



**Habitat
for Humanity®**
Sri Lanka

Annual Report 2023

July 1, 2022 - June 30, 2023



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.**



Message from Board President

In what has been yet another challenging year for Habitat for Humanity, following the economic turmoil experienced in the preceding year, our operations although limited, continued to focus on our mission of 'building homes, communities and hope'. I am pleased to share this brief message and reflection as President of the Board of Directors, for the year ended June 2023, where Habitat's program was limited to a few programs related to housing and emergency response.

'I didn't know what I should do when my little ones fell sick suddenly, or when our utility bills kept piling up each month. I'm so thankful now, thanks to these funds, I'm able to pay our monthly electricity and water bills, and securely pay my children's school fees.' - A housing beneficiary from Kimbulapitiya, Negombo, Charika Jeewanthi Fernando's testimony says it all. She and her family was one of over 300 low-income families who received desperately needed cash to meet the family's most essential needs during the year still reeling from the after-effects of the economic turmoil in 2022. Through a generous grant received from People-In-Need, a Czech-based community development organization, Habitat Sri Lanka was able to provide an unconditional grant of Rs. 12,000 for a period of 4 consecutive months, under its Humanitarian Cash Assistance Program to help poor families during the crisis. I am pleased to report the success and impact of this program, which also highlighted our ability to change gears in response to crisis situations.

The limited direct housing interventions only commenced in the 3rd quarter of the year, with the commencement of the Year III of the GRACE incremental homes project in Katana, Gampaha District. Thanks to the commitment of our UK-based donor, Saffery Read, eight deserving families were facilitated by Habitat Sri Lanka to commence construction of their incremental homes consisting of a living room and toilet, in April.

"Out of 15 years of our marriage, we lived in rented houses for 14 years. We were unable to build a house due to our economic condition. With Habitat's facilitation, we received a new home. We expect to move into our new home in the near future. This is actually a huge opportunity for us." - Manjula Dhamayanthi, a mother of 2 children who lives with her spouse and mother shared her aspirations with Tony Saffery and Emily Read during their visit to the families. Although small numbers, the broader impacts of housing are inevitable, and I am pleased that Habitat was a trusted facilitator in this process.

With a glimpse of what is possible, when generous and committed people come together to build homes, communities and hope, I am optimistic and hopeful, that Habitat Sri Lanka can play a pivotal role in contributing to address the housing deficit in our country despite the gloom. There is light at the end of the tunnel, and I am hopeful we can sustain the organization to serve more families like those of Charika and Manjula in the coming year.

I thank all our donors, home-partners and government stakeholders for being part of the journey with us. Together with the Board of Directors, I am deeply grateful to the tireless work of our committed staff and Habitat for Humanity International for holding our hands during this challenging year.

To all those who know us and to those interested in Habitat's work, come help us facilitate building homes, communities and hope!



Manjula Mathews
President - Board of Directors

Message from National Director

Housing is a basic right. When it is respected, it inevitably ensures several other rights such as the right to health, education, water and sanitation, security, human dignity and the right to life amongst others. Article 25 (1) of the Universal Declaration of Human Rights (UDHR) clearly recognizes that 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control'.

As I reflect on the year gone by, when a majority of our population continued to endure unprecedented hardship and suffering from the effects of the 2022 economic collapse, the right to decent and safe housing was neither a topic of interest nor a priority for many. Food, health and a livable income were the foremost in the minds of the people who toiled by the day to make ends meet. With the construction industry one of many sectors at a standstill, little or no house building was evident by the government or other actors in the housing space in the country. It was therefore not surprising for Habitat for Humanity to experience a serious dip in new home building activities until the second half of 2023.

The calendar year began with the important post project Evaluation conducted by a team of EU external Evaluators, of the European Union funded "Homes Not Houses", the major housing & resettlement program successfully completed by Habitat for Humanity Sri Lanka in June 2021, in the districts of Killinochchi, Mullaitivu and Batticaloa. The final project evaluation results rated a high or strong degree of achievement in the projects' outcomes in terms of effectiveness, efficiency, sustainability and impact amongst other evaluation criteria.

During the first three quarters ending March 2023, we were able to successfully complete the construction of 23 new incremental homes funded by Habitat for Humanity International (HFHI) under the MERCY & RESILLIENCE Projects respectively and the OASIS Housing Project funded by a local mission in Poothanvayal, Mathavalasingankulam in the Mulliyavalai Divisional Secretariat Division, Mullaitivu for ten deserving home-partners.

This 'agency-driven' project was directly managed by Habitat for Humanity Sri Lanka and contributed to the local economy through use of local labor, local production of housing materials such as cement-sand blocks, carpentry and procurement of other building materials locally.

The limited housing interventions during the fiscal year under review, primarily focused on our multi-year GRACE incremental homes project in Katana, Negombo in the Gampaha district and the expansion of three (3) incremental homes under the locally funded 'Brick-by-Brick' Campaign also in Negombo. The highlight of the GRACE Project was the visit by its donors, Saffery Read, to witness first-hand the housing need and conditions of the vulnerable, Habitat's construction methodologies and the use of sustainable building materials. The visit served as a pivotal moment for review of Habitat's 'incremental' housing model and its viability in the context of the country's economic crisis and its implications on the homeless.

Our engagement in the Government of India funded Indian Housing Program for the Plantation communities was restored in March 2023 with agreement to an increased grant size for the six (6) remaining homes in the Haagalla Estate, Kandy suspended in 2022 due to the cost escalations. The completion of these homes later in 2023 will signify the successful construction of 265 new homes in Phase III and the conclusion of our Partnership with the Government of India Housing program.

What does the future hold for us and the seeming increasing housing deficit in Sri Lanka? The housing need is great, yet the response to the need is limited, particularly in the context of the continuing challenges in the economy. For Habitat for Humanity, the challenge remains hugely the absence of significant financial resources to address the growing demand for housing among the homeless. Donors, be they individual, corporate or institutional, have little or very low interest or priority, while public calls for direct housing interventions is neither the norm.

Therefore, the current reality demands a change in our approach and mindset to be more creative and effective in our programming and resource development. The rollout of HFHI's Theory of Change, Programming Framework and an innovative future country strategy around 'build' and 'influence' if developed, gives us hope that we can co-create effective solutions that reduce the inequalities in the housing ecosystem through partnering with people, private & public sector and civil society.

To all our donors local and global, we are extremely grateful for your invaluable contribution to the cause of housing and the trust placed in Habitat for Humanity to deliver our promise of decent and affordable housing. To our home-partners, we are humbled by your steadfast patience and unwavering hope in seeing your dream of a place called 'home' come true amidst the delays and operational challenges we faced during much of the year. To our staff – I say a big 'thank you' for your commitment to quality and consistently delivering on time. Lastly but most importantly, I am grateful to the Board of Directors for their leadership and investment of time, talent and treasure in effectively governing the organization and living out our core values of humility, courage and accountability.

To all our supporters and those passionate about the outcomes of meeting this basic need, I invite you to come, learn and join us for the cause of decent and affordable housing!



