
KAALO AID & DEVELOPMENT ORGANIZATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST. DECEMBER, 2016

JAC & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 9306
NAIROBI

KAALO AID & DEVELOPMENT ORGANIZATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

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KAALO AID & DEVELOPMENT ORGANIZATION
CENTER'S INFORMATION
FOR THE YEAR ENDED 31ST. DECEMBER, 2016

BOARD OF DIRECTORS: Abdirashiid Guureeye
Luul Mohamed Warsame
Ugaas Osman Hasan
Abdulahi Isse Ali
Fadumo Mohamed Axmed
Daahir Ahmed Farah
Burhan Adan Omar

PRINCIPAL PLACE OF ACTIVITIES: Garowe
Puntland State of Somalia.
Somalia

AUDITORS: Jac & Associates
Certified Public Accountants
Studio House
Off Ojijo Road
P. O. Box 9306
Nairobi-00300
Kenya

PRINCIPAL BANKERS: Dahabshiil Bank
Garowe
Puntland State of Somalia.
Somalia

Amal Bank
Garowe
Certified Public Accountants
Somalia

KAALO AID & DEVELOPMENT ORGANIZATION
REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

INTRODUCTION

The Board of directors submit their report and financial statements for the year ended 31st. December, 2016 which show the state of organization affairs.

PRINCIPAL ACTIVITY

The organisation is a non- governmental organisation (NGO) with main objective of improving the livelihood of Somali people through provision of basic needs and promotion of good governance, democracy and human rights.

RESULTS FOR THE YEAR

Results for the year are shown in the financial statements on page seven (7).

BOARD OF DIRECTORS

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

AUDITORS

M/S. Jac and Associates were appointed and have indicated their willingness to continue in office as resolution may be passed by the executive committee.

BY ORDER OF THE BOARD

CHAIR

DATE



27, March 2017

KAALO AID & DEVELOPMENT ORGANIZATION
STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

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

The directors accept responsibility for the preparation and fair presentation of financial statements, and are free from material misstatement whether due to fraud or error. 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 judgments that are reasonable in the circumstances and preparation of the financial statements, as well as adequate systems of internal control.

The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the organization as at 31st. December, 2016 and of its results and cash flows for the year then ended in accordance with the International Financial Reporting Standards and requirement of the Centre's constitution.

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

.....
BOARD CHAIR




.....
DATE



Jac & Associates

Certified Public Accountants

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Off Olljo Road (Opp. Parklands Sports Club)
P.O.Box 9306 - 00300
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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS
OF KAALO AID & DEVELOPMENT ORGANIZATION
FOR THE YEAR ENDED 31ST. DECEMBER, 2016.**

OPINION

We have audited the accompanying financial statements of KAALO set out on page 5 to 12 which comprise the statement of financial position as at 31st. December, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements give a true and fair view of the state of the the center's financial affairs as at 31st. December, 2016 and of its performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards for SMEs and comply with requirements issued by donors.

BASIS FOR OPINION

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 depend on our judgment, 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 consider internal controls relevant to the entity's preparation and fair presentation and of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS
OF KAALO AID & DEVELOPMENT ORGANIZATION
FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

OTHER INFORMATION

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and provision of relevant regulations as the Board determines necessary for preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The engagement partner responsible for the audit resulting in this independent auditors' report was

CPA Jackson Ndungu MBA Practising certificate

No. P-1389 **JAC & ASSOCIATES**
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 9306
NAIROBI - 00300

Jac & Associates
Jac & Associates
Certified Public Accountants (Kenya)

Date: 11/04.....2017
Box 9306, Nairobi- Kenya

KAALO AID & DEVELOPMENT ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT 31ST. DECEMBER, 2016.

	NOTE	2016 US\$.	2015 US\$.
NON-CURRENT ASSETS			
Property, plant and equipment.	2	166,055	165,000
TOTAL NON-CURRENT ASSETS		<u>166,055</u>	<u>165,000</u>
CURRENT ASSETS			
Accounts receivable and prepayments	3	487,085	79,476
Cash & cash equivalents	10	91,594	14,605
TOTAL CURRENT ASSETS		<u>578,679</u>	<u>94,082</u>
CURRENT LIABILITIES			
Accounts payable and accruals	5	-	2,700
Bank-overdraft	11	201,217	-
TOTAL CURRENT LIABILITIES		<u>201,217</u>	<u>2,700</u>
NET CURRENT ASSETS		<u>377,461</u>	<u>91,382</u>
NET ASSETS		<u>543,516</u>	<u>256,382</u>
GENERAL FUNDS	4	543,516	256,382
TOTAL FUNDS		<u>543,516</u>	<u>256,382</u>

The financial statements have been authorized by the Board on..... 27, March 2017

Board Chair.....



