

HATUA LIKONI ORGANIZATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th SEPTEMBER, 2014**

**AUDITORS:
KIMATHI WAWERU & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 88490 - CODE 80100
MOMBASA**

HATUA LIKONI ORGANIZATION

Officers and Professional Advisors For the year ended 30th September, 2014

Board of Trustees

Chairman (1) Mr. Benjamin Muli

Treasurer (2) Mr. Stephen Njanje

Secretary (3) Mr. Dancan Onyimbi

Registered Office : Youth Empowerment Centre & Library – Likoni, Mombasa

Postal Address : P.O. Box 96690-80110, Likoni, Mombasa

Bankers : Cooperative Bank
Likoni Branch

Auditors : Kimathi Waweru & Associates
Certified Public Accountants
Auditors and Tax Consultants
P.O. Box 88490, Mombasa

Report of the Board of Trustees

The Board of Trustees has the pleasure of presenting their report, together with the audited financial statements of the Organization for the year ended 30th September 2014.

Principal Activities

Hatua Likoni is a community NGO working to promote education and employment among youth in Likoni, Kenya. Through scholarships, mentoring and career guidance, Hatua helps Likoni's top students gain the skills, credentials and networks they need to contribute to and benefit from Kenya's growing economy.

To ensure that Likoni's brightest youth are able to reach their potential Hatua provides scholarships to top students who cannot afford education. In 2014, Hatua sponsored 195 students, including 135 in secondary school and 60 in college and university. Holiday mentoring for secondary students on life skills, civics and career guidance, helps prepare Hatua's students for a successful transition through secondary to university. Once in higher education each student is paired with a professional working in the field he or she wishes to pursue. These mentors are tasked with helping students develop the skills, experience and networks they will need to launch their own careers.

Through scholarships, mentoring and career guidance Hatua aims to help youth finish school and enter the workforce as professionals and responsible citizens. As a cohort of well-educated professionals who understand the challenges of poverty, have received help and know the importance of helping others, and see each other as one family despite their various ethnicities, Hatua's alumni will be uniquely positioned to help uplift Mombasa through their economic activity and civic engagement.

Results and Dividends

The Organization being an NGO does not declare dividends in any form.

Auditors

The Organization's Auditor, M/s Kimathi Waweru & Associates - Certified Public Accountants, have expressed their willingness to continue in office in accordance with laws of Kenya.

By the order of the Board of Trustee

Chairman: _____

Date: _____

HATUA LIKONI ORGANIZATION

Statement of the Board of Trustees Responsibilities:

The constitution of the Organization requires the Board of Trustees to prepare financial statements for the year that 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 profit and loss for that year. It also requires the director to ensure that the organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Organization. They are also responsible for safeguarding the assets of the Organization.

The Board of Trustees accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Reporting Standards and the requirements of the Accounting Standards. The Board of Trustees is of the opinion that this financial statement gives a true and fair view of the state of the financial affairs of the Organization and of its results. The Board of Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Trustees to indicate that the Organization will not continue operating for at least the next twelve months from the date of this statement.

Report of the Independent Auditors

We have audited the financial statements of the Organization as set out on page 5 to 10 for the year ended 30th September, 2014 and have obtained all the information and explanations, which to the best of knowledge and belief, were necessary for the purposes of our audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of Owner and Auditors

As described on page 3 the Board of Trustees are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the organization and of its operating results. Our responsibilities are to express an independent opinion on the financial statements based on our Audit.

Basis of Opinion

We conducted our audit in accordance with International Standards of Auditing. Those standards required that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in financial statements. It also includes assessment of accounting policies used and significant estimates made by the Trustees, as well as evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of Hatua Likoni Organization at 30th September 2014 and of the results of its operations and cash flows for the year then ended, and comply with International Financial Reporting Standards in agreement with Accounting Standards.