YU Hwa Li
National Director

“ *To own a home or a house is a basic human right and if that basic human right can be fulfilled many other rights will automatically be enhanced, especially among the most vulnerable. Today in Sri Lanka we have many families who do not have adequate and safe shelter. Come join us to build homes, communities and hope.* ”



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IMPACT DASHBOARD

Non housing emergency response

1362
Families

4
Districts

32.75 Million
LKR

“

I didn't know what I should do when my little ones fell sick suddenly, or when our utility bills kept piling up each month. I'm so thankful now, thanks to these funds, I'm able to pay our monthly electricity and water bills, and securely pay my children's school fees.

”

Charika Jeewanthi



Access to housing

22
Homes

77
Individuals

45.47 Million
LKR

“

Sometimes our roofing sheets are blown away by strong winds, especially during rainy days, and water would seep into our home because we didn't have a concrete floor.

”

Sandali, 21 years old



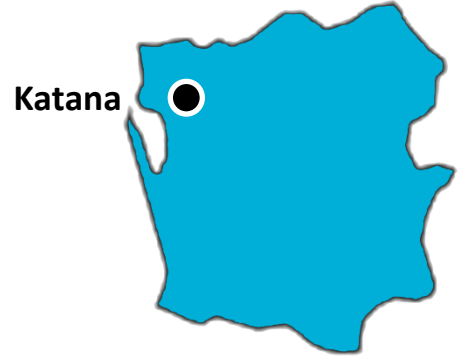
Access to secure housing

GRACE PROJECT - PHASE III

Eight incremental homes were constructed in the Katana Divisional Secretariat division in the Gampaha district under the 3rd phase of the GRACE project. This 5-year housing project began in 2019 with the support Saffery Read from the UK.

Based on the learning from the EU “Homes not Houses” project implemented by HFH Sri Lanka from 2017 to 2021, this project adopts CSEB (Compressed Stabilized Earth Blocks) technology as the primary wall building material for the construction of these homes.

Gampaha District



“We didn’t have door locks and windows in our previous house. But now, my sister will be safer in a new house.”

Ruwan, 17 years old



“Out of 15 years of our marriage, we lived in rented houses for 14 years. We were unable to build a house due to our economic condition. With the help of Habitat, we have a new home. This is actually a huge opportunity for us.”

Manjula Dhamayanthi

“**Luck favored us through my daughter**”

"Luck favored us through my daughter," said Wimalsiri, who resides in Horahena village in Katana. He has a 9-year-old daughter, Savindi, and a 14-year-old son, Induwara. He used to pluck coconuts for a living, but after an accident, his left leg was injured. The leg was fixed with an iron plate, and since then, he can't climb trees or perform laborious work.

“**I can't even walk a short distance. If I do, my leg becomes swollen with pain. Now I stay at home, taking care of my children. My wife, Shanthi, works in a coir factory as a daily wage worker. However, she doesn't have work every day and only receives 1000 rupees per day. We manage somehow with her earnings.**”

Wimalsiri lived with his family in a house with minimal facilities. Due to their economic situation, they could not even think of building a proper house.

“**I couldn't continue my studies since my father died when I was a kid. But I need to provide a proper education to my children despite whatever difficulties we have.**”

“**None of our neighbors believed me when I said that I was selected to be a recipient of a new home. But when the foundation was being laid, they got to see it with their own eyes. I can't believe this. I think this has happened because of my daughter's fortune.**”

Wimalsiri wants a better life than the present, but his physical condition is a bottleneck for his dream. The new home gives hope to him and his family for a fresh start.



OASIS PROJECT

The “OASIS Housing Project” is a Housing Project supported by a local mission and implemented by Habitat for Humanity Sri Lanka. The Project constructed ten (10) houses for low-income/ marginalized families with safe permanent shelter. The primary objective of this project was to empower impoverished families, some of them who are female-headed or widows, to uplift their quality of life by providing them with safe and decent homes.

The new homes were built in the village of Poothanvayal, within the Grama Niladhari Division of Mathavalasingankulam, in the Maritimepattu Divisional Secretariat Division, District of Mullaitivu. The ten homes consisted of two (2) types – Eight (08) homes of 550 sq. ft. in extent, inclusive of two bedrooms, a living room, a kitchen and toilet and Two (02) homes of 282 sq. ft. in extent, inclusive of one bedroom, toilet and kitchen.

The Project has been implemented under the ‘agency-driven’ model, wherein Habitat for Humanity Sri Lanka procured the services of local construction labour and the construction materials while providing technical supervision and monitoring to ensure quality control.

In addition to the housing project the need for a common toilet facility in a neighboring community of Venavil in the Puthukkuduyirippu DS Division was met with nearly 30 families provided access to improved water and sanitation facilities.



Mullaitivu District



“ I want to see them grow up with everything they ever dreamed of ”

Keetha and her two children, Krishanthini (7) and Kishor (5) live with her in-laws, while her husband is a mason who works mainly in construction sites in Colombo, and therefore is away for most of the time. He only visits home once in two months. This leaves her as the primary caretaker of her children. They are originally from Kandy and have been living in temporary shelter in Poothanvayal since 2019. Their temporary shelter was not safe, especially during the rainy season.

Krishanthini has aspirations to become a teacher one day and loves to learn in school. Kishor has big dreams of becoming a pilot. Keetha's greatest wish is to be able to support these dreams of theirs.

They now have a safe shelter from the troublesome rains. Keetha's family is also able to save more money now, as they had to previously expend towards repairing their temporary shelter's roof when it rained heavily.

During the power cuts, they were at risk from insects and serpents, who could easily enter their temporary shelter. In their new home with lockable doors, they feel much safer. Having a large extended family as well, this new home has brought them even closer together.

Keetha feels her greatest happiness is that her children now have a spacious, stable environment to live and learn in.

“ My children are the light of life; seeing them live with comfort and stability has been my one true wish and this has finally come true. I want to see them grow up with everything they ever dreamed of. ”

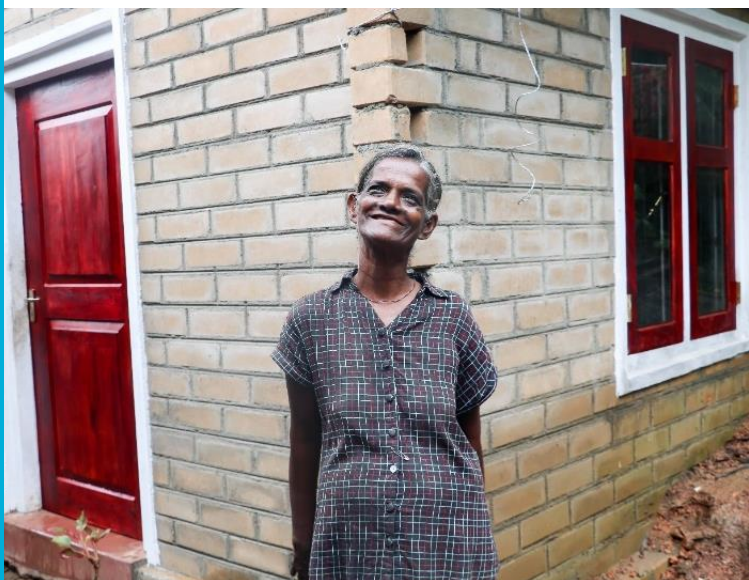


The “Brick By Brick” Campaign

In our relentless pursuit of providing secure and permanent housing solutions to low-income and vulnerable families living in sub-standard and temporary shelters, Habitat for Humanity has been implementing the 'Brick-by-Brick' campaign, an incremental home building model. This transformative initiative aims to break the cycle of housing instability and empower families to build better futures.

