

**ANOTHER HOPE CHILDREN'S MINISTRIES**

**AUDITED FINANCIAL STATEMENT**

**TO**

**31<sup>ST</sup> DECEMBER 2011**

**AUDITED BY:**

**BENARD MUKOOLI & COMPANY.  
ASSOCIATE ACCOUNTANT OF UGANDA  
PLOT 16/18 KALUNGI PLAZA  
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**Benard Mukooli & Company  
Associated Accountants of Uganda  
Plot 6, William Street (Upstairs)**



**18 JAN 2013**



**P. O. Box 122, Kampala, Uganda  
Tel: 0414 259936 / 0772 434549**

## **1.0 BACKGROUND INFORMATION**

### **1.1 Background**

Another Hope Children's Ministries is a Christian Non-Profit Organization registered by the Uganda Government (S.5914/8153) established in October 2005.

The major activity of the home is to improve the quality of life of orphans and vulnerable children in Uganda

The home is funded by individual well wishers who contribute through common accounts thus Good Measure International, Aid That Helps, Acts 1:8 Ministries. The collected funds are then remitted to Another Hope Children's Ministries and this money is used as directed by the donors.

### **1.2 Another Hope Children's Ministries Mission**

Another Hope Children's Ministries is committed to meeting the spiritual and physical needs of the vulnerable children in Uganda through strategic partnership ministering and undertaking specialized and sustainable child focused initiatives.

### **1.3 AHCM Management Committee or Board of Directors**

The following persons served on the Management Committee during the year under review;

- |      |                           |   |                       |
|------|---------------------------|---|-----------------------|
| i.   | Chairperson               | : | Nakanjako Aida        |
| ii.  | Vice Chairperson (if any) | : | Jason Carpenter       |
| iii. | Treasurer                 | : | Sebuliba Isaac        |
| iv.  | Secretary (if any)        | : | Nambouwa Ruth Bulyaba |
| v.   | Member                    | : | Kayizzi Joseph        |
| vi.  | Member                    | : | Father Okwede Bernard |



## **2.0 MANAGEMENT INFORMATION**

### **2.1 Principal Place of Business**

Another Hope Children's Ministries

Nansana East II

Kibwa Zone – Gaddafi Lane

Nansana Town Council, Wakiso District

### **2.2 Management**

The key management personnel for Another Hope Children's Ministries are

- |                          |   |  |
|--------------------------|---|--|
| 1. Namboowa Ruth Bulyaba | : | Executive Director                       |
| 2. Kasozi Daniel         | : | Director of Programs                     |
| 3. Kusemeza Cissy        | : | Accountant/Assistant Project Coordinator |

### **2.3 Bankers**

DFCU

Impala Branch

### **2.4 Auditors**

The Auditors appointed by AHCM to audit the financial statements of Another Hope Children's Ministries for the year December 31, 2011 are;

*BENARD MUKOOLI & COMPANY*  
*ASSOCIATE ACCOUNTANT OF UGANDA*  
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**3.0 MANAGEMENT ASSERTIONS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011**

The section presents Another Hope Children's Ministries – Nansana management's confirmation of its responsibility for information in the financial statements and information provided during the course of the audit.

Management of Another Hope Children's Ministries is required to prepare financial statements for each financial 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 income and expenditure and the cash flow. Management ensures that the home keeps proper accounting records that disclose, with reasonable accuracy, its financial position. Management is also responsible for safeguarding the assets of the organization.

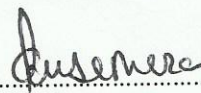
Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the organization's financial management guidelines. Management is of the opinion that the financial statements for the year ended December 31, 2011 gives a true and fair view of the state of affairs of the organization and its operations. Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate system of internal controls.

Management confirms that all the funds received in the year ended December 31, 2011 were used for the intended purposes in accordance with the relevant guidelines and the Donor funding agreements. Management certifies that there were no irregularities encountered during the period and that the accountability statement for the year ended December 31, 2011 are free of material misstatements.