HATUA LIKONI ORGANIZATION

STATEMENT OF FINANCIAL POSITION AS AT 30TH. SEPTEMBER 2014

| | 2014 | 2013 |
|-----------------------------------|-----------------------------|----------------------------|
| | KSHS | KSHS |
| <u>FUNDS EMPLOYED</u> | | |
| Balance of Surplus B/fwd | 8,972,640.50 | 6,342,970.75 |
| Grant (In Kind Donations) | 2,717,582.18 | 3,333,793.59 |
| Surplus/(Deficit) for the year | 298,348.50 | (704,123.84) |
| | <u>11,988,571.18</u> | <u>8,972,640.50</u> |
| TOTAL FUNDS EMPLOYED | <u>11,988,571.18</u> | <u>8,972,640.50</u> |
| <u>REPRESENTED BY:</u> | | |
| <u>NON-CURRENT ASSETS</u> | | |
| Property, Plant and Equipment | <u>11,385,051.15</u> | <u>9,431,183.10</u> |
| <u>CURRENT ASSETS</u> | | |
| Cash in Hand | 48,663.00 | 26,311.00 |
| Bank Balances | 554,857.03 | 304,816.40 |
| Debtors | - | 4,050.00 |
| | <u>603,520.03</u> | <u>335,177.40</u> |
| <u>CURRENT LIABILITIES</u> | | |
| Accruals | - | 793,720.00 |
| | <u>-</u> | <u>793,720.00</u> |
| NET CURRENT ASSETS | <u>603,520.03</u> | <u>(458,542.60)</u> |
| TOTAL NET ASSETS | <u>11,988,571.18</u> | <u>8,972,640.50</u> |

HATUA LIKONI ORGANIZATION**SCHEDULE OF FIXED ASSETS AS AT 30TH. SEPTEMBER 2014**

| COST | Land & | Furniture & | | Office Tools & | Kitchen | Electronic | | |
|-------------------------------|---------------------|-------------------|---------------------|------------------|------------------|-------------------|------------------|----------------------|
| | Buildings | Fittings | Books (in Kind) | Equipment | Equipment | Equipment | Computers | TOTAL |
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| As at 1st. October 2013 | 2,292,497.00 | 196,896.32 | 6,737,722.90 | 59,433.72 | 27,074.71 | 63,171.40 | 54,387.06 | 9,431,183.11 |
| Additions | 408,000.00 | 102,000.00 | 1,588,987.00 | 10,200.00 | - | 150,000.00 | - | 2,259,187.00 |
| Total | 2,700,497.00 | 298,896.32 | 8,326,709.90 | 69,633.72 | 27,074.71 | 213,171.40 | 54,387.06 | 11,690,370.11 |
| DEPRECIATION | | | | | | | | |
| Current Year Charge | - | 37,362.04 | 208,167.75 | 8,704.22 | 8,122.41 | 26,646.43 | 16,316.12 | 305,318.96 |
| Balance NBV 30/09/2014 | 2,700,497.00 | 261,534.28 | 8,118,542.15 | 60,929.51 | 18,952.30 | 186,524.98 | 38,070.94 | 11,385,051.15 |

