

KAALO AID AND DEVELOPMENT ORGANIZATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014

*KAALO Aid and Development Organization
Annual Report and Financial statements
For the year ended 31st December 2014*

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Entity's Information

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

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Board of Directors Report

The Board of Directors submit their report together with the audited financial statements for the year ended 31 December 2014 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.

By order of Board of Directors

Director 
Dated 2 June 2016



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Statement of Directors' Responsibility

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 2014 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.....2, June.....2016 and signed on its behalf by :

.....
Director

.....
Director

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

Report on the Financial Statements

We have audited the accompanying financial statements of KAALO Aid and Development Organization, set out on pages 5 to 11 which comprise the Balance Sheet as at 31st December, 2014, and the Comprehensive Income Statement, Statement of Changes in Equity and Statement of Cash Flows 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended 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 risk assessments, we considered the internal control relevant to the company'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 company's internal control. 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 the financial statements.

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

Opinion

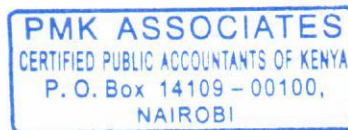
In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the organization as at 31st December, 2014, and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 of Kenya
Nairobi, Kenya

Thursday, June 23rd 2016



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Comprehensive income statement

	Notes	2014 USD	Restated 2013 USD
Income			
Grant from Donors	Appendix i	493,114	1,218,054
Total Income		<u>493,114</u>	<u>1,218,054</u>
Less: Expenditure			
Direct project expenses	8	445,956	743,263
Administration expenses	7	59,756	248,847
Total Expenses		<u>505,712</u>	<u>992,110</u>
(Deficit)/ Surplus for the year	9	<u>(12,598)</u>	<u>225,944</u>

Approved by the Board of Directors... *2 June*2016 and
 signed on its behalf by :


 Director

.....
 Director

Balance sheet as at 31st December 2014

	Notes	2014 USD	Restated 2013 USD
Assets			
Non-current Assets			
Property and Equipment	2	162,976	175,010
		<u>162,976</u>	<u>175,010</u>
Current Assets			
Receivables and deposits	3	113,485	149,923
Cash and Bank Balances	5	128,092	89,517
Total current assets		<u>241,576</u>	<u>239,440</u>
Total assets		<u>404,552</u>	<u>414,450</u>
Financed by			
Reserves	6	401,852	414,450
		<u>401,852</u>	<u>414,450</u>
Liabilities			
Trade payables	4	2,700	-
		<u>2,700</u>	<u>-</u>
TOTAL FUNDS		<u>404,552</u>	<u>414,450</u>

The financial statements on pages 5 to 7 were approved by the Board of Directors on 2 June 2016 and were signed on its behalf by: -

Director



Director

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Statement of cash flows

	2014	Restated
	USD	2013
		USD
Cash flows from operating activities		
(Deficit)/Surplus for the year	(12,598)	225,944
<i>Adjustment for :</i>		
Depreciation	12,034	13,496
Operating surplus before working capital changes	<u>(564)</u>	<u>239,440</u>
<i>Changes in working capital balances:</i>		
(Increase)/ Decrease in accounts receivable	36,438	(149,923)
(Increase)/ Decrease in accounts payable	2,700	
Net cash generated from operating activities	<u>38,574</u>	<u>89,517</u>
Cash flows from investing activities		
Acquisition of fixed assets		-
Assets taken as opening values		-
Net cash generated from investing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	<u>38,574</u>	<u>89,517</u>
Movement of cash and cash equivalents		
Balance at the beginning of the year	89,517	
Net Increase in cash and cash equivalents above	38,574	89,517
Balance at the end of the year	<u>128,091</u>	<u>89,517</u>

Notes

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).

(c) Currency

The financial statements are expressed in United States Dollars (USD)

(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.

(d) Registration

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

(e) 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 2014.

(f) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year

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Notes

2 Property and equipment

	Buildings	Motor Vehicles	Furniture & Fittings	Equipment & Machines	Computers	Totals
	USD	USD	USD	USD	USD	USD
	0%	25%	13%	13%	30%	
Year ended 31st December 2014						
At Cost	120,000	54,500	12,286	8,724	7,950	203,460
Accumulated depreciation	-	(26,805)	(3,547)	(4,351)	(5,781)	(40,484)
Net Carrying Values	120,000	27,695	8,739	4,373	2,169	162,976
At 31 December 2014						
Opening carrying values	120,000	36,927	9,987	4,998	3,098	175,010
Charge for the year	-	(9,232)	(1,248)	(625)	(929)	(12,034)
Closing Carrying Values	120,000	27,695	8,739	4,373	2,169	162,976
Year ended 31st December 2013						
At Cost	120,000	13,000	8,286	7,348	4,950	153,584
Additions	-	41,500	4,000	1,376	3,000	49,876
Accumulated depreciation	-	(17,573)	(2,299)	(3,726)	(4,852)	(28,450)
Net Carrying Values	120,000	36,927	9,987	4,998	3,098	175,010
At 31 December 2013						
Opening carrying values	120,000	5,594	7,486	4,636	914	138,630
Additions	-	41,500	4,000	1,376	3,000	49,876
Charge for the year	-	(10,167)	(1,499)	(1,014)	(816)	(13,496)
Closing Carrying Values	120,000	36,927	9,987	4,998	3,098	175,010

