

ANOTHER HOPE CHILDREN'S MINISTRIES

FINANCIAL STATEMENT

TO

31 DECEMBER 2012

AUDITED BY:

**BENARD MUKOOLI & COMPANY.
ASSOCIATE ACCOUNTANT OF UGANDA
PLOT 16/18 KALUNGI PLAZA
P.O.BOX .122
KAMPALA
TEL.0772-434549
Email:mukooli@yahoo.com**

Benard Mukooli & Company
Associated Accountant of Uganda
Plot 6, William Street (Upstairs)



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

1.0 BACKGROUND INFORMATION

1.1 Background

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

The vision of AHCM is to improve the quality of life of orphans and vulnerable children in Uganda

The organization is funded by individual well wishers who contribute through common accounts thus Good Measure International, Aid That Helps, Acts 1:8 Ministries, Your Siblings. Some other individual donors send the money directly through AHCM account, while others donate directly at AHCM offices. These direct donations are recognized in the books through receipting. The collected funds are then remitted to Another Hope Children's Ministries operational account (DFCU), and for designated funds, funds are remitted to Housing Finance Account. This money is used as directed by the donors.

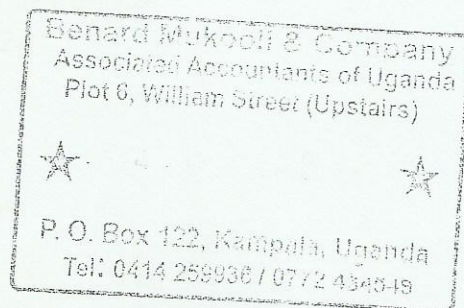
1.2 Another Hope Children's Ministries Mission

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 Board of Directors

The following persons served on the Board of Directors during the year under review;

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



2.0 MANAGEMENT INFORMATION

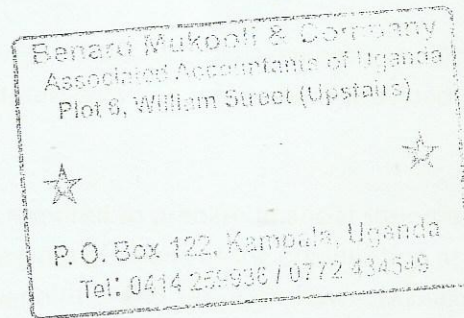
2.1 Principal Place of Business

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 |
| 4. Kibirige Timothy | : | Social worker |
| 5. Mubiru Denise | : | Finance and Administration |

2.3 Bankers

- | | |
|-------------------------|---------------|
| a) DFCU | Impala Branch |
| b) Housing Finance Bank | Ndeeba 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, 2012 are;

BENARD MUKOOLI & COMPANY
ASSOCIATE ACCOUNTANT OF UGANDA
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P.O BOX 122
KAMPALA
TEL: 0772-434549
Email:mukooli@yahoo.com

3.0 MANAGEMENT ASSERTIONS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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 organization keeps proper accounting records that disclose, with reasonable accuracy, its financial position. Management is also responsible for safeguarding the assets of the organization.

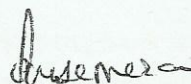
Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the organization's financial management guidelines. Management is of the opinion that the financial statements for the year ended December 31, 2012 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, 2012 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, 2012 are free of material misstatements.

This assertion is certified by Another Hope Children's Ministries Board of Directors on 22/Nov/2012 and is signed on its behalf by:



Executive Director



Treasurer



Chairperson



construction of a permanent home for AHCM. By the end of the year December 31, 2012 construction was still underway.

- ❖ The organization received income from the sale 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 engravement 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, 2012.
- ❖ 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.**

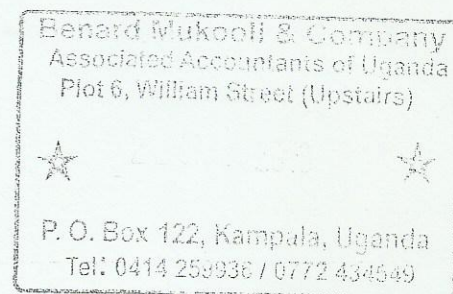
There were no known instances of material non-compliance with the conditions of the donor agreements and with the rules and regulations that apply to the organization. Where weaknesses existed, these have been highlighted in the management letter appended to this report.

- 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 availed with the approved budget and as such we were able to confirm that 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.**

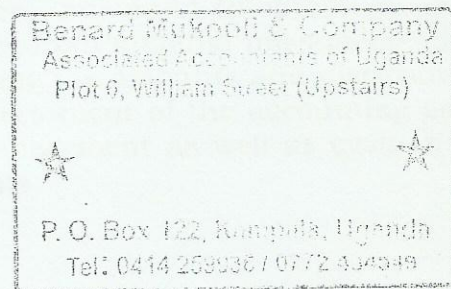
We reviewed the internal control structure of the organization and we concluded that the internal structure was adequate. Areas for improvement have been highlighted in the management letter appended to this report.

- 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 ACCOUNTANT OF UGANDA (AAU), PLOT 16 WILLIAM STREET

P.O Box: 122,
Kampala

(1st floor) KALUNGI PLAZA

Tel: 0414-259936
Mob: 0772-434549

Our Ref:

Your Ref:

Date:

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF M/S ANOTHER HOPE CHILDREN'S MINISTRIES

We have audited the financial statements for Another Hope Children's Ministries for the year ended 31 December 2012 set out on pages attached hereto,

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND AUDITORS

The management committee was responsible for the preparation of accounts, which give a true and fair view of the state of financial affairs and of its profit and losses. Our responsibility as Auditors is to express an independent opinion on the financial statements and report our opinion to the organization management.