KAALO AID & DEVELOPMENT ORGANIZATION
STATEMENT OF CASH FLOWS.
FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

	2016 US\$.	2015 US\$.
CASH FLOWS FROM OPERATING ACTIVITIES.		
Deficit for the year	287,134	(26,064)
Adjustment for:	-	(119,406)
Depreciation	14,688	13,005
Operating surplus before working capital changes	301,822	(132,465)
(Increase)\decrease in accounts receivable	(407,608)	34,008
Increase\decrease) in accounts payables	(2,700)	-
Cash from operating activities.	(108,486)	(98,457)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(15,742)	(15,029)
Cash used for investing activities.	(15,742)	(15,029)
CASH FROM FINANCING ACTIVITIES		
Net cash from financing activities	(124,228)	-
Net increase in cash & cash equivalents	(124,228)	(113,486)
Cash & cash equivalents at beginning of the year	14,605	128,091
Cash & cash equivalents at end of the year	(109,623)	14,605

KAALO AID & DEVELOPMENT ORGANIZATION
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

	NOTE	2016 US\$.	2015 US\$.
INCOME			
Grant from donors	1(b)	1,404,697	387,729
EXPENSES			
Direct project expenses	6	878,724	268,718
Administration expenses	9	238,839	145,075
Capital expenses	2	15,742	-
TOTAL EXPENSES		1,133,305	413,793
SURPLUS/(DEFICIT) BEFORE TRANSFERS		271,392	(26,064)
TRANSFER TO CAPITAL EXPENSES		15,742	-
SURPLUS/(DEFICIT) AFTER TRANSFERS		287,134	(26,064)
OTHER COMPREHENSIVE INCOME:		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		287,134	(26,064)

KAALO AID & DEVELOPMENT ORGANIZATION
 DETAILED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

	Note	Total US\$	UNHCR US\$	UNOCHA US\$	Diakonia US\$	IRC US\$	NED US\$	NCA US\$	DPA US\$
Grant income	1	1,404,697	232,118	644,331	100,380	39,350	134,980	101,530	152,008
Miscellaneous income		-	-	-	-	-	-	-	-
Total income		1,404,697	232,118	644,331	100,380	39,350	134,980	101,530	152,008
Direct project expenses:		878,724	170,608	379,974	62,219	28,470	14,940	60,090	162,423
Total direct project exp.		878,724	170,608	379,974	62,219	28,470	14,940	60,090	162,423
Administration expenses:									
Bank charges		2,004	-	692	802	-	509	-	-
Car hire		100,060	32,160	39,600	6,000	8,800	-	13,500	-
Communication		11,245	2,300	3,380	1,125	200	1,600	-	2,640
Depreciation		14,688	-	-	-	-	-	-	-
Fuel & oil		3,160	-	-	-	-	1,600	-	1,560
Meals & refreshments		7,756	7,756	-	-	-	-	-	-
Office rent	2	26,670	17,700	3,500	1,000	750	-	-	3,720
Printing, & stationery		17,511	2,659	6,497	975	600	2,400	2,700	1,680
Publicity & communication		4,685	1,200	1,440	-	345	200	1,500	-
Repair and maintenance		960	-	-	-	-	960	-	-
Water		50,100	-	50,100	-	-	-	-	-
Total administration exp.		238,839	63,775	105,209	9,902	10,695	7,269	17,700	9,600
Capital expenses		15,742	1,000	9,700	1,500	185	-	2,000	1,357
Total expenses		1,133,305	235,383	494,884	73,621	39,350	22,209	79,790	173,380
Surplus/(deficit)		271,392	(3,265)	149,447	26,759	-	112,771	21,740	(21,372)
Transfer to capital expenses		15,742	1,000	9,700	1,500	185	-	2,000	1,357
Surplus/(deficit) for the year		287,134	(2,265)	159,148	28,259	185	112,771	23,740	(20,015)

KAALO AID & DEVELOPMENT ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

1. SIGNIFICANT ACCOUNTING POLICIES

a). Accounting convention.

