

**KAALO AID AND DEVELOPMENT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2020**

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Independent Auditor

Crowe Erastus & Co.
Certified Public Accountants
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KAALO AID AND DEVELOPMENT

ORGANIZATIONAL INFORMATION – YEAR ENDED 31 DECEMBER, 2020

Directors	:	Luul Mohamed Warsame	-	Chairperson
		Mohamed Ahmed Burtinle	-	Vice Chairperson
		Ayan Aydarus Haji	-	Secretary
		Ahmed Abshir Jama	-	Member
		Sharmarke Isse Ali	-	Member
		Fuaad Ahmed Mohamud	-	Member
		Dahir Ahmed Farah	-	Member
Management	:	Mohamud Hamid Mohamed	-	Executive Director
		Mohamed Hussein Subeyr	-	Operations Director
		Burhan Jama Yusuf	-	Programmes Director
Place of Business	:	Garowe		
		Puntland State of Somalia		
		Somalia		
Bankers	:	Amal Bank		
		Garowe Branch, Puntland State of Somalia.		
		Dahabshiiil		
		Garowe Branch, Puntland State of Somalia.		
Independent Auditor	:	Crowe Erastus & Co		
		Certified Public Accountants		
		2 nd Floor, Morningside Office Park, Wing B		
		Ngong Road		
		P. O. Box 55268 – 00200		
		Nairobi, Kenya		

KAALO AID AND DEVELOPMENT

REPORT OF THE DIRECTORS – YEAR ENDED 31 DECEMBER, 2020

The Directors of KAALO Aid and Development submits their report together with the audited financial statements for the year ended 31 December, 2020 which disclose the state of affairs of Organization as at that date.

Principal Activities

The main objective of KAALO Aid Development is to improve the livelihood of the Somali people without any distinction of race, nationality, clan, religion or political opinions through provision of the basic needs in a sustainable and environmentally sound approach. Areas of interventions include WASH, Food Security, Livelihood and Resilience, Human Rights, Access to Justice, Women Empowerment and Protection, Capacity Building and Development.

Results

The operating results for the year are set out on page 6.

Directors and Management

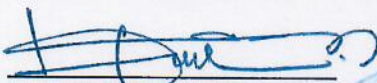
The Directors and Management officials who held office during the year and to the date of this report are set out on page 1.

Independent Auditor

Crowe Erastus & Co., Certified Public Accountants were appointed during the year and have expressed their willingness to continue in office.

By Order of the Board

(For and on its behalf)



Luul Mohamed Warsame
(Chairperson)



Garowe 12/8, 2021

KAALO AID AND DEVELOPMENT

STATEMENT OF DIRECTOR'S RESPONSIBILITIES – YEAR ENDED 31 DECEMBER, 2020

The Directors of KAALO Aid and Development are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Organization at the end of the financial year and of its operating results for that year. The Directors are required to ensure that proper accounting records that are sufficient to show and explain the transactions of the Organization and disclose, with reasonable accuracy, the financial position of the Organization are maintained. The Directors are also responsible for safeguarding the assets of the Organization, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i. designing, implementing and maintaining internal controls 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.

Having made an assessment of the Organization's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Organization's ability to continue as a going concern.

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

Approved by the Directors on 12/8/ 2021 and signed by:



Luul Mohamed Warsame
(Chairperson)



Mohamud Hamid Mohamed
(Executive Director)



REPORT OF THE INDEPENDENT AUDITOR

KAALO AID AND DEVELOPMENT

YEAR ENDED 31 DECEMBER, 2020

Independent Opinion

We have audited the accompanying financial statements set out on pages 6 to 16 of KAALO Aid and Development which comprise the statement of comprehensive income, the statement of financial position as at 31 December, 2020, statement of changes in fund balances 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, which are in agreement therewith, give a true and fair view of the financial position of KAALO Aid and Development as at 31 December, 2020 and of its financial performance and its cash flows for the year then ended in accordance with generally accepted non-profit accounting principles and applicable International Financial Reporting Standards.

Basis for Independent Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 KAALO Aid and Development 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, and we have fulfilled our ethical responsibilities in accordance with those 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.

Responsibility for the Financial Statements

As stated on page 3, the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards. This responsibility includes designing, implementing and maintaining internal controls 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.

In preparing the financial statements, the Directors are responsible for assessing KAALO Aid and Development'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 intend to liquidate KAALO Aid and Development or to cease operations, or have no realistic alternative but to do so.

Other Information

The Directors 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.

REPORT OF THE INDEPENDENT AUDITOR (CONT...)