In 2023, we are thrilled to share the completion of three more homes under the 'Brick-by-Brick' campaign, thanks to the benevolence of our dedicated donors, Professor J. L. Hutton and Mr. A.D. Perera. These homes, situated in Negombo, Sri Lanka, stand as beacons of hope, offering solace and security to families previously living in inadequate conditions. This accomplishment highlights the power of collective effort and demonstrates that, together, we can truly make a difference in the lives of those most in need.

The 'Brick-by-Brick' campaign is more than just bricks and mortar; it's about building brighter futures and fostering positive change in the world. As we move forward, we remain committed to expanding our reach, transforming more lives, and making a lasting impact on the communities we serve. With the unwavering support of our donors and the dedication of our team, we look to the future with optimism and determination, ready to build many more secure and permanent homes for those who deserve them most.



“ Move from a rented place to a permanent home with new hopes... ”



Anne Thushari is the mother of five sons and is a housewife, while her husband, Anthony, works as a fisherman, engaging in fishing every day except on Sundays. Among her sons, three have already completed their education and two are employed, while the other two are still pursuing their education. The family has been residing in rented houses for the past 18 years.

Anne reflects, “ *I have lost count of the rented houses we've lived in. If it weren't for the generosity of a good-hearted person and Habitat's facilitation in making our own home a reality, we would still be stuck in rented accommodations, as we lack the money to construct a house of our own.* ”

Her emotional connection to the situation is palpable. Anne's primary challenge revolved around the constant need to relocate from one rented house to another.

She explains, “ *With five children, finding a rented property is difficult, and even when we do find one, the lease agreements typically span only one or two years. So, when the contract period concludes, I'm left struggling to secure a new place. It's a genuinely challenging and frustrating experience.* ”

However, the blessing of their new home has injected a fresh sense of hope into their future.

Response to Emergency Crisis

The American Chamber of Commerce in Sri Lanka (AmCham SL) and Habitat for Humanity join hands for a Humanitarian Emergency Relief program.

In response to the economic crisis in 2022, the American Chamber of Commerce in Sri Lanka supported Habitat for Humanity Sri Lanka to provide essential dry food rations to identified families amongst the most vulnerable living in the village of Nayanalokagama, Negombo. 170 families received dry food ration for two months under this intervention. This village is considered the only dedicated village for visually impaired persons in the South Asian region and families with poor shelter living in Nayanalokagama have received housing solutions previously through Habitat for Humanity Sri Lanka.



Cash grant Assistance

Support for vulnerable plantation communities

In response to the pressing economic crisis in Sri Lanka, People in Need (PIN), an international community development organization, in collaboration with Habitat Sri Lanka, made a profound impact on the lives of 1,062 of the most vulnerable plantation community families. These under-served families, residing across ten estates spanning seven Divisional Secretariat divisions in Kandy, Nuwara Eliya and Kegalle districts, received a one-time un-conditional cash grant of LKR 10,000.00 towards house-hold essentials such as food, medicines and utility costs.

Support for semi-urban communities

During the latter part of the year 2022, a similar initiative unfolded in the Katana and Ja-Ela Divisional Secretariat Divisions of the Gampaha District. Three hundred families, facing various economic challenges, were provided with a lifeline in the form of cash grants totaling LKR 48,000.00 each, disbursed over a period of 4 months.

The benevolence behind this life-changing endeavor is attributed to the generosity of several donors who recognized the importance of community support in times of crisis. Saffery Read, Alphabet Jigsaw Ireland, Bloomberg Singapore, and Habitat for Humanity Ireland all came together, demonstrating their unwavering commitment to improving the lives of those less fortunate.

This initiative not only offered financial relief but also instilled a renewed sense of hope and resilience within the community, illustrating that when communities, organizations, and compassionate individuals come together, they can create a brighter future for all.

Our commitment to Minimum Housing Quality Standards

Purpose

Habitat for Humanity International (HFHI) Housing Quality Standards are intended to:

- Set an aspirational global housing quality threshold for all families
- Serve as a benchmark for continued HFH incremental housing engagement with a family
- Serve as a global guideline for other housing providers

These standards are performance based and not a substitute for technical construction specifications. They specify the functional outcomes of HFH interventions, not the technical details of how these outcomes are achieved.

Relationship to local codes: Under most circumstances, construction that meets government codes should meet or exceed the *HFH Housing Quality Standards*. Where government codes and standards do not exist, or where such standards are less than HFHI standards, the final objective for a Habitat for Humanity engagement is to meet the HFHI standard.

These standards have been drawn from a variety of globally recognized housing standards including the Millennium Development Goals; International Residential Building codes; UN-HABITAT; and SPHERE Guidelines.

General Criteria

Habitat for Humanity Sri Lanka construction activities endeavour to meet or exceed the local codes, where applicable, and the *HFHI Housing Quality Standards* that include standards for design, durability, secure tenure, water, and sanitation.

The following definitions are based in large part on the *Sphere Humanitarian Charter and Minimum Standards in Disaster Response* standards for shelter and settlements

Definitions

1. Design

- Covered Area** – Each person in the household has a usable covered floor area of no less than 3.5 square meters (37.5 square feet) OR comprises a minimum of two rooms. If the minimum standard for usable space has not yet been met, the house is situated so as to allow for future extension.
- Materials** – Locally sourced materials and labour are used without adversely affecting the local economy or environment and enable the maintenance and upgrading of the house using local tools and resources.
- Location** – The house is safely located; risks from natural hazards including earthquakes, volcanic activity, landslides, flooding or high winds are minimized, and the area is not prone to diseases or significant vector (disease carrying agents) risks.



Habitat for Humanity Sri Lanka consistently adheres to this standard in our incremental and full house models. Through home-owner-driven and/or agency-driven-models often used, we ensure materials and construction services are sourced locally. Our experience shows that significant cost savings too can be achieved through this approach.

In addition, wherever possible and with the full consent of home-partners, Habitat for Humanity Sri Lanka actively promotes the use of 'appropriate technology' materials and building techniques to ensure we are contributing to sustainability. Appropriate technologies used include: the use of sustainable materials such as 'Compressed Stabilized Earth Blocks (CSEB) for super structure, pre-cast door and window frames, uPVC roofing solutions and floor concreting using debris material.

We prioritize risk assessment at the very outset of any construction activity, especially locations which are either flood-prone or landslide-prone. Raised foundations are used to mitigate flood risks, while relevant government approvals are obtained in the case of locations prone to landslide or earth slips, particularly in mountainous areas.

2. Durability

- a. **Disaster Mitigation** – In disaster prone-areas, construction and material specifications mitigate against future natural disasters.
- b. **Safety** – Structural materials are durable enough to allow safe refuge and exit in case of a natural disaster.

Habitat for Humanity Sri Lanka housing designs incorporate features such as cemented roof bands and steel anchoring of roofs with walls to reinforce durability, mitigate disaster and enhance safety.

