

KAALO AID AND DEVELOPMENT ORGANIZATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2013

KAALO Aid and Development Organization
Annual Report and Financial statements
For the year ended 31st December 2013

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The following page does not form an integral part of these financial statements

Detailed Income and Expenditure statement	Appendix 1
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KAALO Aid and Development Organization
Entity's Information
For the year ended 31st December 2013

Board of Directors

Dr. Abdisalam Ali Farah
Dr. Abdulahi Isse Ali
Abdimalik Jamac Mohamed
Maymun Mohamed Nour
Fadumo Mohamed Axmed
Layla Salaad Wayrah
Abdukadir Abdikhadar Nour

Registered office

Regional Office for Eastern and Horn of Africa
Garowe
Puntland State of Somalia

Independent auditor

PMK Associates
Certified Public Accountants of Kenya
4th Floor Lotus House
Haile Selassie Avenue
P.O Box 14109-00100
Nairobi
Kenya

Principal bankers

Amal Express Bank
Dahabshiil Bank

KAALO Aid and Development Organization
Board of Directors Report
For the year ended 31st December 2013

The Board of Directors submit their report together with the audited financial statements for the year ended 31 December 2013 which disclose the state of affairs of the entity.

Incorporation

The entity is a Non-Governmental Organization (NGO) established in 1991. It operates in Puntland State of Somalia.

Principal activities

It is mainly involved in relief aid, rehabilitation and development programs in education, health, rural development, agriculture and governance (peace, human rights and gender development).

Results

The results for the year are shown on Page 5.

Directors

The Board of Directors who held office during the year and to date of this report are set out on page 1.

Auditor

Messrs. PMK Associates , Certified Public Accountants (Kenya), have been appointed as auditors and have expressed their willingness to continue in office in accordance with section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD OF DIRECTORS



DIRECTOR

DATED July 17,

2014



KAALO Aid and Development Organization
Statement of Directors' Responsibility
For the year ended 31st December 2013

The accounting practise requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the entity as at the end of the financial period and of its operating results for that period. It also requires the Directors to ensure the entity keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the entity. They are also responsible for safeguarding the assets of the organization.

The directors accept responsibility for the preparation and fair presentation of financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of accounting practise. They also accept responsibility for :-

- (i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- (ii) selecting and applying appropriate accounting policies, and;
- (iii) making accounting estimates and judgements that are responsible in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the entity as at 31st December 2013 and of its financial performance and cashflows for the period then ended in accordance with International Financial Reporting Standards.

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

Approved by the Board of Directors.....*July 17,*.....2014 and signed on its behalf by :



DIRECTOR



DIRECTOR

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF KAALO AID AND DEVELOPMENT ORGANIZATION**

We have audited the accompanying financial statements of KAALO Aid and Development Organisation set out on pages 5 to 11 which comprise the Balance sheet as at 31st December, 2013, and Income and Expenditure account and the Statement of Cashflows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls as the Directors determine are relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies ; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion of these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, we considered the internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the entity as at 31st December 2013 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peter Kamau Maina P/NO. 1489.


PMK ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
NAIROBI

DATED Monday, July 28th, 2014

KAALO Aid and Development Organization
Financial Statements
For the year ended 31st December 2013

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST
DECEMBER 2013**

	NOTE	2013 US\$
Income		
Grant from Donors	1	1,300,159
Total Income		<u>1,300,159</u>
Expenditure		
Administration expenses	6	263,682
Direct project expenses	7	767,869
Total Expenses		<u>1,031,551</u>
 Surplus for the year		 <u>268,608</u>

KAALO Aid and Development Organization
Financial Statements
For the year ended 31st December 2013

