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JITEGEMEE CHILDRENS PROGRAM

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Jitegemee Childrens Program **1**
Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2020

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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

**Jitegemee Childrens Program
Annual Report and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2020**

Report of the management trustees

The trustees submit their report together with the audited financial statements for the year ended 31 December 2020, 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 2021



Samsung Quad Camera
Shot with my Galaxy A31

**Jitegemee Childrens Program
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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 fair view 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 accept 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.

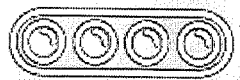
The trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.


Mrs. Verity N. Tichawangana

Secretary 30/03/21


Mrs. Terry Wavinya Mutuku

Chairperson



Samsung Quad Camera
Shot with my Galaxy A31



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2020.

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 2020, 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 2020 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 2020 (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

M&K Associates LLP
Certified Public Accountants
 Nairobi

1st April _____ 2021

Statement of Income and expenditure

	Note	2020 Kshs	2019 Kshs
Income			
Grants	3a)	18,358,383	20,122,396
Other income	3b)	<u>290,617</u>	<u>-</u>
Gross income		<u>18,649,000</u>	<u>20,122,396</u>
Expenditure			
Administrative expenses	11	(7,405,203)	(6,531,560)
Establishment expenses	12	(330,931)	(845,979)
Other program expenses	13	(9,254,066)	(9,958,610)
Restricted grant assets	14	(238,656)	(2,164,554)
Total operating expenses		<u>(17,228,856)</u>	<u>(19,500,703)</u>
Surplus for the year		<u>1,420,144</u>	<u>621,693</u>
Surplus funds reconciliation			
Designated funds		1,752,754	275,336
General fund		(332,610)	346,358
		<u>1,420,144</u>	<u>621,694</u>

The notes on pages 10 to 16 form an integral part of these financial statements


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Statement of financial position

	Note	2020 Kshs	2019 Kshs
Non - Current Assets			
Office building	10	23,758,996	23,758,996
Property and equipment	9	<u>3,173,302</u>	<u>3,302,359</u>
		<u>26,932,298</u>	<u>27,061,355</u>
Current Assets			
Cash and bank balances	6	<u>2,389,448</u>	<u>807,115</u>
		<u>29,321,746</u>	<u>27,868,470</u>
Total Assets			
Reserves			
General Fund		26,569	359,179
Restricted fund		2,028,000	275,336
Asset capital fund	7	<u>26,932,298</u>	<u>27,061,355</u>
		<u>28,986,957</u>	<u>27,695,870</u>
Current Liabilities			
Payables and accruals	8	<u>334,789</u>	<u>172,600</u>
		<u>29,321,746</u>	<u>27,868,470</u>
Total Reserves and Liabilities			

The notes on pages 11 to 14 form an integral part of these financial statements

The financial statements were approved by the board of trustees on 30 March 2021
and signed on its behalf by


Mrs. Verity N. Tichawangana
Secretary


Mrs. Terry Wavinya Mutuku
Chairperson

	Note	2020 Kshs.	2019 Kshs.
Statement of cashflows			
Cash flow from operating activities			
Surplus for the year	5	1,420,144	621,694
Adjustments for:			
Depreciation	9	<u>129,057</u>	<u>159,622</u>
		<u>1,549,201</u>	<u>781,316</u>
Operating cash flow before working capital changes			
Increase/(Decrease) in trade and other payables	8	<u>162,189</u>	<u>21,172</u>
Net cash flow(used in)/ from operating activities		<u>162,189</u>	<u>21,172</u>
Investing Activities			
Work in progress-building construction	10	-	(307,150)
Acquisition of assets	9	<u>-</u>	<u>(144,500)</u>
Net cash flow used in investing activities		<u>-</u>	<u>(451,650)</u>
Financing activities			
Transfer from asset capital fund	7	(129,057)	-
Net cash flow used in financing activities		<u>(129,057)</u>	<u>-</u>
Net Increase in cash and cash equivalents		1,582,333	350,838
Cash and cash equivalents at beginning of the year		807,115	456,277
Cash and cash equivalents at the end of the year	6	<u><u>2,389,448</u></u>	<u><u>807,115</u></u>

The notes on pages 11 to 14 form an integral part of these financial statements

Jitegemee Childrens Program

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Statement of changes in funds balance

FOR THE YEAR ENDED 31 DECEMBER 2020

Year 2020	General Fund Kshs	Restricted funds Kshs	Asset Fund Kshs	Total Kshs
Balance at 1st January	359,179	275,336	27,061,355	27,695,870
Deficit/ surplus for the year	(332,610)	1,752,754	-	1,420,144
Transfer to income statement- Depreciation	-	-	(129,057)	(129,057)
Balance at 31st December	<u>26,569</u>	<u>2,028,090</u>	<u>26,932,298</u>	<u>28,986,957</u>
Year 2019				
Balance at 1st January	27,074,176	-	-	27,074,176
Transfer from to asset fund	(27,061,355)	-	27,061,355	-
Surplus for the year	346,358	275,336	-	621,694
Balance at 31st December	<u>359,179</u>	<u>275,336</u>	<u>27,061,355</u>	<u>27,695,870</u>

General information and summary of significant accounting policies

1.) General information

Jitegemee Childrens 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.

