

**JITEGEMEE CHILDRENS PROGRAM  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Jitegemeo Childrens Program** **1**  
**Annual Report and Financial Statements**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Organization's Information**

**Board of Trustees**

Mrs Terry Wavinya Mutuku — Chairperson  
Dr Peter Nthuli Nduulu —Vice Chairperson  
Mrs Jenifer Mwikali Katiwa- CEO  
Mrs Verity N. Tichawangana——Secretary  
Mrs Benedicta Musau——Treasurer  
Mr Rasto Omollo——Member

**Registered Office**

Jitegemee Children program  
Machakos Municipality Block 11/884  
P.O.Box 1100-90100  
Machakos, Kenya

**Independent Auditors**

MGK Associates LLP  
Certified Public Accountants of Kenya  
2nd floor, Mayfair Business Centre, Off Parklands Road  
P. O. Box 6358 - 00100  
Nairobi

**Principal Bankers**

Barclays Bank  
Machakos Branch  
P.O Box 1100-90100  
Machakos

**Report of the management trustees**

The trustees submit their report together with the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of the organisation.

**Incorporation**

The organization is registered as a charitable children organization by the NGO Coordination Board and is domiciled in Kenya. The address of the registered office is set out on page 2.

**Principal activities**

The principal activity of the organization is provision of education and life skills to less privileged children in the community in Machakos County.

**Trustees**

The trustees who held office during the year and to the date of this report are listed on page 2.

**Terms of appointment of auditors**

The company's auditors, MGK Associates LLP, have expressed their willingness to continue in office in accordance with Section 717 of the Kenyan Companies Act 2015. The trustees monitor the effectiveness, objectivity and independence of the auditors. The trustees also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By order of the board

  
Secretary

Date : 30 March 2020

**Statement of trustees responsibilities**

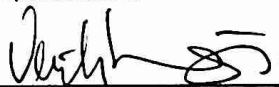
The trustees are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of its operating results for that year. The trustees are also required to ensure that the organisation keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation. They are also responsible for safeguarding the assets of the organisation.

The trustees accept responsibility for the preparation and presentation of these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates. The managing trustees are of the opinion that the financial statements give a true and Fairview of the state of financial affairs of the organization and of its operating results. Trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls. The trustees also accepts the responsibilities for

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the organisation's ability to continue as a going concern, the trustees are not aware of any material uncertainties related to events or conditions that may cast doubt upon the organisation's ability to continue as a going concern.

The trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

  
\_\_\_\_\_  
Mrs Verity N. Tichawangana  
**Secretary**

  
\_\_\_\_\_  
Mrs Terry Wavinya Mutuku  
**Chairperson**



**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2019.**

**Opinion**

We have audited the accompanying financial statements of Jitegemee Childrens Program Limited (the organisation), set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income and statements of changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and medium sized entities.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The trustees are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Trustees' responsibility for the financial statements**

The trustees are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards for Small and medium sized entities and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2019 (CONTINUED).**

**Trustees' responsibility for the financial statements (continued)**

In preparing the financial statements, the trustees are responsible for assessing the organisation'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 the trustees either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.
- 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 organisation'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 organisation'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 organisation 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Daniel Muhia of Practising Certificate No. 1717

  
Certified Public Accountants  
 Nairobi

31 March 2020 2020

**Statement of Income and expenditure**

	Note	2019 Kshs	2018 Kshs
<b>Income</b>			
Grants and donations	3	<u>20,122,396</u>	<u>13,647,030</u>
<b>Expenditure</b>			
Administrative expenses	11	(6,531,560)	(5,167,629)
Establishment expenses	12	(845,979)	(552,551)
Other program expenses	13	(9,958,610)	(7,700,081)
Restricted grants expenses	14	(2,164,554)	-
Total expenditure		<u>(19,500,702)</u>	<u>(13,420,261)</u>
Surplus for the year		<u>621,694</u>	<u>226,769</u>
<b>Surplus funds reconciliation</b>			
Designated funds	5	275,336	-
General fund		346,358	-
		<u>621,694</u>	<u>-</u>

The notes on pages 11 to 16 form an integral part of these financial statements

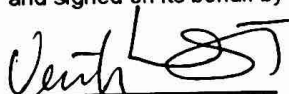


**Statement of financial position**

	Note	2019 Kshs	2018 Kshs
<b>Non - Current Assets</b>			
Capital work in progress	10	23,758,996	23,451,846
Property and equipment	9	<u>3,302,359</u>	<u>3,317,480</u>
		<u>27,061,355</u>	<u>26,769,326</u>
<b>Current Assets</b>			
Cash and bank balances	6	<u>807,115</u>	<u>456,278</u>
<b>Total Assets</b>		<u><b>27,868,469</b></u>	<u><b>27,225,604</b></u>
<b>General and Asset fund</b>			
General reserve		634,515	27,074,176
Asset capital fund	7	<u>27,061,355</u>	<u>-</u>
		<u>27,695,869</u>	<u>27,074,176</u>
<b>Current Liabilities</b>			
Payables and Accruals	8	<u>172,600</u>	<u>151,428</u>
<b>Total Reserves and Liabilities</b>		<u><b>27,868,469</b></u>	<u><b>27,225,604</b></u>