BALANCE SHEET AS AT 31 DECEMBER 2013

	NOTE	2013 US \$
ASSETS		
Non-current Assets		
Property and Equipment	2	175,010
		<u>175,010</u>
Current Assets		
Receivables and deposits	3	232,028
Cash and Bank Balances	4	36,579
Total current assets		<u>268,608</u>
TOTAL ASSETS		<u><u>443,618</u></u>
FINANCED BY		
FUNDS		
Reserves	5	443,618
TOTAL FUNDS		<u><u>443,618</u></u>

The financial statements on pages 5 to 7 were approved by the Board of Directors on *July 17* 2014 and were signed on its behalf by: -



 DIRECTOR



 DIRECTOR

KAALO Aid and Development Organization
Financial Statements
For the year ended 31st December 2013
STATEMENT OF CASH FLOWS

	2013
	US\$
Cash flows from operating activities	
Surplus for the year	268,608
<i>Adjustment for :</i>	
Depreciation	28,450
Operating surplus before working capital changes	<u>297,057</u>
<i>Changes in working capital balances:</i>	
(Increase)/ Decrease in accounts receivable	<u>(232,028)</u>
Net cash generated from operating activities	65,029
Cash flows from investing activities	
Acquisition of fixed assets	(49,876)
Net cash generated from investing activities	<u>(49,876)</u>
Cash flows from financing activities	
Loan proceeds	-
Net cash generated from financing activities	<u>-</u>
Increase in cash and cash equivalents	<u>15,153</u>
Movement of cash and cash equivalents	
Balance at the beginning of the year	21,426
Net Increase in cash and cash equivalents above	<u>15,153</u>
Balance at the end of the year	<u><u>36,579</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

1 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with and comply with International Financial Reporting Standards.

(b) Grant Income Recognition

Grants from donors are recognized when there is evidence of entitlement to the gift, receipts are probable and the amounts can be measured reliably. The disclosure is in accordance with the International Accounting Standard (IAS 20).

Name of Donor	Receivable bal b/f (US\$)	Receipt this year (US\$)	Receivable in 2014 (US\$)	Income for YE 31st Dec 2013 (US\$)
DIAKONIA	67,463	325,897	-	393,360
UNHCR	-	100,020	-	100,020
UN HABITAT	-	25,616	31,309	56,925
OXFAM	36,794	118,629	52,800	208,223
NED	12,050	46,900	-	58,950
NDI	-	27,284	-	27,284
DAI	50,700	162,682	-	213,382
DPA	8,737	59,354	65,814	133,905
UNICEF		26,005	82,105	108,110
	175,743	892,387	232,028	1,300,159

(c) Currency

The financial statements are expressed in United States Dollars (US\$)

(d) Taxation

The institution is exempt from any form of taxation in Puntland State of Somalia.

(e) Property, Equipment and Depreciation

Property and equipment are stated at historical cost or valuation less depreciation

Depreciation provision is provided on a straight line basis, at annual rate estimated to write off each asset over the term of their expected useful lives.

KAALO Aid and Development Organization
Financial Statements
For the year ended 31st December 2013

NOTES

2 Property and equipment

	Buildings	Motor Vehicles	Furniture & Fittings	Equipment & Machines	Computers	Totals
Cost/Valuation	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January, 2013	120,000	13,000	8,286	7,348	4,950	153,584
Additions	-	41,500	4,000	1,376	3,000	49,876
Disposals	-	-	-	-	-	-
At 31 December 2013	120,000	54,500	12,286	8,724	7,950	203,460
Depreciation						
At 1 January, 2013	-	7,406	800	2,712	4,036	14,954
Charge for the year	-	10,167	1,499	1,014	816	13,496
Disposals	-	-	-	-	-	-
At 31 December 2013	-	17,573	2,299	3,726	4,852	28,450
Net Book Value						
At 31 December 2013	120,000	36,927	9,987	4,998	3,098	175,010

KAALO Aid and Development Organization
Financial Statements
For the year ended 31st December 2013

NOTES

3 Receivables

Grant receivables are recorded at expected realizable value.