3. Secure Tenure

- a. **Tenure** – Land and property ownership and/or use rights for buildings or locations are established prior to occupation and permitted use is agreed as necessary. Where use rights do not exist, there is de facto protection against evictions.

Tenure and/or land ownership is a critical requirement for Habitat for Humanity Sri Lanka prior to undertaking any home construction activity. We ensure availability of legal documents confirming land ownership, seek local government approvals for building plans to ensure compliance.

4. Water

- a. **Quality** – Water is palatable, and of sufficient quality to be drunk and used for personal and domestic hygiene without causing significant risk to health
- b. **Access and Quantity** – Safe and equitable access to and/ or adequate storage of sufficient quantity of water for drinking, cooking and personal and domestic hygiene. Public water points are sufficiently close to households to enable use of the minimum water requirement.

Habitat for Humanity Sri Lanka ensure compliance with the above standards and where-ever needed advocate and influence relevant government institutions to ensure such basic-services are prioritized.

5. Sanitation

- a. **Access to toilets** – Communities have adequate numbers of toilets, sufficiently close to their dwellings, to allow them rapid, safe and acceptable access at all times of the day and night.
- b. **Design, construction and use of toilets** – Toilets are sited, designed, constructed and maintained in such a way as to be comfortable, hygienic and safe to use.
- c. **Drainage** – Dwelling has an environment in which the health and other risks posed by water erosion and standing water, including storm water, floodwater, domestic wastewater and wastewater from medical facilities, are minimized.

Habitat for Humanity Sri Lanka consistently meets this standard in all its housing interventions and complies with local government standards for sanitation. Toilets include water-tight septic tanks and soakage pits to minimize environmental risks, while all housing intervention include a component of water, sanitation & hygiene awareness program facilitated by the local Public Health Inspectors (PHI) for the families served to promote family & community health wellbeing.

Local Volunteer Builds

International Volunteer Day 2022

Habitat for Humanity Sri Lanka commemorated International Volunteer Day 2022 on December 5, by laying the foundation for one home in Kadirana, Negombo.

HE the US Ambassador in Sri Lanka, Julie Chung, along with representatives from the U.S. Embassy in Colombo, Sri Lanka, and Habitat for Humanity Sri Lanka goodwill ambassador Lakshan Madurasinghe, as well as individual donors, participated in this volunteer build.



The First Capital Volunteer Build 2023



Ten volunteers from First Capital Holdings PLC engaged in a one-day volunteer build program on September 1, in Labuduwa, Galle, Sri Lanka. They supported the laying of the foundation for a new home. First Capital Holdings PLC, is a corporate donor to Habitat for Humanity Sri Lanka and supported the construction of six homes in southern Sri Lanka.

Financial Statement

HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE)
LIMITED

FINANCIAL STATEMENTS
30 JUNE 2023



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

FINANCIAL STATEMENTS - 30 JUNE 2023

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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 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 2023, and of its financial performance and its 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 Company's financial statements comprise:

- the statement of financial position as at 30 June 2023;
- the statement of financial activities for the year then ended;
- the statement of changes in accumulated funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics.

Other information

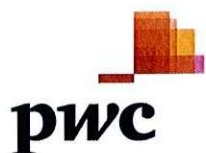
Management is responsible for the other information. The other information comprises the annual report of the board but does not include the financial statements and our auditor's report thereon. The annual report of the board is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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Independent auditor's report

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

Report on the audit of the financial statements (Contd)

Other information (Contd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report of the board, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the Statement of Recommended Practice for Not-for-Profit Organizations 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 judgement and maintain professional scepticism 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.



Independent auditor's report

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

Report on the audit of the financial statements (Contd)

Auditor's responsibilities for the audit of the financial statements (Contd)

- 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

COLOMBO

13 October 2023.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Statement of financial activities

(all amounts in Sri Lanka Rupees)

	Note	Year ended 30 June	
		2023	2022
Project income			
Incoming resources	5	91,238,391	74,759,751
Total project income		91,238,391	74,759,751
Project expenditure			
Direct project cost	6	(69,789,410)	(48,844,526)
Direct project staff cost	6	(8,043,278)	(21,409,839)
Indirect project cost	6	(14,588,628)	(10,017,363)
Total project costs		(92,421,316)	(80,271,728)
Net deficit on project activities		(1,182,925)	(5,511,977)
Grants-unrestricted funding	5	29,452,214	26,101,169
Other income	7	17,306,055	3,705,051
Administration and other operating costs	8	(24,097,929)	(24,673,557)
Net surplus / (deficit) before income tax		21,477,415	(379,314)
Income tax credit/ (charge)	10	(7,604,897)	3,037,721
Net surplus after income tax		13,872,518	2,658,407

The notes on pages 8 to 22 form an integral part of these financial statements.

Independent auditor's report on pages 1 - 3



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Statement of financial position

(all amounts in Sri Lanka Rupees)

	Note	As at 30 June	
		2023	2022
Assets			
Non current assets			
Property, plant and equipment	12	4,347,602	4,370,178
Investments	13	60,321,155	32,881,763
		<u>64,668,757</u>	<u>37,251,941</u>
Current assets			
Prepayments and other receivables	14	4,546,022	4,128,282
Cash and cash equivalents	15	14,803,654	42,749,193
		<u>19,349,676</u>	<u>46,877,475</u>
Total assets		<u>84,018,433</u>	<u>84,129,415</u>
Funds and liabilities			
Funds			
Unrestricted funds	19	34,779,837	20,907,319
Restricted funds	19	33,913,630	54,504,528
Total funds		<u>68,693,468</u>	<u>75,411,847</u>
Non current liabilities			
Defined benefit obligations	16	6,212,559	4,716,028
Current liabilities			
Income tax payable	17	7,263,764	1,125,672
Creditors and other payables	18	1,848,643	2,875,869
		<u>9,112,407</u>	<u>4,001,541</u>
Total liabilities		<u>15,324,966</u>	<u>8,717,568</u>
Total funds and liabilities		<u>84,018,433</u>	<u>84,129,415</u>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.


Head of Finance

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 13/10/23.


.....

.....
Directors

The notes on pages 8 to 22 form an integral part of these financial statements.

Independent auditor's report on pages 1 - 3

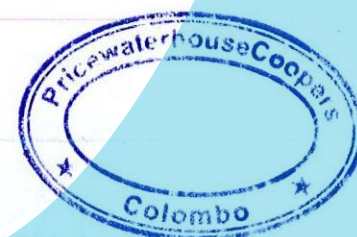


HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Statement of changes in accumulated funds

(all amounts in Sri Lanka Rupees)

	Note	Restricted funds	Unrestricted funds	Total Funds
Balance as at 1 July 2021		48,408,376	18,248,912	66,657,288
Net surplus for the year		Nil	2,658,407	2,658,407
Funds received during the year		101,084,798	Nil	101,084,798
Funds returned during the year		(16,844,711)	Nil	(16,844,711)
Transferred from restricted funds		Nil	Nil	Nil
Funds transferred to statement of financial activities		(70,867,051)	Nil	(70,867,051)
Transferred to unrestricted funds		(7,276,883)	Nil	(7,276,883)
Balance as at 30 June 2022		54,504,529	20,907,319	75,411,848
Balance as at 1 July 2022		54,504,529	20,907,319	75,411,848
Net surplus for the year		Nil	13,872,518	13,872,518
Funds received during the year	19	77,293,332	Nil	77,293,332
Funds returned during the year		Nil	Nil	Nil
Transferred from restricted funds		Nil	Nil	Nil
Funds transferred to statement of financial activities	19	(91,238,391)	Nil	(91,238,391)
Transferred to unrestricted funds	19	(6,645,839)	Nil	(6,645,839)
Balance as at 30 June 2023		33,913,631	34,779,837	68,693,469



The notes on pages 8 to 22 form an integral part of these financial statements.