This assertion is certified by Another Hope Children's Ministries Management Committee on 21 MAY 2013 and is signed on its behalf by:



Executive Director



Treasurer



Chairperson



#### **4.0 AUDIT OBJECTIVES, METHODOLOGY, AND PROCEDURES**

The objectives of the audit of Another Hope Children's Ministries financial statements were;

- ❖ To enable the auditor express a professional opinion as to whether proper books of accounts have been kept and whether the financial statements present fairly, in all material respects, the income and expenditures, and fund balances of Another Hope Children's Ministries in accordance with the Generally Accepted Accounting Principles.
- ❖ To review the management systems with special emphasis to internal control procedures and report areas of weaknesses, their implication and recommendations for remedy.

The audit was guided by strategically driven audit approach to meet audit objectives and some of the audit procedures carried out includes; strategic, operational, and compliance reviews as outlined below:

##### **4.1 Preparatory audit activities and strategic reviews carried out**

- ❖ Reviewed terms of reference and oriented the audit team towards achieving the audit objective within the agreed time frame and agreed work plan with management.
- ❖ Prepared a strategy audit document including tailored audit programs and checklists to meet audit objectives.
- ❖ Identified and reviewed possibilities for relevant strategic risks and evaluated the strategic control environment.
- ❖ We conducted systems based audit – tests to assess the effectiveness of the internal control system.
- ❖ We carried out substantive tests on the significant organization cycles as below:

##### **4.2 Receipts from funding organizations**

- ❖ Through enquiry, we documented the process of recording receipts from the funding partners.
- ❖ Obtained agreements with the funding partners and the approved budget for the year ended December 31, 2011
- ❖ We agreed all receipts of funds from donors to the bank statements and cash books.
- ❖ Reconciled the application totals to the bank receipts and confirmed completeness of the recording.

##### **4.3 Other Income**

- ❖ The organization received income from the sale of poultry project products, farm products, sale of art and craft products, and other general donations from well-wishers both locally and internationally.



#### 4.4 Expenditure

- ❖ Vouched payments from cashbooks against respective invoices, and against evidence of receipt of goods or services and whether they were checked by management for arithmetic accuracy, pricing, condition, authorization, and eligibility.
- ❖ Checked completeness and consistence of recording and confirmed appropriateness, and categorization of costs.

#### 4.5 Property and Equipment

- ❖ Obtained fixed assets/equipment listing, and physically inspected a sample of assets to confirm existence, proper engraving and working condition.
- ❖ Reviewed the adequacy of the internal control procedures over the safeguards of assets procured for the project.
- ❖ Verified the asset titles and confirmed ownership by Another Hope Children's Ministries.

#### 4.6 Cash and Bank Balances

- ❖ Agreed the reported balances to the reconciled cashbook balances.
- ❖ Agreed the balances in the bank reconciliation statements to the cashbook and the bank statements.
- ❖ Traced clearance of un-presented checks (if any) by reference to bank statements after the closing date of December 31, 2011.
- ❖ Obtained explanations for long outstanding reconciling items not cleared at the time of audit. *(We found no long outstanding reconciling items.)*
- ❖ We reviewed to confirm whether bank reconciliation's are performed on regular basis and reviewed by a senior official.

#### 4.7 Other Audit Procedures

- ❖ We reviewed internal controls as a basis for detection and reporting of frauds and suspicious transactions.
- ❖ We reviewed management reports during the year for corroborative evidence to confirm assertions in the financial statements.
- ❖ Reviewed the progress in the implementation of agreed prior year audit recommendations.
- ❖ We made enquiries to establish evidence of any pending litigations for or against the home and verified information for evidence of any related party transactions.



## AUDIT RESULTS

Results from the audit are presented under; the Auditor's Reports on compliance on pages 6 and 7; the Auditor's Report on Financial Statements on page 8; the Audited Financial Statements on pages 9 to 11; and the management letter appended to this report. All these reports form one integral audit report, in accordance with the assignment Terms of Reference for this audit.

### 5.0 AUDITOR'S REPORT ON MANAGEMENT COMPLIANCE WITH THE KEY COVENANTS AND GUIDELINES GOVERNING THE FUNDING AND MANAGEMENT OF ANOTHER HOPE CHILDREN'S MINISTRIES

Our audit was guided by the checklist presented under (i) – (viii) to review Another Hope Children's Ministries with key Funding Agreement Covenants; and to address the audit terms of reference and audit guidelines in respect of the assignment.