KAALO AID AND DEVELOPMENT

YEAR ENDED 31 DECEMBER, 2020

Responsibility of the Independent Auditor

Our objective and responsibility is 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 independent 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 ISA 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 ISA, we exercise professional judgment and maintain professional skepticism 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of KAALO Aid and Development's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 KAALO Aid and Development'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 the auditor's report. However, future events or conditions may cause KAALO Aid and Development 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 controls that we identify during our audit.

CPA Misheck M. Thuranira practices in CROWE ERASTUS & Co., with other partners. The engagement partner responsible for the audit resulting in the independent auditor's report is CPA Misheck M. Thuranira – Practising Certificate No. P/1972.



CROWE ERASTUS & Co.
Certified Public Accountants



Nairobi, Kenya, 16 August, 2021

KAALO AID AND DEVELOPMENT

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER, 2020

		2020	2019
INCOME	Note	USD	USD
Grant Income	6	5,217,711	2,997,211
Other Income	7	37,250	680
Total Income		<u>5,254,961</u>	<u>2,997,891</u>
EXPENDITURE			
Personnel Costs	8	859,117	533,837
Operation & Administration Costs	9	201,778	153,975
Direct Project Costs	10	3,708,027	1,552,410
Depreciation	5	18,014	18,264
Total Expenditure		<u>4,786,935</u>	<u>2,258,486</u>
Balance for the year (Page 8)		<u><u>468,026</u></u>	<u><u>739,405</u></u>

KAALO AID AND DEVELOPMENT

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER, 2020

		2020	2019
	Note	USD	USD
Non-Current Assets			
Property and Equipment	5	182,642	163,406
Total Non-Current Assets		<u>182,642</u>	<u>163,406</u>
Current Assets			
Cash and Bank Balances	11	531,506	420,953
Accounts Receivable	12	1,183,610	519,730
Total Current Assets		<u>1,715,116</u>	<u>940,683</u>
Less : Current Liabilities			
Accounts Payable	13	333,775	8,132
Total Current Liabilities		<u>333,775</u>	<u>8,132</u>
Net Current Assets		<u>1,381,341</u>	<u>932,551</u>
Net Assets		<u>1,563,983</u>	<u>1,095,957</u>
Represented By:			
General Fund		1,563,983	1,095,957
Fund Balance (Page 8)		<u>1,563,983</u>	<u>1,095,957</u>

These financial statements were approved by the Directors on 12/8, 2021 and



Luul Mohamed Warsame
(Chairperson)



Mohamud Hamid Mohamed
(Executive Director)



KAALO AID AND DEVELOPMENT

STATEMENT OF CHANGES IN FUND BALANCES - YEAR ENDED 31 DECEMBER, 2020

Fund Movements	Accumulated Fund USD
At 01 January, 2020	1,095,957
Balance for the Year (Page 6)	468,026
Funds Balance - 31 December, 2020	<u>1,563,983</u>
At 01 January, 2019	356,552
Balance for the Year (Page 6)	739,405
Fund Balance - 31 December, 2019	<u>1,095,957</u>

KAALO AID AND DEVELOPMENT

STATEMENT OF CASH FLOW - YEAR ENDED 31 DECEMBER, 2020

		2020	2019
	Note	USD	USD
Cash Flows From Operating Activities			
Operating Balance for the year (Page 6)		468,026	739,405
Adjustments for:-			
Depreciation		18,014	18,264
Changes in Working Capital:-			
Increase in Accounts Receivable	12	(663,880)	(334,058)
Increase / (Decrease) in Accounts Payable	13	325,643	(128,145)
Net Cash From Operating Activities		<u>147,803</u>	<u>295,466</u>
Cash Flows From Investing Activities:-			
Purchase of Fixed Assets	5	(37,250)	(22,680)
Net Cash Used In Investing Activities		<u>(37,250)</u>	<u>(22,680)</u>
Net Increase in Cash and Cash Equivalents		<u>110,553</u>	<u>272,786</u>
Movement in Cash and Cash Equivalents			
Cash and Cash Equivalents at 01 January		420,953	148,167
Net Increase in Cash and Cash Equivalents		110,553	272,786
Cash and Cash Equivalents at 31 December		<u>531,506</u>	<u>420,953</u>

KAALO AID AND DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2020

1. BACKGROUND INFORMATION

Legal Status

KAALO Aid and Development is registered as a local NGO in accordance with Section 15 of Puntland NGO Act 2016. Registration is done by the Ministry of Planning, Economic Development and International Cooperation and is renewable on annual basis, Certificate No: 41/2020 dated 16 November, 2020.

2. ACCOUNTING POLICIES

2.1. Basis of Accounting

The accounts are prepared under the historical cost convention and in conformity with generally accepted non-profit accounting principles and in accordance with the applicable international financial reporting standards (IFRS).

2.2. Income

Income comprises of grants and donations received from donors. Grants are recognized as revenue in the year in which the grant is pledged as long as collection is probable.