	US\$
Grants due from UN HABITAT	31,309
Grants due from OXFAM	52,800
Grants due from DPA	65,814
Grants due from UNICEF	82,105
	<u>232,028</u>

4 Cash and cash equivalents

Cash and Bank Balances	<u>36,579</u>
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5 Reserves

Capital Reserves	175,010
Surplus for the year	268,608
Balance carried forward	<u>443,618</u>

6 Administration Expenses

Car hire	69,980
Electricity and Fuel	6,575
Internet and telephone	5,784
Office stationery/consumables	18,154
Staff expenses	159,478
Bank charges	3,711
	<u>263,682</u>

7 Direct Project Expenses

Direct project support	133,010
Drama and sports /play activities	17,800
Facilitator Fee	29,063
Participation meals/refreshments	140,883
Rent	42,016
Staff Per Diem	20,200
Training expenses	196,534
Travel and accommodation	151,225
Radio Programmes and billboards	18,241
Workshop Stationery	18,898
	<u>767,869</u>

NOTES

8 Registration

The organization is registered as a non-profit organization in Puntland, Somalia. The organization is domiciled in Puntland, Somalia.

9 Currency Risk

The organization operates mainly within Puntland, Somalia and its assets and liabilities are reported in United States Dollars, thus no significant foreign currency risk exposure as at 31st December 2013.

10 Comparative Data

Information for previous year is not available since no audited data was available for the year ended 31st December 2012.

11 Surplus Income

Surplus income reported during the year is rolled over to 2014 for ongoing projects as follows:

DIAKONIA	9,564
UN HABITAT	33,529
OXFAM	61,426
DPA	55,979
UNICEF	108,110
	<u>268,608</u>

KAALO AID AND DEVELOPMENT ORGANIZATION
NOTES
FOR THE YEAR ENDED 31ST DECEMBER 2013

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2013

	Total	DIAKONIA	UNHCR	UN HABITAT	OXFAM	NED	NDI	DAI	DPA	UNICEF
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Grant Income	1,300,159	393,360	100,020	56,925	208,223	58,950	27,284	213,382	133,905	108,110
Total Income	1,300,159	393,360	100,020	56,925	208,223	58,950	27,284	213,382	133,905	108,110
Direct Project Expenses :										
Direct project support	133,010	13,298		15,315	1,317			101,579	1,500	
Drama and sports play activities	17,800	16,650							1,150	
Facilitator Fee	29,063	3,150	7,600		10,133	4,900		3,280		
Participation meals/refreshments	140,883	96,736	17,420			12,600	5,325	8,802		
Rent	42,016	18,549	7,200	700	3,200	2,800	4,213	1,754	3,600	
Staff Per Diem	20,200	1,760			640	4,650	1,140	10,360	1,650	
Training expenses	196,534	43,858	6,900		95,853			27,137	22,786	
Travel and accomodation	151,225	128,715			1,465	9,100	5,465	6,480		
Radio Programmes and billboards	18,241	8,421				4,800		2,720	2,300	
Workshop Stationery	18,898	7,514	4,020		5,780	1,584				
Administration Expenses:										
Capital expenses	-									
Car hire	69,980	5,400	13,200	5,890	6,110		1,500	19,880	18,000	
Electricity and Fuel	6,575	4,445				1,350			780	
Internet and telephone	5,784	1,584	1,200	500	1,300				1,200	
Office stationery/consumables	18,154	4,130	1,680	241	1,800	3,200	1,421	2,923	2,760	
Staff expenses	159,478	26,520	40,800	750	19,200	13,320	8,220	28,468	22,200	
Bank charges	3,711	3,065				646				
Total Expenses	1,031,551	383,796	100,020	23,396	146,797	58,950	27,284	213,382	77,926	-
Surplus before transfer	268,608	9,564	-	33,529	61,426	-	-	-	55,979	108,110
Transfer to capital expenses	-	-	-	-	-	-	-	-	-	-
Surplus for the year	268,608	9,564	-	33,529	61,426	-	-	-	55,979	108,110