HATUA LIKONI ORGANIZATION
 ACCOUNTS FOR THE YEAR 2014
 PERIOD ENDING 30TH SEPTEMBER 2014
 INCOME AND EXPENDITURE ACCOUNT

| Income | FY14 | | FY13 | |
|---|----------------------|-------------|----------------------|-------------|
| Balance B/f | 335,177.00 | 2% | 204,130.70 | 2% |
| Bank Interest | 1,775.81 | 0% | 693.91 | 0% |
| International Donations | 12,549,625.35 | 70% | 8,267,086.45 | 79% |
| Local Donations | 3,926,421.00 | 22% | 1,701,268.00 | 16% |
| Local In-kind Donations | 1,051,375.00 | 6% | - | 0% |
| Loans Received | - | 0% | 48,200.00 | 0% |
| Income Generating Activities | 111,301.00 | 1% | 191,421.00 | 2% |
| Subtotal: | 17,975,675.16 | 100% | 10,412,800.06 | 100% |
| Management | | | | |
| Auditor's Fees | 25,200.00 | | 49,000.00 | |
| Bank Fees & Safety Deposit Box | 30,922.25 | | 13,638.40 | |
| Government Registrations | 2,000.00 | | 14,900.00 | |
| Internet | 40,600.00 | | 26,130.00 | |
| Meeting Expenses | 67,994.00 | | 74,849.00 | |
| Office Maintenance | 8,315.00 | | 3,836.00 | |
| Postage & PO Box | 8,980.00 | | 7,225.00 | |
| Printing & Stationary | 11,815.00 | | 16,271.00 | |
| Salaries, Taxes & Benefits | 871,028.50 | | 662,400.00 | |
| Staff Airtime & Transport | 68,600.00 | | 40,083.00 | |
| Staff Development | 1,500.00 | | 29,300.00 | |
| Staff Training & Conferences | 38,593.00 | | - | |
| Team Building & Staff Appreciation | 21,070.00 | | 22,244.00 | |
| Technology | 18,166.00 | | 32,343.75 | |
| Volunteer Appreciation | - | | 1,300.00 | |
| Water | 1,305.00 | | 3,940.00 | |
| Subtotal: | 1,216,088.75 | 7.0% | 997,460.15 | 9.2% |
| Hatua Scholarship Fund | | | | |
| Boarding School Shopping | 7,830.00 | | 19,100.00 | |
| Co-curricular Activities | 500.00 | | 4,940.00 | |
| College/University fees for 60 students | 2,393,075.00 | | 993,246.00 | |
| Computer Classes for 20 students | 59,000.00 | | 41,800.00 | |
| Holiday Tuition | 24,860.00 | | 16,370.00 | |
| Internet | - | | 4,100.00 | |
| New Student Welcome Ceremony | 3,755.00 | | 2,500.00 | |
| Primary School Fees for 2 students | 47,700.00 | | 41,500.00 | |
| Printing & Stationary | 16,987.52 | | 8,750.00 | |
| Salaries, Taxes & Benefits | 863,677.00 | | 663,100.00 | |
| Secondary school fees for 135 students | 6,255,102.00 | | 3,848,695.00 | |
| Staff Airtime & Transport | 60,129.00 | | 55,320.00 | |
| Student Books & Stationery | 207,078.00 | | 200,152.00 | |
| Student Hostel | 67,540.00 | | 43,300.00 | |