Audit instructions some adopted from the project audit guidelines and findings are presented below. Audit instructions are bolded whilst audit findings are inserted immediately after each instruction in italics.

- i. **Determine whether Another Hope Children's Ministries complied, in all material respects, with the conditions of the agreements and with the rules and regulations that apply to the donor funds.**

*There were no known instances of material non-compliance with the conditions of the donor agreements and with the rules and regulations that apply to the organization. Where weaknesses existed, these have been highlighted in the management letter appended to this report.*

- ii. **Whether the financial statements comply with the conditions of the donor agreement and with the organization financial rules and guidelines and all the organization's expenditure was within the budget limits.**

*We concluded that the financial statements were in accordance with the conditions of the signed agreements with the donors and the organization's financial rules and guidelines.*

- iii. **Determine whether the expenditure has been properly recorded under headings that are the same as those in the approved budget.**

*We were not availed with the approved budget and as such we were unable to confirm whether the headings used for expenses were the same as those in the budget.*

- iv. **Determine the necessary supporting documents, records and accounts were kept in respect of the organization's operational transactions.**



*We concluded that necessary supporting documents, records, and accounts were kept in respect of all the organization's transactions in all material respects.*

- v. **Determine that the organization expenditure was not in breach of legal regulations.**

*We concluded that the organization expenditure complied in all material respects with all applicable laws and regulations.*

- vi. **Review, evaluate, and report on the organization's system of internal control.**

*We reviewed the internal control structure of the organization and we concluded that the internal structure was adequate. Areas for improvement have been highlighted in the management letter appended to this report.*

- vii. **Determine whether the financial statements give a reliable basis for disbursements.**

*We reviewed and concluded that the financial statements are accurate and legitimate.*

- viii. **Determine whether the stated bank balance reconciles with the bank records.**

*We were availed with the monthly bank reconciliation statements and we concluded that the reported balances were in agreement with the balances presented in the statements.*



# BENARD MUKOOLI AND COMPANY

ASSOCIATE ACCOUNTANTS OF UGANDA (AAU)  
PLOT 6 WILLIAM STREET (1<sup>st</sup> floor) KALUNGI PLAZA

P.O.Box:122,  
Kampala

Tel. 0414-259936  
Mob: 0772-434549

Date: -----

## Report of the Auditors to the Members of Another Hope Children's Ministries

We have audited the financial statements of Another Hope Children's Ministries for the period ended 31<sup>st</sup> December, 2011 which are set out on pages attached here to.

### Respective responsibilities of the management and auditors

The management is responsible for the preparation of these financial statements; our responsibility is to express an independent opinion on those financial statements based on our audit.

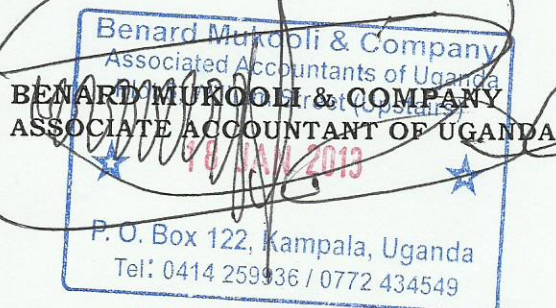
### Basis of Opinion

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial affairs of Another Hope Children's Ministries as at 31<sup>st</sup> December 2011 and of its results for the year then ended in accordance with International Accounting Standards

We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of accounts have been kept. The financial statements are in agreement with the books of accounts.