The notes on pages 11 to 16 form an integral part of these financial statements

The financial statements were approved by the board of trustees on 30 March 2020  
 and signed on its behalf by

  
 Mrs. Verity N. Tichawangana  
 Secretary

  
 Mrs. Terry Wavinya Mutuku  
 Chairperson

**Jitegemee Childrens Program**  
**Annual Report and Financial Statements**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 Kshs.	2018 Kshs.
<b>Statement of cashflows</b>			
<b>Cash flow from operating activities</b>			
Surplus for the year		621,694	226,769
Adjustments for:			
Depreciation	9	<u>159,622</u>	<u>174,251</u>
		<u>781,315</u>	<u>401,020</u>
<b>Operating cash flow before working capital changes</b>			
Increase/(Decrease) in trade and other payables	8	<u>21,172</u>	<u>(247,735)</u>
<b>Net cash flow(used in)/ from operating activities</b>		<u>21,172</u>	<u>(247,735)</u>
<b>Investing Activities</b>			
Work in progress-building construction	10	(307,150)	(659,531)
Acquisition of assets	9	<u>(144,500)</u>	<u>(282,800)</u>
<b>Net cash flow used in investing activities</b>		<u>(451,650)</u>	<u>(942,331)</u>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		350,837	(789,046)
<b>Cash and cash equivalents at beginning of the year</b>		456,278	1,245,324
<b>Cash and cash equivalents at the end of the year</b>	6	<u>807,115</u>	<u>456,278</u>

The notes on pages 11 to 16 form an integral part of these financial statements

**STATEMENT OF CHANGES IN FUNDS BALANCE**

<b>Year 2019</b>	<b>General Fund Kshs</b>	<b>Asset Fund Kshs</b>	<b>Total Ksh</b>
Balance at 1st January	27,074,176	-	27,074,176
Transfer from Grant Assets	(27,061,355)	27,061,355	-
Surplus for the year	621,694	-	621,694
Balance at 31st December	<u>634,515</u>	<u>27,061,355</u>	<u>27,695,869</u>
<b>Year 2018</b>			
Balance at 1st January	26,847,407	-	26,847,407
Surplus for the year	226,769	-	226,769
Balance at 31st December	<u>27,074,176</u>	<u>-</u>	<u>27,074,176</u>

The notes on pages 11 to 16 form an integral part of these financial statements

## **General information and summary of significant accounting policies**

### **1.) General information**

Jitegemee Children's Program is a not-for-profit organization registered in Kenya under the NGOs Coordination Act .The principal activity is that of providing education and life skills to less privileged children in the communities of Machakos County. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### **2 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the provisions of the Non Governmental Organizations Act. The financial statements have been prepared on the historical cost basis except where otherwise stated, and incorporate the principal accounting policies set out below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. The accounts are presented in local funded currency which is the Kenya shilling (Ksh)

#### **2.1 Going concern**

The financial performance of the organization is set out in the Statement of income and expenditure. The financial position of the organization is set out in the statement of financial position.

Based on the financial performance and position of the organization and its risk management policies, the managing trustees are of the opinion that the organization is well placed to continue in operation for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

#### **2.2 Critical accounting estimates, judgements and assumptions**

In the application of the accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The trustees have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **(i) Property and equipment**

Critical estimates are made by the trustees in determining depreciation rates for property and equipment. The rates used are set out in the accounting policy under property and equipment

##### **(ii) Useful lives of property and equipment**

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the trustees determined no significant changes in the useful lives and residual values.

#### **2.3 Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

**Significant accounting policies**

**2.3 Property and equipment(Continued)**

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 benefits associated with the item will flow to the organisation and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income and expenditure during the financial year in which they are incurred.

Depreciation is calculated on a reducing balance basis, to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Item	Rate %
Office computers	30
Furniture & equipment	12.5

Leasehold land is not depreciated

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

**2.4 Capital works in progress**

Capital works in Progress are in respect of expenditures incurred to construct an office building that has a library and conference rooms on completion. The project is expected to be completed by year 2019  
These expenditures will be transferred to Building account on completion

**2.5 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts. These are initially and subsequently recorded at fair value.

In the opinion of the directors, the organisation's cash and cash equivalents are held with sound and reputable financial institutions thus not subject to liquidity risks

**2.6 Grants and Donations**

All donations and grants shall be recognized as revenue in the period when they are received into the programme's bank accounts.

**2.7 Employee benefits**

**Retirement benefit obligations**

The organisation and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The organisation's contributions to the defined contribution scheme are charged to the statement of income and expenditure in the year to which they relate.