2.3. Expenditure

Expenditure is recognised when payments are made. However, accruals are made at the date of the statement of financial position to recognise unpaid obligations.

2.4. Non - Current Assets

Property and equipment purchased or donated are capitalized on acquisition and measured at cost less accumulated depreciation and any impairment losses.

2.5. Depreciation

Depreciation is calculated on a straight line basis to write down the cost of each asset over its estimated useful life at the following annual rates:

Asset Category	Annual Rate (%)
Buildings	0
Motor Vehicles	25
Furniture & Fittings	12.5
Equipment & Machinery	12.5
Computers & Accessories	20

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.6. Translation of Foreign Currencies

All transactions in foreign currencies are initially recorded in USD (the functional currency), using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement of transactions or upon translation are taken-up in the statement of comprehensive income.

2. ACCOUNTING POLICIES (CONT...)

2.7. Accounts Payable

Accounts payable are initially recognised at the transaction price (including transaction costs). These are obligations on the basis of normal Organization's activities and do not bear interest.

2.8. Accounts Receivable

Accounts receivable comprise of grants receivable which arise in the normal course of the Organization's activities and do not bear interest. Operating and other receivables are initially recognised at the transaction price. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of comprehensive income.

2.9. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise deposits held at the bank.

3. Critical Accounting Estimates and Assumptions

In the process of applying the Organization's accounting policies, the Directors makes certain estimates and assumptions about future events. In practice, the estimated and assumed results would differ from the actual results. Such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

(i) Non – current assets – the Directors estimates in determining the depreciation rates for non–current assets. The rates used are set out in the accounting policy for non–current assets. Those estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

(ii) Other estimates and assumptions are made by the Directors for impairment of grant receivables (bad debts).

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organization's activities expose it to a variety of financial risks including liquidity and currency risks. The Organization's overall risk management programme focuses on the unpredictability of local legislations and uncertainties in the operational environment and, seeks to minimize potential adverse effects on its financial performance and activity implementation. Risk management is carried out by Management with the oversight of the Board of Directors who identify, evaluate and manage risks.

The Organization's objectives when managing risks are to safeguard its ability to continue as a going concern in order to provide services to beneficiaries and to maintain an optimal funding structure that optimizes program delivery as well as comply with the local legislation. The Organization's funding requirements are currently met through funding from donors.

KAAALO AID AND DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2020

5. PROPERTY AND EQUIPMENT	Buildings	Motor Vehicles	Computers & Accessories	Furniture & Fittings	Equipment & Machines	TOTAL
Cost / Valuation	USD	USD	USD	USD	USD	USD
At 01 January, 2020	120,000	77,046	2,847	35,181	12,653	247,727
Additions	0	34,000	3,250	0	0	37,250
At 31 December, 2020	120,000	111,046	6,097	35,181	12,653	284,977
Depreciation						
At 01 January, 2020	0	60,546	2,847	16,208	4,720	84,321
Charge for the year	0	14,000	650	2,371	993	18,014
At 31 December, 2020	0	74,546	3,497	18,579	5,713	102,335
Net Book Value						
At 31 December, 2020	120,000	36,500	2,600	16,602	6,940	182,642
At 31 December, 2019	120,000	16,500	0	18,973	7,933	163,406

KAALO AID AND DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2020

	2020	2019
	USD	USD
6. GRANT INCOME		
GFFO	979,453	0
SHF	791,251	0
DF	548,615	544,374
SHARP	491,668	0
DPA	408,782	298,311
UNOCHA	364,368	547,856
NCA	308,093	274,532
Diakonia	113,831	154,938
SOMJR	266,549	0
UNHCR	225,023	250,000
RESTORE	230,167	414,313
DRA	156,564	0
SIDA	82,357	0
NED	82,130	16,041
OXFAM	52,900	256,376
EU	43,290	225,035
DRC	27,158	15,435
Grants	22,362	0
IRC	23,150	0
Total Grant Income	<u>5,217,711</u>	<u>2,997,211</u>
7. OTHER INCOME		
Donations in Kind	37,250	680
Total Other Income	<u>37,250</u>	<u>680</u>
8. PERSONNEL COSTS		
Salaries	858,247	533,837
Staff Meeting Costs	870	0
Total Personnel costs	<u>859,117</u>	<u>533,837</u>
9. OPERATIONS & ADMINISTRATION COSTS		
Office Rent	65,560	35,090
Office Supplies	50,868	19,544
Printing and Stationery	36,378	10,808
Office Communication Costs	21,077	11,244
Office Utilities	14,031	20,748
Fuel Costs	9,741	51,031
Bank Charges	3,773	239
Board Meeting Costs	350	0
Exchange Loss	0	5,271
Total Operations & Administration Costs	<u>201,778</u>	<u>153,975</u>

