

JITEGEMEE CHILDRENS PROGRAM

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Jitegemee Childrens Program
Annual Report and Financial Statements
For the year ended 31 December 2016

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Organization's Information

Board of Trustees

Mrs Terry Wavinya Mutuku --- Chairperson
Dr Peter Nthuli Nduulu ---Vice Chairperson
Mr Michael M.Kimeu-----Secretary
Mr Rasto Omollo-----Treasurer
Mrs Benedicta Musau----Member

Registered Office

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

Independent Auditor

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

Principal Bankers

Barclays Bank of Kenya Ltd
Machakos Branch

Report of the management trustees

The trustees submit their report together with the audited financial statements for the year ended 31 December 2016, 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.

Auditors

The organization's auditors, MGK Associates, who were appointed during the year have indicated willingness to continue in office and do so in accordance with the provisions of NGO Coordination Act.

By order of the board


Secretary

Date : 7 April 2017



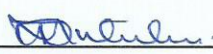
Statement of trustees responsibilities

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.

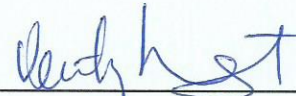
The trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates. The managing trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation 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.

Nothing has come to the attention of the trustees to indicate that the organization will not remain a going concern for at least twelve months from the date of this statement.

Approved by the board of trustees on 7 April 2017 and signed on its behalf by:



Ms Terry Mutuku
Chairperson



Ms Verity Norman - Tichawangwana
Executive Director



Jitegemee Childrens Program
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Statement of Income and expenditure	Note	2016 Kshs	2015 Kshs
Income			
Donations	2	10,670,579	15,749,067
Other Income	2	39,266	17,988
		<u>10,709,845</u>	<u>15,767,055</u>
Expenditure			
Administrative Expenses	Appendix i	(3,549,092)	(3,034,884)
Establishment Expenses	Appendix i	(245,459)	(460,560)
Other Program Expenses	Appendix ii	(7,135,166)	(6,453,689)
Total operating expenses		<u>(10,929,717)</u>	<u>(9,949,133)</u>
(Deficit)/Surplus for the year		<u>(219,872)</u>	<u>5,817,923</u>

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



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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM

Opinion

We have audited the accompanying financial statements of Jitegemee Childrens Program, set out on pages 7 to 14, which comprise the statement of financial position as at 31 December 2016, the statement of receipts and expenditure, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the organisation are prepared, in all material respects, in accordance with International Financial Reporting Standards for Small and medium sized entities.

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

Responsibilities of Management and those charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards for Small and medium sized entities and for such internal control as the directors and 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, the directors 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 directors either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organisation's financial reporting process.

Auditor's Responsibility

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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF JITEGEMEE CHILDRENS PROGRAM
(CONTINUED)**

Auditor's Responsibility (Continued)

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.

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



Statement of financial position

	Note	2016 Kshs	2015 Kshs
Non - Current Assets			
Capital work in progress	6	22,224,105	20,726,270
Property and equipment	7	3,108,560	3,238,919
		<u>25,332,665</u>	<u>23,965,189</u>
Current Assets			
Cash and bank balances	4	<u>891,227</u>	<u>2,032,549</u>
Total assets		<u>26,223,892</u>	<u>25,997,738</u>
Reserves			
General fund		<u>25,707,866</u>	<u>25,927,738</u>
Current Liabilities			
Payables and accruals	5	<u>516,026</u>	<u>70,000</u>
Total Reseves and Liabilities		<u>26,223,892</u>	<u>25,997,738</u>

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 7 April 2017 and signed on its behalf by

for Terry Mutuku VNT
Ms Terry Mutuku
Chairperson

Verity Norman
Ms Verity Norman - Tichawangwana
Executive Director



Jitegemee Childrens Program
Statement of changes in funds balance
For the year ended 31 December 2016

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	General Fund Kshs
Year 2016	
Balance at 1st January	25,927,738
Deficit for the year	(219,872)
Balance at 31st December	<u>25,707,866</u>
Year 2015	
Balance at 1st January	20,109,815
Surplus for the year	5,817,923
Balance at 31st December	<u>25,927,738</u>

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

	Note	2016 Kshs.	2015 Kshs.
Statement of cashflows			
Cash flow from operating activities			
(Deficit)/surplus for the year	3	(219,872)	5,817,923
Adjustments for:			
Depreciation of Property and Equipment	7	130,359	310,560
Operating cash flow before working capital changes		<u>(89,514)</u>	<u>6,128,483</u>
(Decrease)/Increase in trade and other payables	5	446,026	(35,000)
Net cash flow(used in)/ from operating activities		<u>356,512</u>	<u>6,093,483</u>
Investing Activities			
Increase in work in progress-Building construction	6	(1,497,835)	(4,214,077)
Net cash flow used in investing activities		<u>(1,497,835)</u>	<u>(4,214,077)</u>
Net (decrease)/increase in cash and cash equivalents		(1,141,322)	1,879,406
Cash and cash equivalents at beginning of the year		2,032,549	153,143
Cash and cash equivalents at the end of the year	4	<u>891,227</u>	<u>2,032,549</u>

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

General information and summary of significant accounting policies

a.) 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.

b.) 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.