Independent auditor's report on pages 1 - 3

HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Statement of cash flows

(all amounts in Sri Lanka Rupees)

	Note	Year ended 30 June	
		2023	2022
Cash flows from operating activities			
Net surplus /(deficit) before taxation		21,477,415	(379,314)
Adjustment for:			
Depreciation charge	12	22,575	162,869
Provision for defined benefit plans	16	1,496,530	(579,536)
Interest income	7	(9,828,898)	(3,399,754)
(Gain) / loss on disposal of property plant and equipment	7	(7,508,000)	(305,297)
Fund balance adjustments to incoming resources	18	(20,590,898)	6,096,152
Net cash (outflows) / inflows before working capital changes		(14,931,276)	1,595,119
Changes in working capital			
Decrease in prepayments and other receivables	14	(417,739)	2,693,796
(Decrease) / increase in creditors and payables	17	(1,027,225)	(4,015,040)
Cash generated (used in) / from operations		(16,376,240)	273,876
Income taxes paid	10	(1,466,806)	(30,100)
Defined benefits paid	16	Nil	(5,946,525)
Net cash generated (used in) / from operating activities		(17,843,046)	(5,702,749)
Cash flows from investing activities			
Addition of property, plant and equipment	12	Nil	Nil
Proceeds from disposal of property, plant and equipment	12	11,591,550	3,104,500
Net (investments) / withdrawals from interest bearing instruments	13	(27,439,392)	(1,220,965)
Interest received	7	5,745,349	867,708
Net cash generated in investing activities		(10,102,493)	2,751,243
Increase in cash and cash equivalents		(27,945,539)	(2,951,507)
Movement in cash and cash equivalents			
At start of year		42,749,193	45,700,700
Decrease in cash and cash equivalents		(27,945,539)	(2,951,507)
At end of year	15	14,803,654	42,749,193

The notes on pages 8 to 22 form an integral part of these financial statements.

Independent auditor's report on pages 1 - 3



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

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 affordable houses to the needy families & National office located in Colombo.

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

- Habitat for Humanity International
- Habitat for Humanity - Great Britain
- Habitat for Humanity - Ireland
- First Capital Holdings Ltd
- US Partners of Operation Equip
- Livingway Mission Church
- American Chamber of Commerce in Sri Lanka
- People in Need

2 Basis of preparation

2.1 Statement of compliance

The Company's financial statements for the year ended 30 June 2023 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 statement of financial position, statement of financial activities, statement of changes in accumulated funds and the statement of 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 are presented in Sri Lankan Rupees.

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.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

2 Basis of preparation (Contd)

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 income, 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 financial activities 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 2023, and amended the financial statements accordingly as per the accounting policy stated above.

Impact of Economic Crisis in Sri Lanka

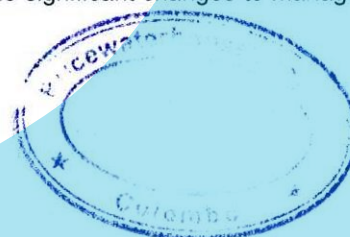
In determining the basis of preparing the financial statements for the year ended 30 June 2023, based on available information, the management has assessed the experienced, existing and anticipated effects of Country's Economic Crisis to the Company and the appropriateness of the use of the going concern basis.

The economic crisis started in early 2022 had impacted the company operation in the following manner.

- * Inability to maintain consistent costing for housing to donors
- * Construction delays due to non-availability of materials, power cuts and transportation delays, leading to additional cost of projects
- * Lack of desire to support housing by potential corporate donors
- * Third-party contractors demand for additional cost beyond contracted rates due to price escalations
- * Being compelled to move to non-construction related programming due to unsustainable housing costs and imminent & urgent relief support

Nevertheless, the above impacts were mitigated through additional project funds, design changes of housing projects, revamping towards non-construction programs such as Humanitarian Cash Assistance Program (H-CAP), Humanitarian Emergency Relief Programs (H-ERP) etc. Company evaluated the resilience of its activities considering ongoing projects, upcoming projects and availability of sources of financing facilities and the ability to continue providing services to ensure entity continue as minimum disruption in FY23.

In determining the above significant management judgements, estimates and assumptions, the impact of economic crisis has been considered as of reporting date. However, no significant changes to management judgements, estimates and assumptions were noted from the crisis.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

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 financial activities.

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 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 labour 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 financial activities during the financial period in which they are incurred.

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.

3.4 Property, plant and equipment

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

	2023	2022
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.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

3 Summary of significant accounting policies (Contd)

3.5 Receivables

Receivables are initially recognized at fair value. Subsequently they are stated at the amounts they are estimate to realise net of provision for bad and doubtful debts. 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 Investments

Investments include investments in fixed deposits which are initially measured at the transaction price being the fair value. Interest earned from these investments are credited to unrestricted fundings and shown in the statement of financial activities.

3.7 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 statement of financial position 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 financial activities.

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.

3.8 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.

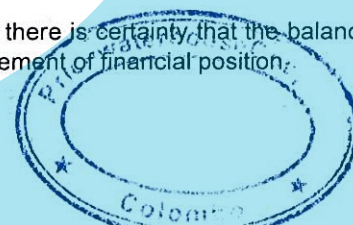
Contributions received from the general public are recognised in the statement of financial activities on a cash basis.

(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. Unutilised funds are held in their respective fund accounts and included under accumulated funds in the statement of financial position 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 recognised through receivables in the statement of financial position.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

3 Summary of significant accounting policies (Contd)

3.8 Accounting for receipts and utilisation of funds (Contd)

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

3.9 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 statement of financial position and credited to the statement of financial activities over the useful life of the asset.

3.10 Creditors and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition. Creditors and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost.

3.11 Statement of financial activities

(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 statement of financial position.

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.

(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.

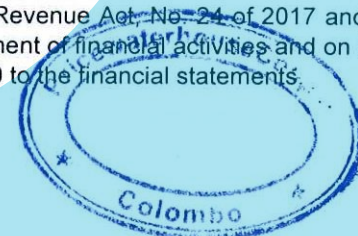
Other income is recognised on an accrual basis.

3.12 Expenditure recognition

Expenses in carrying out the projects and other activities of the Company are recognised in the statement of financial activities 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 financial activities.

3.13 Taxation

Income tax is provided in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and is based on the elements of income and expenditure reflected in the statement of financial activities and on the elements of grants received, subject to exemptions referred to in Note 10 to the financial statements.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

3 Summary of significant accounting policies (Contd)

3.14 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 in a going concern, i.e. as continuing in operation for the foreseeable future beyond FY23. 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. Nevertheless, management is in the opinion of revisiting, reviewing and streamlining the programmable and marketable high scale project proposals to ensure the sustainability of the company operation towards operational breakevens.