| | | | | |
|---|----------------------|--------------|---------------------|--------------|
| Student Medical | 26,581.00 | | 16,290.00 | |
| Student Transport | 24,420.00 | | 31,883.00 | |
| Uniform & Shoes | 371,440.00 | | 338,439.00 | |
| Subtotal: | 10,429,674.52 | 60.2% | 6,329,485.00 | 58.2% |
| Mentoring | | | | |
| Gap Year Mentoring | 15,704.00 | | - | |
| Mentoring with Parents | 2,230.00 | | - | |
| Printing & Stationary | 3,276.00 | | 7,949.00 | |
| Salaries, Taxes & Benefits | 351,899.00 | | 302,400.00 | |
| Secondary Mentoring | 411,053.00 | | 99,675.00 | |
| Staff Airtime & Transport | 18,005.00 | | 8,205.00 | |
| Student Annual Trip | 143,160.00 | | 55,550.00 | |
| Technology | 23,000.00 | | - | |
| University Mentoring | 53,364.00 | | 6,660.00 | |
| Subtotal: | 1,021,691.00 | 5.9% | 480,439.00 | 4.4% |
| Library & Computer Lab | | | | |
| Book Cataloging & Maintenance | 697.00 | | 4,800.00 | |
| Book Transport | 11,000.00 | | 17,850.00 | |
| Building Maintenance | 43,120.00 | | 23,475.00 | |
| Cleaning | 127,900.00 | | 79,465.00 | |
| Curriculum Books & Books by African Authors | 197,976.00 | | 302,293.00 | |
| Daily Newspapers | 36,000.00 | | 28,840.00 | |
| Electricity | 85,173.00 | | 65,160.00 | |
| Internet | 25,619.00 | | 37,643.00 | |
| Library & Computer Lab Assistants Stipends | 134,000.00 | | 166,352.00 | |
| Library Furniture & Book Ends | - | | 86,185.00 | |
| Printing & Stationary | 30,268.13 | | 10,209.00 | |
| Publicity | - | | 6,800.00 | |
| Registrations | - | | 5,750.00 | |
| Salaries, Taxes & Benefits | 350,900.00 | | 346,200.00 | |
| Security | 121,825.00 | | 114,714.00 | |
| Staff Airtime & Transport | 20,724.00 | | 4,190.00 | |
| Staff Training & Conferences | - | | 4,700.00 | |
| Technology & Maintenance | 214,780.00 | | 26,680.00 | |
| Subtotal: | 1,399,982.13 | 8.1% | 1,331,306.00 | 12.2% |
| Projects & Events | | | | |
| Balcony Farming with HSF Parents | - | | 850.00 | |
| Community Events | 32,620.00 | | 29,379.00 | |
| Charitable Contributions | 26,450.00 | | 8,750.00 | |
| Likoni Civic Education Network | 600.00 | | 315,742.00 | |
| Likoni Community Football League | - | | 79,500.00 | |
| Likoni Youth Agenda | 25,200.00 | | 25,050.00 | |
| Medical Camp | 294,454.00 | | - | |
| Project Assistants Stipend | - | | 21,000.00 | |
| Schools Outreach | 1,113,678.00 | | 220,327.00 | |
| Subtotal: | 1,493,002.00 | 8.6% | 700,598.00 | 6.4% |

| Fundraising | | | | |
|---|----------------------|-------------|----------------------|-------------|
| Donor Thank Yous | - | | 4,000.00 | |
| Events | 681,463.00 | | 25,500.00 | |
| Internet | - | | 18,700.00 | |
| Postage | 1,140.00 | | 9,830.00 | |
| Printing & Stationary | 27,819.00 | | 30,481.00 | |
| Research | - | | 16,781.00 | |
| Salaries, Taxes & Benefits | 213,692.00 | | 414,300.00 | |
| Staff Airtime & Transport | 8,020.00 | | 5,075.00 | |
| Website Maintainance | - | | 19,975.00 | |
| Subtotal: | 932,134.00 | 5.4% | 544,642.00 | 5.0% |
| Income Generating Activities & Investments | | | | |
| Farming Project | - | | 91,156.00 | |
| Land Purchase & Fencing | 481,760.00 | | 77,150.00 | |
| Volunteer Program | 345,313.00 | | 319,106.00 | |
| Subtotal: | 827,073.00 | 4.8% | 487,412.00 | 4.5% |
| Depreciation for the Year | 311,481.25 | | 245,581.75 | |
| TOTALS: | 17,631,126.65 | 100% | 11,116,923.90 | 100% |

SURPLUS AND DEFICIT ACCOUNT

| | KSHS. | KSHS. |
|--|----------------------|----------------------|
| INCOME | 17,975,675.16 | 10,412,800.06 |
| MANAGEMENT COST | 1,216,088.75 | 1,006,210.15 |
| FUNDRAISING COST | 932,134.00 | 544,642.00 |
| PROGRAM COST | 14,350,511.94 | 8,833,078.00 |
| LOAN REPAYMENTS | 46,200.00 | |
| DREPRECIATION | 305,318.96 | 245,581.75 |
| INCOME GENERATING ACTIVITIES | 827,073.00 | 487,412.00 |
| TOTALS | 17,677,326.65 | 11,116,923.90 |
| | 298,348.51 | (704,123.84) |
| Bank Balance as at 30th Sept 2013 | 366,187.03 | 304,816.40 |
| Cash at Hand | 48,663.35 | 26,311.00 |
| M-pesa pay bill Bal as at 30th Sept 2013 | 188,650.00 | |
| Outstanding Loans | - | 4,050.00 |
| Bad Debt | 6,330.00 | |
| Accrued Expenses | - | (793,720.00) |
| Surplus/Defict | 609,830.38 | (458,542.60) |
| Balance as per Income & Expenditure | 298,348.51 | |
| Add Back Depreciation. | 305,318.96 | |
| | <u>609,830.38</u> | |