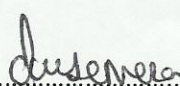


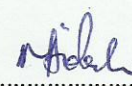
7.0 STATEMENT OF FINANCIAL POSITION FOR ANOTHER HOPE CHILDREN'S MINISTRIES AS AT DECEMBER 31, 2011

ANOTHER HOPE CHILDREN'S MINISTRIES			
STATEMENT OF FINANCIAL POSITION			
AS AT DECEMBER 31, 2011			
	Ref.	31-Dec-11	31-Dec-10
		Ushs	Ushs
<b>ASSETS</b>			
<b>Current Assets</b>			
Total cash and bank bal	11.1	1,437,456.55	7,179,145.26
Total Receivables	11.2	3,769,230.00	2,769,230.00
Total Current Assets		5,206,686.55	9,948,375.26
<b>NON CURRENT ASSETS</b>			
Property and Equipmer	11.3	68,661,656.00	41,360,456.00
<b>Total Assets</b>		<b>73,868,342.55</b>	<b>51,308,831.26</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Total accounts payable	11.4	6,882,036.00	9,282,036.00
Accumulated Fund Bala	11.5	66,986,306.55	42,026,795.26
<b>Total liabilities and Fund Balance</b>		<b>73,868,342.55</b>	<b>51,308,831.26</b>

The financial statements were approved by the Board of Directors of Another Hope Children's Ministries on 21/MAY/2013 and signed on its behalf by:

  
.....  
Executive Director

  
.....  
Treasurer


  
.....  
Chairperson

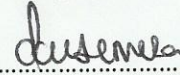


8.0 INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

ANOTHER HOPE CHILDREN'S MINISTRIES			
INCOME AND EXPENDITURE STATEMENT			
FOR THE PERIOD ENDING DECEMBER 31, 2011			
	Ref.	31-Dec-11	31-Dec-10
INCOMES		Ushs	Ushs
<b>Donations:</b>			
Donations Incomes	11.6	222,190,583.56	206,092,252.13
<b>Total incomes from donations</b>		<b>222,190,583.56</b>	<b>206,092,252.13</b>
<b>LESS EXPENSES</b>			
Total Children's expenses	11.7	56,763,700.00	44,899,196.53
IGA Projects Expenses	11.8	22,086,200.00	16,996,350.00
Community Support and Developmer	11.9	14,805,374.00	22,858,100.00
Administrative Expenses	11.10	5,966,616.00	10,570,100.00
Total staff related expenses	11.11	22,725,200.00	11,895,800.00
Total travel expenses	11.12	17,428,800.00	36,020,354.34
Total Utilities	11.13	5,297,000.00	4,927,093.00
Total repairs and maintenance	11.14	1,541,000.00	1,262,200.00
Total vehicle expenses	11.15	11,413,400.00	12,832,200.00
Total other expenses	11.16	39,203,782.27	25,612,483.00
<b>Total expenditures</b>		<b>197,231,072.27</b>	<b>187,873,876.87</b>
<b>Net Surplus/(Deficit) of incomes over expenses</b>		<b>24,959,511.29</b>	<b>18,218,375.26</b>

The financial statements were approved by the Board of Directors of Another Hope Children's Ministries on 21/MAY/2013 and signed on its behalf by:

  
.....  
Executive Director

  
.....  
Treasurer

  
.....  
Chairperson

The significant accounting policies and the notes on pages 13 to 19 form part of the financial statements



## 10.0 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by Another Hope Children's Ministries in accordance with Generally Accepted Accounting Principles.

### 10.1 Accounting Convention

The financial statements have been prepared under the historical cost convention.

### 10.2 Income and Expenditure

Income and expenditure are realized on cash basis.

### 10.3 Fixed Assets (Non Current Assets)

Assets acquired are expensed through the income and expenditure account and then reinstalled in the balance sheet in the reserves (Accumulated Fund Balance). Depreciation is calculated to write off the cost of fixed assets over their expected useful lives using the straight line method.

The resultant depreciation is written off against the assets in the balance sheet through the fund balance account and as such no depreciation charge is expensed in the income and expenditure account.

