri Lanka.

21.3 Following are the grants which have been received during the period through the Global Habitat for International (HFHI) countries for project and administrative activities.

Project / programme		Funds/grants received	
		2018	2017
Global village programme-	HFHI-HQ	749,183	4,753,088
	Grant Funding Networks countries (GFN)	17,364,038	-
Capacity Development	HFHI-HQ	11,568,500	16,651,748
EU Project	Grant Funding Networks countries (GFN)	617,138,925	199,860,491
JOAC	HFH-GB	-	18,661,750
Al-waleed	HFH-HQ	-	80,648,210
	-	646,820,646	320,575,287

Except for above, none of the directors were directly or indirectly involved in any contracts with the Company during the year ended 30 June 2018.

22 Events after the reporting period

No events have occurred, since the balance sheet date which would require adjustments to, or disclosure in the financial statements.

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Main Photographers

Melissa Jayasuriya

Kaavya Pathirana

Rashmika Palugaswewa

Christopher Schokman

Francis Fernando

Hemaanandth Vilvarajah

Lipton Jayawickrama - Shade Tree Productions

Content Writers:

Melissa Jayasuriya

Kaavya Pathirana

Graphic Design, Layout and Content Publisher:

Melissa Jayasuriya



Corporate Information

Name of Company

Habitat for Humanity Sri Lanka

Legal Form

Voluntary Social Service Organization
Guarantee Limited Company

Registered Address

42/14 Ananda Coomaraswamy Mawatha,
Colombo 03
Sri Lanka

Company Secretary

Accounting Systems Secretarial Services (Private)
Limited

Auditors

PricewaterhouseCoopers
100, Braybrooke Place
Colombo 2
Sri Lanka

Bankers

Commercial Bank
Commercial House,
21, Sir Razik Fareed Mawatha
P.O. Box 856
Colombo1
Sri Lanka



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