HATUA LIKONI FINANCIAL STATEMENT

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 30TH SEPT 2014

TOTAL INCOME

17,975,675.00

| | MANAGEMENT | HATUA SCHOLARSHIP FUND | LIBRARY | PROJECTS & EVENTS | MENTORING | FUNDRAISING & RESEARCH | IGAs & INVESTMENTS | TOTALS |
|---------------------------------|------------|------------------------|------------|-------------------|------------|------------------------|--------------------|--------------|
| Accountants Fee & Audit | 25,200.00 | | | | | | | 25,200.00 |
| Banking Charges | 30,922.25 | | | | | | | 30,922.25 |
| Book Cataloging & Maintenance | | | 697.00 | | | | | 697.00 |
| Book Transport | | | 11,000.00 | | | | | 11,000.00 |
| Charitable Contributions | | | | 26,450.00 | | | | 26,450.00 |
| Civic Education Forum & Network | | | | 600.00 | | | | 600.00 |
| Cleaning | | | 127,900.00 | | | | | 127,900.00 |
| College & University Fees | | 2,393,075.00 | | | | | | 2,393,075.00 |
| Computer Classes | | 59,000.00 | | | | | | 59,000.00 |
| Conferences & Staff Trainings | 38,593.00 | | | | | | | 38,593.00 |
| Curriculum Based Books | | | 197,976.00 | | | | | 197,976.00 |
| Daily Newspapers | | | 36,000.00 | | | | | 36,000.00 |
| Electricity | | | 85,173.00 | | | | | 85,173.00 |
| Events | | | | 32,620.00 | | 681,463.00 | | 714,083.00 |
| Facilities Maintenance | 8,315.00 | | 43,120.00 | | | | | 51,435.00 |
| Government Registrations | 2,000.00 | | | | | | | 2,000.00 |
| Holiday Tuition | | 24,860.00 | | | | | | 24,860.00 |
| Internet | 40,600.00 | | 25,619.00 | | | | | 66,219.00 |
| Land Purchase & Fencing | | | | | | | 481,760.00 | 481,760.00 |
| Likoni Youth Agenda | | | | 25,200.00 | | | | 25,200.00 |
| Medical Camp | | | | 294,454.00 | | | | 294,454.00 |
| Meeting Expenses | 67,994.00 | | | | | | | 67,994.00 |
| Mentoring | | | | | 482,351.00 | | | 482,351.00 |
| Postage | 8,980.00 | | | | | 1,140.00 | | 10,120.00 |
| Primary School Fees | | 47,700.00 | | | | | | 47,700.00 |
| Printing & Stationary | 11,815.00 | 16,987.52 | 30,268.13 | | 3,276.00 | 27,819.00 | | 90,165.65 |
| Salaries, Stipends & Taxes | 871,028.50 | 863,677.00 | 484,900.00 | | 351,899.00 | 213,692.00 | | 2,651,196.50 |
| Schools Outreach | | | | 1,113,678.00 | | | | 1,113,678.00 |
| Secondary School Fees | | 6,255,102.00 | | | | | | 6,255,102.00 |