## 11.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

### 11.1 CURRENT ASSETS

11.1	Cash and Bank Balances		
		2011 Ushs	2010 Ushs
	Cash at hand	425,874.55	132,058.26
	DFCU	1,011,582.00	7,047,087.00
	<b>Total cash and bank balances</b>	<b>1,437,456.55</b>	<b>7,179,145.26</b>

### 11.2 Receivables

	2011 Ushs	2010 Ushs
Accounts Receivable - Kinaalwa Eric	2,069,230.00	2,069,230.00
Kusemeza Cissy	1,000,000.00	-
Luyima Peter (Landlord)	700,000.00	700,000.00
<b>Total Receivables</b>	<b>3,769,230.00</b>	<b>2,769,230.00</b>



### 11.3 NON CURRENT ASSETS

ASSET ITEM	COST (JAN 1. 2011)	ADDITIONS 2011	TOTALS 2011	SCRAP VALUE	RATE	ACC. DEP. 2010	DEP FOR THE YEAR 2011	ACC. DEP 2011	NET BOOK VALUE 2011
EQUIPMENT	10,926,000.00	2,450,000.00	13,376,000.00	366,000.00	12.5%	2,649,375.00	1,626,250.00	4,275,625.00	9,100,375.00
LAND	8,000,000.00	21,200,000.00	29,200,000.00	-	-	-	-	-	29,200,000.00
BUILDINGS	6,352,081.00	-	6,352,081.00	52,081.00	5.0%	630,000.00	315,000.00	945,000.00	5,407,081.00
POULTRY HOUSE WIPT COMPUTERS AND OTHER ACCESSORIES	5,280,000.00 4,743,000.00	2,754,700.00 1,400,000.00	8,034,700.00 6,143,000.00	- 48,000.00	- 20.0%	- 1,576,000.00	- 1,219,000.00	- 2,795,000.00	8,034,700.00 3,348,000.00
MOTOR VEHICLES	12,000,000.00	3,500,000.00	15,500,000.00	20,000.00	20.0%	4,792,000.00	2,396,000.00	7,188,000.00	8,312,000.00
LOOSE TOOLS	2,638,500.00	115,000.00	2,753,500.00	38,500.00	12.5%	650,000.00	325,000.00	975,000.00	1,778,500.00
FURNITURE AND FITTINGS	2,269,000.00	2,040,000.00	4,309,000.00	51,000.00	12.5%	550,750.00	277,250.00	828,000.00	3,481,000.00
<b>Totals</b>	<b>52,208,581.00</b>	<b>33,459,700.00</b>	<b>85,668,281.00</b>	<b>575,581.00</b>	<b>-</b>	<b>10,848,125.00</b>	<b>6,158,500.00</b>	<b>17,006,625.00</b>	<b>68,661,656.00</b>

### 11.4 Accounts Payable

	2011 Ushs	2010 Ushs
Namboowa Ruth	4,882,036.00	7,782,036.00
Audit fees payable	2,000,000.00	1,500,000.00
<b>Total accounts payable</b>	<b>6,882,036.00</b>	<b>9,282,036.00</b>



### 11.5 Accumulated Fund Balance

	2011 Ushs	2010 Ushs
Balance as at 1st January	42,026,795.26	23,808,420.00
Surplus (Deficit)	24,959,511.29	18,218,375.26
<b>Balance as at 31st December</b>	<b>66,986,306.55</b>	<b>42,026,795.26</b>

### 11.6 Donations Incomes

	2011 Ushs	2010 Ushs
Acts 1:8 Ministry	14,387,980.00	10,372,663.00
Another Hope Children's Ministries	43,099,210.00	58,934,376.00
Aid That Helps	29,739,450.00	23,650,000.00
Global Giving Foundation	-	8,948,370.00
Good Measure International	126,073,938.56	99,426,428.13
Lift the Children	5,522,005.00	424,490.00
Rotary Club of Chichester - Nurse's salary	2,274,000.00	-
Samaritan's Purse	624,500.00	-
Wings of Support	-	4,335,925.00
Farm Income	469,500.00	-
<b>Total Incomes</b>	<b>222,190,583.56</b>	<b>206,092,252.13</b>



#### 11.7 Children's expenses

	2011 Ushs	2010 Ushs
Children's entertainment expenses	-	132,000.00
Children's feeding expenses	15,876,350.00	14,338,750.00
Children's medical expenses	2,920,400.00	2,341,050.00
Children's School Fees and other School related expenses	30,180,950.00	21,577,787.00
Children's spiritual expenses	153,600.00	506,800.00
Children's welfare expenses	7,267,700.00	4,355,809.53
Adoption Expenses	364,700.00	207,000.00
Beddings expense	-	1,440,000.00
<b>Total Children's expenses</b>	<b>56,763,700.00</b>	<b>44,899,196.53</b>