In FY24 and beyond, company is expecting to launch projects in the areas of ;

- * Global Volunteering / Volunteer Builds- Expected funds from HFH-International
- * Construction of New and Incremental Homes- funded by HFH-GB- USD 106,000 each in FY24 and FY25, Confirmed Local Grant LKR 27 Mn from HNWI
- * Repair of Homes of Estate Workers- Tithe Funding Project- Special Opportunities funded by HFH-International (Expected Grant size USD 185,000 in FY24)
- * Renewable Energy and Home Repairs in Urban Public Housing
- * No Roof Left Behind – Building Sustainable Homes - Resilient Families through Renewable Energy
- * Qualifying construction workers - Enhancing construction labor supply chain

Out of the above projects, values of the ongoing housing projects (Local and HFH-GB funded) in FY24 includes LKR 37.8 Mn.

5 Incoming resources

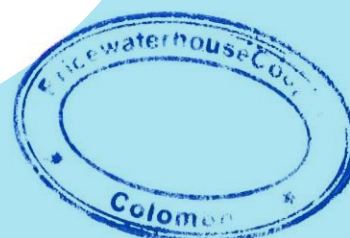
Activities in furtherance of Company's objectives

	2023	2022
Grants-Restricted Funding (Note 6)	91,238,391	70,867,051
Grants-Restricted Funding-Funds transferred from prior year balances (Note 6)	Nil	3,892,700
	91,238,391	74,759,751

Above incoming resources include restricted funds accounted based on Sri Lanka Statement of Recommended Practice for Not-for-Profit Organisations.

	2023	2022
Restricted funds for the year	77,293,332	84,240,087
Unrestricted funds for the year	29,452,214	26,101,169

Unrestricted funds mainly consist of HFHI transfers Rs. 21,517,122 (2022 - 21,677,982).



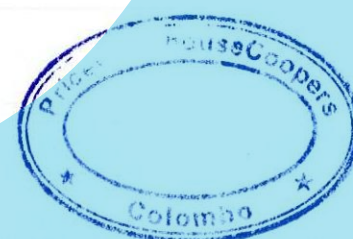
HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

5 Incoming resources (Contd)

However, the total cash funds received during the year amounting to Rs. 98,736,792 (2022 - Rs. 123,831,877) comprised as below.

Donor	2023	2022
People in Need	12,701,386	Nil
Habitat for Humanity - Ireland	3,011,200	Nil
Habitat for Humanity International	26,377,122	80,785,382
Habitat for Humanity - Great Britain	10,946,400	13,834,589
Habitat for Humanity - Netherland	Nil	1,065,428
First Capital Holdings Ltd	7,774,528	11,568,472
US Partners of Operation Equip	1,486,140	5,605,177
Livingway Mission Church	25,248,823	2,970,450
American Chamber of Commerce in Sri Lanka Corporates	4,579,000	2,900,000
Individual local donors	1,154,984	3,534,594
Online donation	5,457,209	834,420
	Nil	733,365
	98,736,792	123,831,877

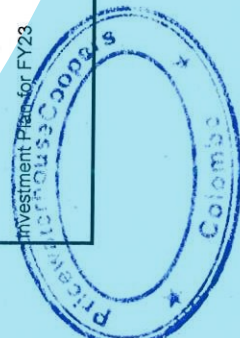


HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

6 Project activity summary

Identified project	Project Code	Transferred from restricted funds		Funds transferred from prior year balances	Total amount expended				Total cost	Surplus/(Deficit) on projects
		Organisation	Amount		Staff	Direct	Indirect	Taxes		
IHP -Plantation - Phase I (265 Houses)	LK19003	High Commission of India	251,093	Nil	(182,250)	Nil	(68,843)	Nil	(251,093)	Nil
Grace Project - Year I & III	LK21002	HFH Great Britain	8,543,793	Nil	(832,847)	(1,283,677)	(6,427,270)	Nil	(8,543,793)	Nil
Grace Project - Year II (Netherlands Funds)	LK21005	HFH Netherland	463,617	Nil	Nil	(110,667)	(352,950)	Nil	(463,617)	Nil
Brick By Brick Project - Phase II	LK22001	Local Donor	1,617,850	Nil	Nil	(214,318)	(1,403,533)	Nil	(1,617,850)	Nil
Mercy Project	LK22005	HFHI	5,596,704	Nil	(193,816)	(499,083)	(4,903,805)	Nil	(5,596,704)	Nil
Resilience Project	LK22007	HFHI	5,168,985	Nil	(1,292,739)	(534,725)	(3,341,521)	Nil	(5,168,985)	Nil
Grace Project - Year II	LK22008	HFH Great Britain	16,388,447	Nil	(843,376)	(3,065,072)	(12,480,000)	Nil	(16,388,447)	Nil
Safeguarding Capacity Building Consultancy	LK22009	HFHI	1,020,000	Nil	Nil	Nil	(1,020,000)	Nil	(1,020,000)	Nil
Nethupa House Project	LK22010	Local Donor	4,859,657	Nil	(342,750)	(1,266,410)	(3,250,498)	Nil	(4,859,657)	Nil
Post EU operations	LK22011	HFHI	1,029,628	Nil	(65,000)	(240,000)	(1,907,553)	Nil	(2,212,553)	(1,182,925)
Oasis Housing Project	LK22012	Local Donor	24,188,349	Nil	(1,408,167)	(4,244,857)	(18,535,326)	Nil	(24,188,349)	Nil
Humanitarian Cash Assistance Project (H-CAP)	LK22013	Local Donor	4,154,734	Nil	Nil	(2,225,134)	(1,929,600)	Nil	(4,154,734)	Nil
Humanitarian Emergency Relief Project (H-ERP)	LK22014	Local Donor	5,000,000	Nil	(1,114,145)	(268,500)	(3,617,355)	Nil	(5,000,000)	Nil
First Capital Housing Project - Phase II	LK23001	Local Donor	35,455	Nil	Nil	(35,455)	Nil	Nil	(35,455)	Nil
HCAP for Plantation Workers (PIN Investment Plan for FY23)	LK23004	People in Need	12,701,386	Nil	(1,768,189)	(313,196)	(10,620,000)	Nil	(12,701,386)	Nil
	LK23007	HFHI	218,692	Nil	Nil	(218,692)	Nil	Nil	(218,692)	Nil
		Total	91,238,391	Nil	(8,043,278)	(14,588,628)	(69,789,410)	Nil	(92,421,316)	(1,182,925)



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

7 Other income

	2023	2022
Interest income	9,828,899	3,399,754
Profit on disposals of property, plant and equipment	7,508,000	305,297
Foreign currency gain or loss	(30,844)	Nil
	<u>17,306,055</u>	<u>3,705,051</u>

8 Administration and other operating costs

	2023	2022
Administrative staff related expenses	23,871,403	23,584,691
Other costs	226,526	1,088,867
	<u>24,097,929</u>	<u>24,673,557</u>

Administrative staff cost mainly include back office staff salaries & payroll taxes, final payments for the resigned staffs.