Notes

	2014 USD	2013 USD
3 Receivables		
Grant receivables are recorded at expected realizable value.		
Grants due from UN HABITAT	31,309	31,309
Grants due from OXFAM	-	52,800
Grants due from DPA	65,814	65,814
Grants due from DIAKONIA	16,362	-
	<u>113,485</u>	<u>149,923</u>
4 Trade payables		
Accrued expenses	2,700	
UNICEF projects expenses	-	
	<u>2,700</u>	<u>-</u>
5 Cash and cash equivalents		
Cash and Bank Balances	<u>128,092</u>	<u>89,517</u>
6 Reserves		
Capital Reserves brought forward	414,450	175,010
(Deficit)/Surplus for the year	<u>(12,598)</u>	<u>239,440</u>
Balance carried forward	<u>401,852</u>	<u>414,450</u>
7 Administration Expenses		
Capital expenses	18,824	-
Car hire	20,957	64,780
Electricity and Fuel	-	6,575
Internet and telephone	3,100	5,784
Office stationery/consumables	4,830	17,319
Translation, publication and printing	5,945	-
Staff expenses	-	150,678
Audit fees:-		
Current year	2,700	
Previous year	2,700	
Bank charges	700	3,711
	<u>59,756</u>	<u>248,847</u>

Notes

	2014 USD	2013 USD
8 Direct Project Expenses		
Direct project support-construction	60,406	105,608
Drama and sports /play activities	400	17,800
Facilitator Fee	142	29,063
Consultant/supervision fees	20,631	-
Payment of unconditional cash transfer	61,500	-
Participation meals/refreshments	3,377	139,383
Data collection costs	3,300	-
Meetings cost	1,905	-
Depreciation	12,034	13,496
Rent	6,400	41,515
Staff Salary	104,300	
Staff Per Diem	6,405	13,450
Supplies and equipment	3,600	-
Monitoring and evaluation	720	-
Training expenses	122,463	196,534
Travel and accommodation	17,333	151,225
Radio Programmes and billboards	400	16,291
Purchase of CFW Tools and equipment	20,600	-
Workshop Stationery	40	18,898
	<u>445,956</u>	<u>743,263</u>

9 Surplus Income

The following is the break down of the surplus income from the respective donors:-

Name of donor agency	2014 USD	2013 USD
DIAKONIA	46,707	9,564
UN		33,529
OXFAM	(52,800)	61,426
DAI		52,937
DPA		55,979
UNICEF	-	26,005
NED	13,474	
Other sources	23,865	
Gross surplus	<u>31,246</u>	<u>239,440</u>
Less: Prepaid FAO project expenses	<u>(26,410)</u>	
	<u>4,836</u>	<u>239,440</u>

Operating income and expenditure schedule

	Total USD	OXFAM-cyclone USD	Other sources USD	NED USD	UNICEF-HIV USD	FAO USD	DIAKONIA USD
Grant received during the year	493,114	157,998	23,865	47,994	108,110	-	155,147
Total Income	493,114	157,998	23,865	47,994	108,110	-	155,147
Direct Project Expenses :							
Direct project support-construction	60,406	55,540		4,866			
Drama and sports play activities	400				400		
Facilitator Fee	142	142		-			
Consultant/supervision fees/contractual services	20,631	7,631		9,000	4,000		
Payment of unconditional cash transfer	61,500	61,500					
Participation meals/refreshments	3,377	-		-			3,377
Data collection costs	3,300	1,700			1,600		
Meetings cost	1,905				1,905		
Rent	6,400			-	3,300	1,000	2,100
Staff Salary	104,300	32,900		12,000	22,540	9,500	27,360
Staff Per Diem	6,405	1,350		5,055			
Supplies and equipment	3,600			3,600			
Monitoring and evaluation	720	720					
Training expenses	122,463	400		-	67,200		54,863
Travel and accomodation	17,333	5,053				6,750	5,530
Radio Programmes, billboards and media costs	400	-					400
Purchase of CFW Tools and equipment	20,600	20,600					
Workshop Stationery	40	40		-			
	433,922	187,576		34,521	100,945	17,250	93,630
Administration Expenses:							
Capital expenses	18,824	11,264				7,560	
Car hire	20,957	11,957		-	-		9,000
Electricity and Fuel	-	-					
Internet and telephone	3,100	-		-	1,900		1,200
Office stationery/consumables	4,830	-		-	1,100	1,600	2,130
Translation,publication and printing	5,945				4,165		1,780
Meals and Refreshments	-						
Staff expenses	-	-		-			
Bank charges	700	-					700
	54,356	23,221	-	-	7,165	9,160	14,810
Total Expenses	488,278	210,798	-	34,521	108,110	26,410	108,440
Surplus before transfer	4,836	(52,800)	23,865	13,474	-	(26,410)	46,707
Transfer to capital expenses		-	-	-	-		-
(Deficit)/ Surplus for the year	4,836	(52,800)	23,865	13,474	-	(26,410)	46,707