KAALO AID AND DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2020

	2020	2019
10. DIRECT PROJECT COSTS	USD	USD
Rehabilitation and Construction Costs	754,173	366,762
Training Costs	606,276	422,123
Supplies & Equipment	328,947	6,344
Unconditional Cash Grants	267,787	121,196
Health & Sanitation	239,213	0
Agricultural Inputs	222,791	0
Vehicle Hire & Transportation	205,739	149,165
Dignity Kits	182,329	25,316
Sensitization & Campaigns Costs	142,885	0
Monitoring & Evaluation Costs	133,707	46,513
Legal Services	100,960	0
Awareness Sessions	88,522	6,713
Water Provision Costs	82,259	26,430
Travel	84,130	0
Hygiene Promotion Costs	68,772	0
Fishing Materials	38,836	81,746
Project Start Up	34,100	2,094
Committee Incentives	28,840	1,863
Livestock Restocking	27,338	56,319
Green Houses	19,862	0
IEC Materials (Bill Boards, Banners)	10,310	9,496
Medical Costs	9,726	18,220
Capacity Building	9,623	0
Food & NFI	9,102	28,450
Visibility	7,800	0
Capital Expenditure	3,700	0
Radio Messages	300	3,000
Income Generation Activity	0	156,250
CFW Payment	0	12,600
Incentives Fee	0	11,810
Total Direct Project Costs	<u>3,708,027</u>	<u>1,552,410</u>

KAALO AID AND DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2020

	2020	2019
	USD	USD
11. BANK BALANCES		
GFFO Main Account-6914	203,003	0
SHF CCCM PROJECT-8410	133,725	0
SHARP Project 80519078	117,413	0
DPA-DERF 6585	51,342	8,643
CRISP Project	2,034	70,777
GARP Account	7,067	3,800
DF DARWIN 5106	5,173	9,110
NCA WASH 5914	4,184	0
SOMJR Bank Account 2278	1,005	0
DRC-7931	2,004	1,278
NED PROJECT-1090	1,672	0
GFFO COVID 19 BANK ACCOUNT-8279	1,474	0
NCA FGM 5272	968	9
NCA GBV BANK ACCOUNT-925	286	0
Petty Cash	205	0
Development Fund for Norway	2	12,894
UNOCHA Health Emergency Project	1	41,527
OXFAM-GB 7967	0	22,868
OXFAM-IBIS 7907	0	94
EU Justice Project	0	135,325
Restore Bank Account	0	19
UNOCHA WASH Emergency Project	0	97,981
DPA-Strengthening Wash Structure	(52)	16,628
Total Bank Balances	<u>531,506</u>	<u>420,953</u>
12. GRANTS RECEIVABLE		
SHF	316,500	0
DF	300,911	103,566
RESTORE	228,091	153,481
DPA	126,620	168,023
NED	48,130	0
NCA	37,789	42,386
GFFO	34,068	0
SOMJR	28,928	0
OXFAM	28,266	37,467
DRA	12,463	0
KAALO Payables	13,680	0
UNOCHA	4,427	5,296
DRC	1,944	7,718
PSU ACCOUNT	1,793	1,793
Total Grants Receivable	<u>1,183,610</u>	<u>519,730</u>

KAALO AID AND DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2020

	2020	2019
13. ACCOUNTS PAYABLE	USD	USD
Accruals	187,544	8,132
KAALO-Project Prefinance	141,947	0
Due to Donors	4,284	0
Total Accounts Payable	<u>333,775</u>	<u>8,132</u>

14. CURRENCY

The financial statements are prepared in US dollar (USD) as the base currency.

15. COMPARATIVES

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

16. ABBREVIATIONS

CFW	-	Cash for Work
CRISP	-	Community Resilience in Somaliland & Puntland
DF	-	Development Fund for Norway
DPA	-	Danish People's Aid
DRA	-	Dutch Relief Agency
DRC	-	Danish Refugee Council
EU	-	European Commission
GBV	-	Gender Based Violence
GFFO	-	German Federal Foreign Office
IEC	-	Information Education Communication
IRC	-	International Rescue Committee
NCA	-	Norwegian Church Aid
NED	-	National Endowment for Democracy
NFI	-	Non Food Items
PSU	-	Puntland State University
SHARP	-	Somali Humanitarian and Resilience Program
SHF	-	Somali Humanitarian Fund
SIDA	-	The Swedish International Development Cooperation Agency
SOMJR	-	Somali Joint Response
UNHCR	-	United Nations High Commissioner for Refugees
UNOCHA	-	United Nations Office for the Coordination of Humanitarian Affairs
USD	-	United States Dollar