Other costs mainly include unallocated administrative costs such as office running costs including rent - Rs.1,480,000 (2022- Rs 1,540,000), Professional Services Rs. 1,097,323 (2022- Rs 1,006,145), travelling Rs. 984,149 (2022- Rs 333,189), repair & maintenance-vehicle Rs. 3,830,730 (2022 - Rs.1,870,518) and repair & maintenance -others Rs. 1,324,596 (2022 - Rs. 1,212,894).

9 Net surplus / (deficit) before income tax

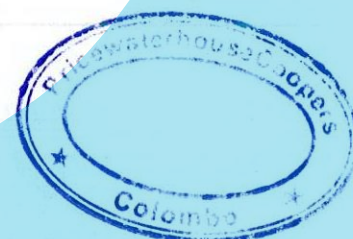
The following items have been charged in arriving at net surplus / (deficit) before income tax:

	2023	2022
Project cost	92,421,316	80,271,728
Staff costs (Note 11)	31,914,681	44,994,530
Auditors' remuneration - Audit fees	500,000	500,000
Professional services	597,323	1,246,395
Depreciation charge on property, plant and equipment (Note 12)	22,575	162,869

10 Taxation

Effective from 1 January 2023, the Company was liable to income tax at the rate of 30% on 3% of grants received as per Section 68 of Inland Revenue Act, No. 24 of 2017. In addition to the tax on the grants received, Other income, if any, are liable for income tax at the rate of 30%. (2022 - 28%)

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 2021/2022. Year of assessment 2022/2023 has not been filed with the Inland Revenue and the Company intends to submit those requisitions on the due dates as specified in the Income Tax Act.



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

10 Taxation (Contd)

	2023	2022
Tax charge /(credit) for the year (see note below)	7,604,897	(2,829,317)
	7,604,897	(2,829,317)
	2023	2022
Income tax on grants received during the year	787,846	1,040,188
Tax on other income		
Other miscellaneous income	Nil	85,483
Tax on interest income	3,097,845	Nil
Disposal income	2,252,400	Nil
	6,138,091	1,125,671
Adjustment for over provision in respect of previous year	1,466,806	(3,954,988)
	7,604,897	(2,829,317)

11 Staff costs

	2023	2022
Wages and salaries	26,652,441	41,201,463
Other employee benefits	442,760	542,853
Defined contribution plans	3,322,950	3,829,751
Defined benefit obligations (Note 16)	1,496,530	(579,536)
	31,914,681	44,994,530

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

Full time	14	18
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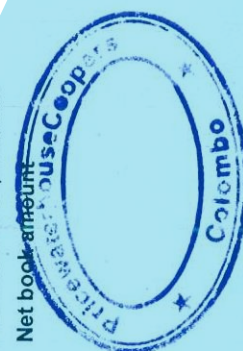


HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

12 Property, plant and equipment

	Freehold land	Building	Warehouse and construction equipment	Office equipment	Computer hardware	Motor vehicles	Total
At 01 July 2021							
Cost	4,333,000	1,327,102	Nil	2,861,256	7,770,000	12,321,360	28,612,718
Accumulated depreciation	Nil	(1,327,102)	Nil	(2,714,583)	(7,657,876)	(12,321,360)	(24,020,921)
Net book amount	4,333,000	Nil	Nil	146,673	112,124	Nil	4,591,798
Year ended 30 June 2022							
Opening net book amount	4,333,000	Nil	Nil	146,673	112,125	Nil	4,591,798
Additions / transfers: Cost	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Disposals / transfers: Cost	Nil	Nil	Nil	Nil	(3,104,500)	Nil	(3,104,500)
Accumulated depreciation	Nil	Nil	Nil	Nil	3,045,748	Nil	3,045,748
Depreciation charge (Note 9)	Nil	Nil	Nil	(109,495)	(53,374)	Nil	(162,869)
Closing net book amount	4,333,000	Nil	Nil	37,179	Nil	Nil	4,370,178
At 30 June 2022							
Cost	4,333,000	1,327,102	Nil	2,861,256	4,665,500	12,321,360	25,508,218
Accumulated depreciation	Nil	(1,327,102)	Nil	(2,824,078)	(4,665,500)	(12,321,360)	(21,138,040)
Net book amount	4,333,000	Nil	Nil	37,178	Nil	Nil	4,370,178
Year ended 30 June 2023							
Opening net book amount	4,333,000	Nil	Nil	37,178	Nil	Nil	4,370,178
Additions / transfers: Cost	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Disposals / transfers: Cost	Nil	Nil	Nil	(409,900)	(1,375,550)	(9,806,100)	(11,591,550)
Accumulated depreciation	Nil	Nil	Nil	409,900	1,375,550	9,806,100	11,591,550
Depreciation charge (Note 9)	Nil	Nil	Nil	(22,575)	Nil	Nil	(22,575)
Closing net book amount	4,333,000	Nil	Nil	14,602	Nil	Nil	4,347,602
At 30 June 2023							
Cost	4,333,000	1,327,102	Nil	2,451,355	3,289,950	2,515,260	13,916,667
Accumulated depreciation	Nil	(1,327,102)	Nil	(2,436,753)	(3,289,950)	(2,515,260)	(9,569,065)
Net book amount	4,333,000	Nil	Nil	14,602	Nil	Nil	4,347,602



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

13 Investments

	2023	2022
Investments in fixed deposits	60,321,155	32,881,763
	60,321,155	32,881,763

Investments in fixed deposits include fixed deposit balances at Commercial Bank as of the year end.

14 Prepayments and other receivables

	2023	2022
Deposits and prepayments	1,200,588	1,604,067
Advances	148,304	944,399
Other receivables	3,197,130	1,579,816
	4,546,022	4,128,282

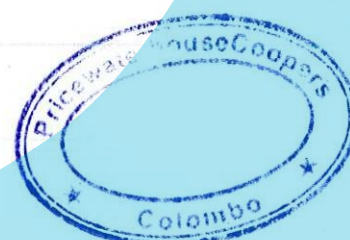
- (a) Deposits and prepayments mainly consist of refundable rent deposit & Refundable security deposit for fuel station made for National office, amounting to Rs. 350,200/- (2022 - Rs. 350,000/-) and prepayment for the National office Rs. 762,838 (2022 - Rs. 1,254,067).
- (b) Advances comprise 1/3 of medical insurance recoverable from employees amounting to Rs. 148,303 (2022 - Rs. 166,074),
- (c) Other receivables mainly comprise interest receivable for fixed deposit of Rs. 1,631,456.90 (2022 - Rs. 567,167), Funds receivable from project donors Rs. 1,565,672.96 (2022 - 832,912),

15 Cash and cash equivalents

	2023	2022
Cash in hand	70,000	70,000
Cash at bank	14,733,654	42,679,193
	14,803,654	42,749,193

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

	2023	2022
Cash and bank balances	14,803,654	42,749,193
	14,803,654	42,749,193



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

16 Defined benefit obligations

The movement during the year is as follows:

	2023	2022
At beginning of the year	4,716,029	11,242,090
Current service cost (Note 11)	1,496,530	(579,536)
Benefits paid	Nil	(5,946,525)
At end of the year	6,212,559	4,716,029

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 Income tax payable

	2023	2022
Opening balance	1,125,672	3,985,088
Amounts provided during the year	6,138,092	(2,829,316)
Payments made during the year	Nil	(30,100)
Refunds received during the year	Nil	Nil
Adjustments/ transfers	Nil	Nil
Closing balance	7,263,764	1,125,672

18 Creditors and other payables

	2023	2022
Accrued expenses	187,192	47,500
Wages & taxes payable	463,002	485,701
Accounts payable	1,198,450	2,342,668
	1,848,643	2,875,869

- (a) Accrued expenses mainly consist of utility payables such as telephone, Security fee, electricity and water in respect of services obtained.
- (b) Wages & taxes payable mainly consist of EPF, ETF, Stamp duty & APIT.
- (c) Accounts payable mainly consist of annual audit fee payable Rs. 500,000 (2022 - Rs. 500,000), payable for Project retention Rs. 370,700 (2022 - Rs. 1,250,654) and other miscellaneous payables Rs. 327,749 (2022 - Rs.592,014).