	2019 Kshs.	2018 Kshs.
<b>3 Income</b>		
Donations- Un-restricted	17,682,506	13,647,030
Restricted grants (note 5)	2,439,890	-
	<u>20,122,396</u>	<u>13,647,030</u>
<b>4 Surplus for the year</b>		
The following items have been charged in arriving at surplus for the year		
Depreciation of property and equipment	159,622	174,251
Auditors' remuneration	85,000	87,000
Employee benefits expenses	5,333,909	4,273,101
	<u>5,333,909</u>	<u>4,273,101</u>
<b>5 Designated funds</b>		
<b>Year 2019</b>	<b>UNDP Grants</b>	<b>Total Ksh</b>
Balance as at 1 January 2019	-	-
Receipts during 2019	2,439,890	2,439,890
	<u>2,439,890</u>	<u>2,439,890</u>
<b>Less: Expenditure</b>		
Program expenses	(2,164,554)	(2,164,554)
Balance as at 31 December 2019	275,336	275,336
	<u>275,336</u>	<u>275,336</u>
<b>6 Cash and cash equivalents</b>		
Cash in hand	34,059	21,978
Cash at bank	773,056	434,300
	<u>807,115</u>	<u>456,278</u>
<b>7 Asset Fund</b>		
At start of year	-	-
Transfer to Asset fund	27,061,355	-
At end of year	<u>27,061,355</u>	<u>-</u>
<b>8 Payables</b>		
Payables and Accruals	<u>172,600</u>	<u>151,428</u>
<b>9 Property and equipment</b>		
Refer to page 14		
<b>10 Work in progress- Office Building Asset</b>		
At start of year	23,451,846	22,792,315
Additions	307,150	659,531
At end of year	<u>23,758,996</u>	<u>23,451,846</u>

The work in progress is in respect of an office building under construction. The completion is expected to be in Year 2020



**9 Property and equipment**

	Leasehold Land	Furniture, Fittings & Equipment	Office Computers	Total
<b>Year 2019</b>				
<b>Cost</b>				
At 1st January 2019	2,468,000	1,140,993	476,500	4,085,493
Additions	-	127,500	17,000	144,500
At 31st December 2019	<u>2,468,000</u>	<u>1,268,493</u>	<u>493,500</u>	<u>4,229,993</u>
<b>Depreciation</b>				
At 1st January 2019	-	476,650	291,362	768,013
Charge for the year	-	98,980	60,641	159,622
At 31st December 2019	<u>-</u>	<u>575,631</u>	<u>352,004</u>	<u>927,634</u>
<b>Net book value</b>				
At 31st December 2019	<u>2,468,000</u>	<u>692,862</u>	<u>141,496</u>	<u>3,302,359</u>
<b>Year 2018</b>				
<b>Cost</b>				
At 1st January 2018	2,468,000	958,193	376,500	3,802,693
Additions	-	182,800	100,000	282,800
At 31st December 2018	<u>2,468,000</u>	<u>1,140,993</u>	<u>476,500</u>	<u>4,085,493</u>
<b>Depreciation</b>				
At 1st January 2018	-	381,744	212,018	593,762
Charge for the year	-	94,906	79,345	174,251
At 31st December 2018	<u>-</u>	<u>476,650</u>	<u>291,362</u>	<u>768,013</u>
<b>Net book value</b>				
At 31st December 2018	<u>2,468,000</u>	<u>664,343</u>	<u>185,138</u>	<u>3,317,480</u>

**11. ADMINISTRATIVE EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>Shs</b>	<b>Shs</b>
<b>Employment</b>		
Salaries ,wages and Honoraria	<u>5,333,909</u>	<u>4,273,101</u>
<b>Other administrative expenses</b>		
Audit fees	85,000	87,000
Bank charges and commissions	48,797	28,994
Transport and travel	427,464	226,480
Office expenses and internet	<u>636,389</u>	<u>552,054</u>
	<u>1,197,651</u>	<u>894,528</u>
<b>Total administration expenses</b>	<u>6,531,560</u>	<u>5,167,629</u>

**12 ESTABLISHMENT EXPENSES**

<b>Establishment:</b>		
Electricity and water	686,357	378,300
Depreciation on property and equipment	159,622	174,251
<b>Total other operating expenses</b>	<u>845,979</u>	<u>552,551</u>

**13. OTHER PROGRAM EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>Shs</b>	<b>Shs</b>
Professional development	104,000	180,319
Reading materials	233,180	241,910
Office computer expenses/computer classes	5,500	6,800
Coordinators: Board capacity building	127,807	188,690
Shoes	191,500	137,080
Uniform	279,530	162,650
Feeding program	1,524,472	831,417
Recreation	285,930	540,623
Tuition fees	429,690	210,105
Teaching fees	2,749,099	1,908,407
Upkeep college and Secondary	1,235,957	953,343
Vocational fees	433,700	769,133
Attachments	703,900	307,335
Trade materials	69,690	-
Office supplies	244,329	-
Food/Family assistance	-	120,000
Health Care	483,802	540,913
Youth development hub	66,700	12,395
Trainings and workshop	127,741	-
Economic empowerment	567,133	569,926
Emergency expenses	62,800	-
Monitoring and evaluation	32,150	19,035
	<u>9,958,610</u>	<u>7,700,081</u>

**14. RESTRICTED GRANTS EXPENSES**

Program expenses	<u>2,164,554</u>	<u>-</u>
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The above relates to the UNDP program