The financial statements are prepared under the historical cost convention and on the accrual basis of accounting.

b). Grant income recognition.

Grants from donors are measured at the fair value of the asset received and receivable in accordance with the International Accounting Standard (IAS) 20.

Donor	Project	2016 US\$.	2015 US\$.
Diakonia	Strengthening the organization	100,380	14,112
NCA	FGM Project Phase II	101,530	-
IRC	Service delivery for SGBV survivors	39,350	-
UNHCR	SGBV & Refugees & asylum seekers	232,118	100,011
UNICEF		-	85,530
NED	Promoting transparency & accountability	134,980	22,909
UNOCHA	Healt Emergency Project	644,331	-
DPA	Strengthening wash structure	152,008	104,643
OXFAM		-	60,525
Total income from donors		<u>1,404,697</u>	<u>387,729</u>

c). Currency

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

d). Taxation

The institution is exempt from any form of taxation under the presidential decree issued by the Puntland State of Somalia.

f). Depreciation

Property, plant and equipment are stated at cost less depreciation.

Depreciation is calculated on straight line basis using the following annual rates;

<u>Details</u>	<u>%</u>
Buildings	0
Motor vehicles	25
Furniture & fittings	12.5
Machinery & other equipment	12.5
Computer & accessories	20

KAALO AID & DEVELOPMENT ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

2. PROPERTY, PLANT & EQUIPMENT.

	Buildings	Motor Vehicles	Furniture & Fittings	Equip. & Machine.	Compt. & Acc.	Total
	US\$	US\$	US\$	US\$	US\$	US\$
COST / VALUATION						
As at 1st January 2016	120,000	42,046	8,739	4,373	2,847	178,005
Additions	-	-	15,742	-	-	15,742
At 31st. December, 2016	120,000	42,046	24,481	4,373	2,847	193,747
ACC. DEPRECIATION						
As at 1st January 2016	-	10,512	1,092	547	854	13,005
Charge for the year	-	10,512	3,060	547	569	14,688
At 31st. December, 2016	-	21,024	4,152	1,094	1,423	27,693
NET BOOK VALUE						
At 31st. December, 2016	120,000	21,023	20,329	3,279	1,424	166,055
At 31st. December, 2015	120,000	31,534	7,647	3,826	1,993	165,000

	2016 US\$	2015 US\$
3. ACCOUNT RECEIVABLES		
Grant due from donors-NCA	10,153	-
Grant due from donors-NED	118,476	11,412
Grant due from donors-IRC	11,505	-
Grant due from donors-DPA	-	65,814
Grant due from donors-UNOCHA	344,700	-
Grant due from donors-Diakonia	2,250	2,250
	<u>487,085</u>	<u>79,476</u>
4. GENERAL FUNDS		
Balance brought forward	256,382	401,852
Prior year adjustments	-	(119,406)
Surplus/(deficit) for the year	287,134	(26,064)
Balance carried forward	<u>543,516</u>	<u>256,382</u>
5. ACCRUALS		
Accrued audit fee	-	2,700
	<u>-</u>	<u>2,700</u>

KAALO AID & DEVELOPMENT ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

	2016 US\$	2015 US\$
6. DIRECT PROJECT EXPENSES		
Community- construction	68,331	9,316
Community mobilisation	43,258	8,364
Consultation/supervision fee	25,607	4,606
Dignity kit	87,039	-
Facilitator fee	-	5,600
Monitoring & evaluation	21,550	67,530
Personnel cost	428,941	132,099
Radio programmes & billboards	3,710	800
Supplies & equipment	1,500	900
Training cost	184,370	35,199
Traveling & accomodation	14,418	4,305
	<u>878,724</u>	<u>268,718</u>

7. REGISTRATION

KAALO is registered as a Local NGO with Ministry of Planning and International Cooperation - Puntland State of Somalia under Certificate No. 41 and the same is updated to expire on 10th. July, 2017.

8. RISK MANAGEMENT.

a) Risk management is identification, assessment and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or impact of unfortunate events.

b) Operational risk

The Center operates in a country that is recovering from civil disturbances which are beyond the management's control. It is however not easy to determine the rate of occurrence of risk since statistical information is not available on all kinds of past incidents.

c) Foreign exchange risk

The establishment 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, 2016.