#### 11.8 IGA Projects Expenses

	2011 Ushs	2010 Ushs
Art & Crafts expenses	1,093,100.00	2,825,500.00
Dairy farm expenses	1,098,000.00	1,297,000.00
Farm expenses	9,706,800.00	3,209,500.00
Poultry House Construction - WIP	10,188,300.00	9,664,350.00
<b>Total IGA project expenses</b>	<b>22,086,200.00</b>	<b>16,996,350.00</b>

#### 11.9 Community Support and Development Expense

	2011 Ushs	2010 Ushs
Community Support and Development Expenses	14,805,374.00	22,858,100.00
<b>Total community support and development expense</b>	<b>14,805,374.00</b>	<b>22,858,100.00</b>



**11.10 Administrative Expenses**

	2011 Ushs	2010 Ushs
Office expenses	3,247,900.00	8,246,300.00
Postage expenses	2,718,716.00	2,323,800.00
<b>Total administrative expenses</b>	<b>5,966,616.00</b>	<b>10,570,100.00</b>

**11.11 Staff related expenses**

	2011 Ushs	2010 Ushs
Meetings expenses	2,335,150.00	328,400.00
Salaries and allowances/Wages	17,586,650.00	10,368,900.00
Staff Development and Training	380,000.00	110,000.00
Staff welfare expenses	2,423,400.00	1,088,500.00
<b>Total staff related expenses</b>	<b>22,725,200.00</b>	<b>11,895,800.00</b>

**11.12 Transport Expenses**

	2011 Ushs	2010 Ushs
General Travel	17,428,800.00	7,649,550.00
Director's Foreign travel expenses	-	28,370,804.34
<b>Total travel expenses</b>	<b>17,428,800.00</b>	<b>36,020,354.34</b>



**11.13 Utilities**

	2011 Ushs	2010 Ushs
Electricity expenses	548,000.00	974,300.00
Telephone and Internet Expenses	3,579,000.00	2,929,000.00
Water expenses	324,400.00	607,400.00
Janitorial Expenses	845,600.00	416,393.00
<b>Total Utilities</b>	<b>5,297,000.00</b>	<b>4,927,093.00</b>

**11.14 Repairs and Maintenance**

	2011 Ushs	2010 Ushs
General repairs and maintainance	1,273,000.00	927,200.00
Machine repairs and maintainance	268,000.00	335,000.00
<b>Total repairs and maintenance</b>	<b>1,541,000.00</b>	<b>1,262,200.00</b>

**11.15 Vehicle expenses**

	2011 Ushs	2010 Ushs
Vehicle expenses	2,013,600.00	4,194,900.00
Vehicle Insurance	965,500.00	90,000.00
Vehicle repair and maintainance	8,434,300.00	8,547,300.00
<b>Total vehicle expenses</b>	<b>11,413,400.00</b>	<b>12,832,200.00</b>



**11.16 Others**

	2011 Ushs	2010 Ushs
Bank charges	3,510,182.27	1,808,383.00
Land Surveying expenses	-	1,600,000.00
Legal Expenses	-	50,000.00
Miscellaneous expense	228,000.00	534,000.00
Parents Sensitisation Expenses	369,900.00	-
Power and Lighting Expense	176,000.00	238,875.00
Professional Fees Account	130,000.00	-
Rent expense	8,400,000.00	8,400,000.00
Security Expenses	10,868,800.00	2,896,200.00
Utencils expenses	88,000.00	492,000.00
Home Visit Expenses	357,000.00	-
Interest on Loan Account	2,900,000.00	847,800.00
Volunteer expenses	4,517,400.00	1,664,100.00
DEPRECIATION EXPENSES	6,158,500.00	5,581,125.00
Audit fees expenses	1,500,000.00	1,500,000.00
<b>Total other expenses</b>	<b>39,203,782.27</b>	<b>25,612,483.00</b>