| | | | | | | | | |
|------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|-------------------|-------------------|----------------------|
| Security | | | 121,825.00 | | | | | 121,825.00 |
| Staff Airtime & Transport | 68,600.00 | 60,129.00 | 20,724.00 | | 18,005.00 | 8,020.00 | | 175,478.00 |
| Staff Development | 1,500.00 | | | | | | | 1,500.00 |
| Student Books & Supply | | 207,078.00 | | | | | | 207,078.00 |
| Student Extra Curriculars | | 500.00 | | | | | | 500.00 |
| Student Hostel | | 67,540.00 | | | | | | 67,540.00 |
| Student Medical | | 26,581.00 | | | | | | 26,581.00 |
| Student Shopping for Boarding | | 7,830.00 | | | | | | 7,830.00 |
| Student Transport | | 24,420.00 | | | | | | 24,420.00 |
| Student Trips | | | | | 143,160.00 | | | 143,160.00 |
| Student Uniforms, Shoes & Bags | | 371,440.00 | | | | | | 371,440.00 |
| Student Welcome Ceremony | | 3,755.00 | | | | | | 3,755.00 |
| Team Building & Staff Appreciation | 21,070.00 | | | | | | | 21,070.00 |
| Technology | 18,166.00 | | 214,780.00 | | 23,000.00 | | | 255,946.00 |
| Volunteer Program | | | | | | | 345,313.00 | 345,313.00 |
| Water | 1,305.00 | | | | | | | 1,305.00 |
| Totals | 1,216,088.75 | 10,429,674.52 | 1,399,982.13 | 1,493,002.00 | 1,021,691.00 | 932,134.00 | 827,073.00 | 17,319,645.40 |

| SOURCES OF REVENUE | In KSH | In USD | In GBP |
|------------------------------------|----------------------|-------------------|-------------------|
| International Individual Donors | 5,740,481.65 | 66,657.00 | 40,654.97 |
| SDL Foundation, UK | 2,824,000.00 | 32,459.77 | 20,000.00 |
| Base Titanium Ltd, Kenya | 2,742,741.00 | 31,525.76 | 19,424.51 |
| Segal Family Foundation, US | 2,649,878.10 | 30,500.00 | 18,766.84 |
| Save the Children, Kenya (In-Kind) | 1,051,375.00 | 12,084.77 | 7,446.00 |
| Pershing Square Foundation, US | 860,000.00 | 10,000.00 | 6,090.65 |
| Kenyan Individual Donors | 486,680.00 | 5,594.02 | 3,446.74 |
| Total Tennis Ltd, US | 420,265.60 | 4,880.00 | 2,976.39 |
| Jaffer Foundation, Kenya | 358,500.00 | 4,120.69 | 2,538.95 |
| Hatua Likoni Computer Lab | 69,381.00 | 797.48 | 491.37 |
| Boss Freight Ltd, Kenya | 65,000.00 | 747.13 | 460.34 |
| Commercial Bank of Africa, Kenya | 65,000.00 | 747.13 | 460.34 |
| Aid4Orphans, UK | 55,500.00 | 637.93 | 393.06 |
| Rafiki Bank, Likoni, Kenya | 50,000.00 | 574.71 | 354.11 |
| Hatua Likoni Volunteer Program | 32,600.00 | 374.71 | 230.88 |
| Barclays Bank, Digo Rd, Kenya | 31,000.00 | 356.32 | 219.55 |
| Africa Eco Safaris, Kenya | 25,000.00 | 287.36 | 177.05 |
| Kenya Ferry Services | 25,000.00 | 287.36 | 177.05 |
| Kenya Maritime Authority | 25,000.00 | 287.36 | 177.05 |
| Sollatek Ltd, Kenya | 25,000.00 | 287.36 | 177.05 |
| Kenya Private Sector Alliance | 15,000.00 | 172.41 | 106.23 |
| Rotary Club of Bahari, Kenya | 12,000.00 | 137.93 | 84.99 |
| Hatua Likoni Library | 9,320.00 | 107.13 | 66.01 |
| Bank Interest | 1,775.81 | 20.41 | 12.58 |
| GRAND TOTAL | 17,640,498.16 | 203,644.73 | 124,932.71 |