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 ongoing 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 Office building

Office building relates to expenditure incurred to construct an office block that has a library and conference rooms 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 program'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.

	2020	2019
	Kshs.	Kshs.
3a) Income		
Donations- Unrestricted	18,358,383	17,682,508
Restricted Grants	-	2,439,890
	<u>18,358,383</u>	<u>20,122,398</u>
3b) Other income		
Shamba income	86,560	-
Transfer from asset capital fund- Depreciation	129,057	-
Sales of product income	75,000	-
	<u>290,617</u>	<u>-</u>
4 Designated Funds	UNDP Grant	Total
Year 2020	Ksh	Ksh
At 1 January 2020	275,336	275,336
Receipts during the year	1,991,410	1,991,410
Less: program expenses	(238,656)	(238,656)
At 31 December 2020	<u>2,028,090</u>	<u>2,028,090</u>
Year 2019		
Balance as at 1st January 2019	-	-
Receipts during the year	2,439,890	2,439,890
Less programme expenses	(2,164,554)	(2,164,554)
At 31 December 2019	<u>275,336</u>	<u>275,336</u>
5 Surplus for the year		
The following items have been charged in arriving at surplus for the year		
Depreciation of property and equipment	129,057	138,584
Auditors' remuneration	85,000	85,000
Employee benefits expenses	6,039,581	5,514,902
	<u>6,253,638</u>	<u>6,748,486</u>
6 Cash and cash equivalents		
Cash in hand	188	34,059
Cash at bank	2,389,260	773,056
	<u>2,389,448</u>	<u>807,115</u>
7 Asset capital fund		
At start of the year	27,061,355	-
Transfer to asset fund	-	27,061,355
Transfer to income statement-depreciation	(129,057)	-
At the end of the year	<u>26,932,298</u>	<u>27,061,355</u>
8 Payables		
Payables and accruals	<u>334,789</u>	<u>172,600</u>

9 Property and equipment

	Leasehold Land	Furniture & Fittings	Office Computers	Total
Year 2020				
Cost				
At 1st January 2020	2,468,000	1,268,493	493,500	4,229,993
Additions	-	-	-	-
At 31st December 2020	<u>2,468,000</u>	<u>1,268,493</u>	<u>493,500</u>	<u>4,229,993</u>
Depreciation				
At 1st January 2020	-	575,630	352,003	927,634
Charge for the year	-	86,608	42,449	129,057
At 31st December 2020	<u>-</u>	<u>662,238</u>	<u>394,452</u>	<u>1,056,691</u>
Net book value				
At 31st December 2020	<u>2,468,000</u>	<u>606,255</u>	<u>99,048</u>	<u>3,173,302</u>
Year 2019				
Cost				
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>
Depreciation				
At 1st January 2019	-	476,650	291,362	768,013
Charge for the year	-	98,980	60,641	159,621
At 31st December 2019	<u>-</u>	<u>575,630</u>	<u>352,003</u>	<u>927,634</u>
Net book value				
At 31st December 2019	<u>2,468,000</u>	<u>692,863</u>	<u>141,497</u>	<u>3,302,359</u>

10 Office Building

At start of year	23,758,996	23,451,846
Additions	-	307,150
At end of year	<u>23,758,996</u>	<u>23,758,996</u>

11 Administrative expenses

	2020	2019
	Shs	Shs
Employment		
Salaries ,wages and Honoraria	<u>6,039,581</u>	<u>5,333,909</u>
Other administrative expenses		
Audit fees	85,000	85,000
Statutory Pension and medical expenses	267,116	48,797
Transport and travel	352,034	427,464
Office expenses	<u>661,472</u>	<u>636,389</u>
	<u>1,365,622</u>	<u>1,197,650</u>
Total administration expenses	<u>7,405,203</u>	<u>6,531,559</u>

12 Establishment expenses

Establishment:		
Electricity and water	201,874	686,357
Depreciation on property and equipment	129,057	159,622
Total other operating expenses	<u>330,931</u>	<u>845,979</u>

13 Other program expenses

	2020	2019
	Shs	Shs
Professional development	136,644	104,000
Reading materials	45,000	233,180
Office computer expenses/computer classes	56,500	5,500
Coordinators: Board capacity building	82,260	127,807
Shoes	167,916	191,500
Uniform	288,280	279,530
Feeding program	4,419,086	1,524,472
Recreation	96,900	285,930
Tuition fees	280,205	429,690
Teaching fees	1,527,525	2,749,099
Upkeep college and Secondary	703,528	1,235,957
Vocational fees	197,205	433,700
Attachments	12,200	703,900
Annual health day expenses	574,300	-
Trade materials	-	69,690
School needs and graduation	26,000	-
Office supplies	310,797	244,329
Health care	31,500	483,802
Youth development hub	19,500	66,700
Trainings and workshop	43,000	127,741
Economic empowerment	207,720	567,133
Emergency expenses	26,000	62,800
Monitoring and evaluation	2,000	32,150
	<u>9,254,066</u>	<u>9,958,610</u>

14 Restricted grant expenses

UNDP program expenses	<u>238,656</u>	<u>2,164,554</u>
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