1 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.

1.1 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.

1.2 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.

1.3 New and amended standards adopted by the organization

There are no IFRS's or IFRIC interpretations that are effective or adopted in advance for the first time for the financial year beginning on or after 1 January 2016 that would be expected to have a material impact on the organisation.

1.4 Property and equipment

Significant accounting policies

1.4 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.

1.5 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 2018. These expenditures will be transferred to Building account on completion.

1.6 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.

1.7 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.

1.8 Comparatives

The comparative amounts have been adjusted where necessary to comply with the reporting in the current year.

Notes to the financial statements

	2016	2015
	Kshs.	Kshs.
2 Income		
Donations	10,670,579	15,749,067
Other Income	39,266	17,988
	<u>10,709,845</u>	<u>15,767,055</u>
3 (Deficit)/ Surplus for the year	<u>(219,872)</u>	<u>5,817,923</u>
The following items have been charged in arriving at Deficit/Surplus for the year		
Depreciation of property and equipment	130,359	310,560
Auditors' remuneration	81,200	35,000
Employee benefits expenses	2,786,491	2,333,502
	<u>2,998,050</u>	<u>678,562</u>
4 Cash and cash equivalents		
Cash in hand	54,253	57,090
Balance at bank	836,974	1,975,459
	<u>891,227</u>	<u>2,032,549</u>
5 Payables		
Payables and accruals	516,026	70,000
	<u>516,026</u>	<u>70,000</u>
6 Work in progress- Office Building Asset		
At start of year	20,726,273	17,373,994
Additions in the year	1,497,835	3,352,279
At end of year	<u>22,224,108</u>	<u>20,726,273</u>

The work in progress is in respect of an office building under construction. The completion is expected to be in Year 2018

7 Property and equipment

Refer to page 14

8 Presentation Currency

The financial statements are presented in Kenya Shillings(Shs)

Notes to the financial statements(Continued)

7. Property and Equipment

	Leasehold Land	Furniture, Fittings and Equipment 12.50%	Computers 30%	Total
Net book Value				
As at 1.1.2016	2,468,000	576,669	194,250	3,238,919
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31.12.2016	<u>2,468,000</u>	<u>576,669</u>	<u>194,250</u>	<u>3,238,919</u>
Depreciation				
Charge for the year 2015	-	227,310	83,250	310,560
Charge for the year 2016	-	72,084	58,275	130,359
Eliminated on Disposals	-	-	-	-
As at 31.12.2016-For Yr 2015 and Yr 2016 only	<u>-</u>	<u>299,394</u>	<u>141,525</u>	<u>440,919</u>
Net book value				
As at 31.12.2016	<u>2,468,000</u>	<u>504,585</u>	<u>135,975</u>	<u>3,108,560</u>
As at 31.12.2015	<u>2,468,000</u>	<u>576,669</u>	<u>194,250</u>	<u>3,238,919</u>

1.ADMINISTRATIVE EXPENSES

	2016	2015
	Shs	Shs
Employment		
Salaries ,wages and Honoraria	2,721,541	2,277,819
Staff other expenses	64,950	55,683
	<u>2,786,491</u>	<u>2,333,502</u>
Audit fees	81,200	35,000
Bank charges and commissions	23,998	39,856
Telephone and Postage	-	19,600
Transport and Travel	161,350	150,300
Office Expenses and Internet	469,053	456,626
Filing Fees-NGO Board	27,000	-
Total other administration expenses	<u>762,601</u>	<u>701,382</u>
Total administration expenses	<u><u>3,549,092</u></u>	<u><u>3,034,884</u></u>

ESTABLISHMENT EXPENSES

Establishment:		
Electricity and water	115,100	-
Rent and Rates	-	150,000
Depreciation on property and equipment	130,359	310,560
Total other operating expenses	<u><u>245,459</u></u>	<u><u>460,560</u></u>

Jitegemee Childrens Program
 Schedule of expenditure
 For the year ended 31 December 2016

App ii

2.OTHER PROGRAM EXPENSES	2016 Shs	2015 Shs
Professional development	99,000	165,000
Reading materials	238,000	204,549
Computer classes	570,000	-
Coordinators:Board capacity building	27,795	-
Coordinators:Local fund raising efforts	127,805	-
Coordinators:programs development officer	40,000	-
Shoes	171,144	120,930
Uniform	290,905	280,325
Feeding program	1,117,619	908,204
Recreation	319,315	71,730
Tuition Fees	333,344	300,250
Teaching fees	1,598,979	1,506,391
Upkeep college and Secondary	643,105	888,003
Vocational fees	263,610	546,784
Attachments	720,000	172,000
Trade materials	168,000	193,520
Food/Family assistance	80,160	62,410
Health Care	208,655	396,093
Reproductive health	117,730	-
Consultancy fees(computer lab)	-	623,000
Emergency	-	14,500
	<u>7,135,166</u>	<u>6,453,689</u>