19 Funds

The movement in unrestricted and restricted funds are as follows:

a) Unrestricted Funds	2023	2022
Balance at beginning of the year	20,907,319	18,248,912
Net surplus for the year	13,872,518	2,658,407
Balance as at year end	34,779,837	20,907,319
b) Restricted Funds	2023	2022
Balance as at beginning of year	54,504,528	48,408,375
Funds received / receivable during the year	77,293,332	101,084,798
Funds returned during the year	Nil	(16,844,711)
Transferred to unrestricted funds (Note (a) above)	(6,645,839)	(7,276,883)
Transferred to statement of financial activities (Note 06)	(91,738,391)	(70,867,054)
Balance as at year end	33,913,630	54,504,528

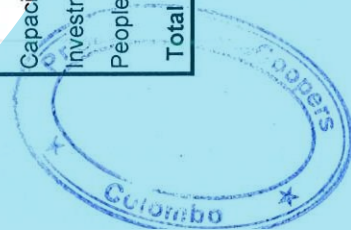
HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

19 Funds (Contd)

b) Restricted funds

Project	Balance b/f	Funds received / (refunded) and receivable during the year	Transferred as incoming resources	Transferred (to) unrestricted funds	Transferred (to) / from other projects	Balance c/f
Brick By Brick Project	902,759	3,722,110	(1,617,850)	Nil	(312,403)	2,694,616
Post EU Operations - 1	3,880,203	Nil	(1,217,043)	Nil	Nil	2,663,160
GRACE Project - Year I & III	1,097,839	7,445,954	(8,543,793)	Nil	Nil	Nil
Grace Project II - (Netherland Funds)	151,214	Nil	(463,617)	Nil	312,403	Nil
Mercy Project	7,048,646	Nil	(3,375,392)	(3,673,254)	Nil	Nil
Resilience Project	9,385,365	Nil	(7,390,297)	(1,995,069)	Nil	Nil
Grace Project - Phase II	11,322,329	5,066,118	(16,388,447)	Nil	Nil	Nil
Safeguarding Capacity Building Consultancy	1,644,700	Nil	(1,020,000)	(624,700)	Nil	Nil
Nethupa House Project	3,373,517	1,486,140	(4,859,657)	Nil	Nil	Nil
Post EU operations - II	13,735,000	Nil	(63,678)	Nil	Nil	13,671,322
Humanitarian Cash Assistance Project - (H-CAP)	1,815,700	3,416,184	(4,154,734)	Nil	Nil	1,077,150
Humanitarian Emergency Relief Project - (H-ERP)	147,255	5,445,878	(5,000,000)	Nil	Nil	593,133
First Capital Housing Project - Phase II	Nil	7,387,254	(35,455)	Nil	Nil	7,351,799
Oasis Housing Project	Nil	25,012,307	(24,188,349)	Nil	Nil	823,958
Capacity Building - RD event	Nil	750,000	Nil	(352,816)	Nil	397,184
Investment Plan for FY23	Nil	4,860,000	(218,692)	Nil	Nil	4,641,308
People in Need	Nil	12,701,386	(12,701,386)	Nil	Nil	Nil
Total	54,504,528	77,293,332	(91,238,391)	(6,645,839)	Nil	33,913,630



HABITAT FOR HUMANITY - SRI LANKA (GUARANTEE) LIMITED

Notes to the financial statements (Contd)

20 Contingencies

(a) Contingent liabilities

There were no contingent liabilities as at the year end.

(b) Contingent assets

There were no contingent assets as at the year end.

21 Commitments

Capital commitments

There were no material capital commitments outstanding at the year end.

Financial commitments

There were no material financial commitments outstanding at the year end.

22 Directors' interest and related party transactions

22.1 The directors during the financial year were ;

Ms. Manjula Mathews	
Prof. W. Priyan Solomon Dias	
Mr. Rajith Stephan Fernando	
Pastor Neroshan Perera	
Mr. Chanaka De Silva	
Ms. Minette Perera	
Mr. Sughadevan Mahendran	
Mr. Marco Gamboa Montemayor	
Dr. Ravi Fernando	Date of resignation - 29.11.2022
Mr. Shanek Fernando	Date of resignation - 29.11.2022
Mr. Dinuk Revanka De Silva	Date of new appointment - 03.04.2023
Ms. Shenuka Nicole Smoker	Date of new appointment - 03.04.2023

22.2 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. Sughadevan Mahendran & Mr. Marco Gamboa Montemayor represents HFHI Asia Pacific Region, as Directors in the National Board of Habitat for Humanity Sri Lanka.

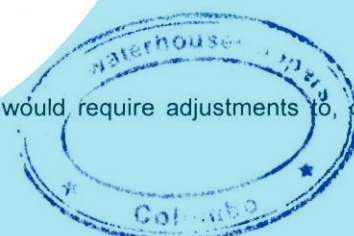
22.3 Following are the grants which have been received during the year through the Global Habitat for International (HFHI) countries for project and administrative activities.

Project / programme		Funds/grants received	
		2023	2022
HFHI - HQ	Capacity & Projects	26,377,122	80,785,382
HFH Great Britain Project	Grant Funding Networks countries (GFN)	10,946,400	13,834,589
HFH Ireland	Grant Funding Networks countries (GFN)	3,011,200	Nil
HFH Netherland	Grant Funding Networks countries (GFN)	Nil	1,065,428
		40,334,722	95,685,399

Except for above, none of the directors were directly or indirectly involved in any contracts with the Company during the year ended 30 June 2023.

23 Events after the reporting period

No events have occurred, since the statement of financial position date which would require adjustments to, or disclosure in the financial statements.



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Or

donate directly via bank transfer to:

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Bank and Branch : Commercial Bank, Dehiwela
Bank Account No : 8580027315
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CORPORATE INFORMATION

- Name of the company** : Habitat for Humanity Sri Lanka
- Legal Form** : • Voluntary social service organization
• Guarantee Limited Company
- Registered Address** : No. 120A-2/1
Srimath Anagarika Dharmapala Mawatha
Colombo 07, Sri Lanka
- Company Secretary** : Andrea Corera
LLB (Hons) London
Attorney-at-Law & Notary Public
- Auditors** : PricewaterhouseCoopers
100, Braybrooke Place
Colombo 2, Sri Lanka
- Bankers** : Commercial Bank of Ceylon PLC
Commercial House,
21, Sir Razik Fareed Mawatha
P.O. Box 856
Colombo 1, Sri Lanka