KAALO AID & DEVELOPMENT ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

	2016 US\$	2015 US\$
9. ADMINISTRATION EXPENSES		
Audit fee	-	2,700
Bank charges	2,004	-
Car hire	100,060	40,200
Communication	11,245	2,848
Depreciation	14,688	13,005
Fuel & oil	3,160	1,690
Meals & refreshments	7,756	50,045
Office rent	26,670	19,195
Printing, & stationery	17,511	7,725
Publicity & communication	4,685	7,667
Repair and maintenance	960	-
Water	50,100	-
	<u>238,839</u>	<u>145,075</u>
10. CASH AND CASH EQUIVALENTS		
Cash & Bank	91,594	14,605
Total Bank balance	<u>91,594</u>	<u>14,605</u>
11. BANK OVERDRAFT		
Amal Bank:UNHCR Project -Pillar 4	3,265	-
Dahabshiil Bank:UNOCHA-Wash Eme'y Project	98,323	-
Dahabshiil Bank:UNOCHA Health Emerg'y Project	99,630	-
	<u>201,217</u>	<u>-</u>

12. COMPARATIVE DATA

Where applicable, comparative data has been adjusted to align expenses to correct class of expenses.

KAALO AID & DEVELOPMENT ORGANIZATION
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31ST. DECEMBER, 2016.

DIAKONIA

		2016 US\$
Grant income	1	100,380
Total income		100,380
Direct project expenses:		62,219
Total direct project exp.		62,219
Administration expenses:		
Bank charges		802
Car hire		6,000
Communication		1,125
Office rent		1,000
Printing, & stationery		975
Total administration exp.		9,902
Capital expenses		1,500
Total expenses		11,402
Surplus before transfer		26,759
Transfer to capital expenses		1,500
Surplus for the year		28,259

KALALO AID & DEVELOPMENT ORGANIZATION
MANAGEMENT LETTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

INTRODUCTION

The objective of this management letter is to highlight issues observed during our audit process and should not be taken to have covered all weakness areas in the internal control that may have been revealed by a detailed audit.
Your response to our observations/recommendations will be reviewed and the same be followed up in the next audit.

A. CURRENT YEAR AUDIT ENDED 31ST DECEMBER 2016

FINDINGS/OBSERVATIONS	AUDIT ISSUES	RECOMMENDATIONS
<p>1. TRIAL BALANCE - This was incomplete since opening balances were not included in the same.</p>	<p>- Lack of information flow.</p>	<p>- We recommend that journal entries passed during the audit should be incorporated in the system. - This ensures that opening balances as per client's ledger agrees with Audited opening balances.</p>
<p><i>Management Response:</i> <i>We will ensure that journal entries for the year are passed after the audit so that the same is in agreement with certified financial statements.</i></p>		
<p><i>Auditors' Response:</i> <i>Noted and we will follow up the same in the next audit.</i></p>		
<p>2. FIXED ASSET REGISTER: - The organization has installed Fixed Asset Software (Asset Management System). - It is however noted that full implementation of fixed assets is not in place since depreciation has not been activated in the software.</p>	<p>- Under/over valuation of fixed asset may evident.</p>	<p>- Annual updates with depreciations and Net Book Values are essential. - The management should ensure that Fixed Asset Register for all Property, plant and equipment owned by the entity are monitored regularly to capture any acquisitions or</p>

-We further noted that some of the assets e.g laptops US\$ 1,357 acquired during the year had not been updated in the register.		disposal.
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Management Response:
We will fully update the same including new acquisitions during the year.

Auditors' Response:
None.

<p>3. PERIODIC BANK RECONCILIATION</p> <p>-Regular bank reconciliation are not in place thus the difference in balance as per bank and balance as per cash book not explained.</p> <p>For example Amal Bank as at 31/12/2016:- Bal as per bank statu 26,847.63 Bal as per cash book <u>26,759.00</u> Difference 88.63</p>	-Uncertainty in reported bank balances.	-The management should ensure monthly bank reconciliation is in place.
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Management Response:
We shall implement recommendation by ensuring that periodic bank reconciliations are done.

Auditors' Response:
Noted and will be followed up in next audit.

Joe & Associates
CPA Jackson Ndung'u, MBA
Date... 11/04/17
Signature...
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 9306
NAIROBI - 00300

Chair... Lmt. Mohamed Mwirere
Date... 27, March, 2017
Signature...