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.

OPINION

In our opinion, proper books of accounts have been kept, and the financial statements give a true and fair view of the financial affairs of the organization as at 31 December 2012 and of its profit and losses for the year then ended.



6.0 STATEMENT OF FINANCIAL POSITION FOR ANOTHER HOPE CHILDREN'S MINISTRIES AS AT
DECEMBER 31, 2012

ANOTHER HOPE CHILDREN'S MINISTRIES

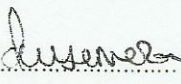
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

	Ref.	Dec. 31, 2012 Ushs	Dec. 31, 2011 Ushs
ASSETS			
Current Assets			
Total cash and bank balances	11.1	63,460,789.29	1,437,456.55
Total Receivables	11.2	3,116,351.10	3,769,230.00
Total Current Assets		66,577,140.39	5,206,686.55
NON CURRENT ASSETS			
Property and Equipment	11.3	204,292,133.63	68,661,656.00
Total Assets		270,869,274.02	73,868,342.55
LIABILITIES AND FUND BALANCE			
Total accounts payable and Trust Funds	11.4	14,608,295.90	6,882,036.00
Total Restricted Funds	11.5	179,133,883.00	-
Accumulated Fund Balance	11.6	77,127,095.11	66,986,306.55
Total liabilities and Fund Balance		270,869,274.01	73,868,342.55

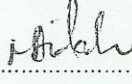
The financial statements were approved by the Board of Directors of Another Hope Children's Ministries on 22/Nov/2013 and signed on its behalf by:


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Executive Director


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Treasurer


.....

Chairperson



7.0 INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

ANOTHER HOPE CHILDREN'S MINISTRIES

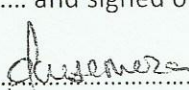
**INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD ENDING DECEMBER 31, 2012**

	Ref.	Dec. 31, 2012 Ushs	Dec. 31, 2011 Ushs
INCOMES			
Donations:			
Donations Incomes	11.7	298,375,711.00	222,190,583.56
Total incomes from donations		298,375,711.00	222,190,583.56
LESS EXPENSES			
Total Children's expenses	11.8	87,145,964.00	56,763,700.00
Total IGA project expenses	11.9	12,550,698.00	22,086,200.00
Total community support and developm	11.10	31,437,800.00	14,805,374.00
Total administrative expenses	11.11	13,928,486.26	5,966,616.00
Total staff related expenses	11.12	45,447,586.80	22,725,200.00
Total travel expenses	11.13	27,628,160.00	17,428,800.00
Total Utilities	11.14	6,893,452.00	5,297,000.00
Total repairs and maintenance	11.15	2,780,800.00	1,541,000.00
Total vehicle expenses	11.16	10,529,500.00	11,413,400.00
Total other expenses	11.17	49,892,475.38	39,203,782.27
Total expenditures		288,234,922.44	197,231,072.27
Net Surplus/(Deficit) of incomes over expenses		10,140,788.56	24,959,511.29

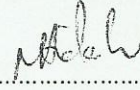
The financial statements were approved by the Board of Directors of Another Hope Children's Ministries on 22 Nov 2013 and signed on its behalf by:


.....

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, 2012

11.1 Cash and Bank Balances

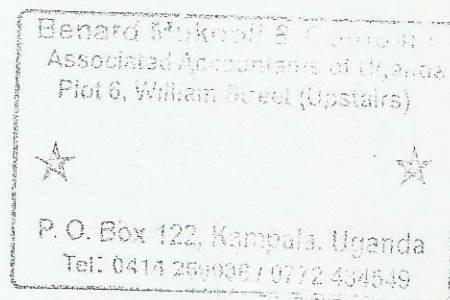
	USHS 2012	USHS 2011
Cash Account	775,913.29	425,874.55
Cash balance	5,419,793.00	1,011,582.00
Housing Finance Bank	57,265,083.00	-
Total cash and bank balances	63,460,789.29	1,437,456.55

11.2 Receivables

	USHS 2012	USHS 2011
Accounts Receivable - Kinaalwa Eric	2,069,230.00	2,069,230.00
Kusemeza Cissy	176,675.60	1,000,000.00
Luyima Peter (Landlord)	-	700,000.00
Batuuka Esther	(71,137.20)	-
Kibirige Timothy	1,020,711.80	-
Mubiru Denise Merryland	(81,999.50)	-
Nakandi Juliet	2,870.40	-
Total Receivables	3,116,351.10	3,769,230.00

11.3 NON CURRENT ASSETS

ASSET ITEM	COST (JAN 1. 2012)	ADDITIONS 2012	DISPOSALS 2012	TOTALS Dec. 2012	SCRAP VALUE	RATE	ACC. DEP. 2011	DEP FOR THE YEAR 2012	ACC. DEP 2012	NET BOOK VALUE 2012
EQUIPMENT	13,376,000.00	1,183,603.00	-	14,559,603.00	376,000.00	12.5%	4,275,625.00	1,772,950.38	6,048,575.38	8,511,027.63
LAND	29,200,000.00	-	-	29,200,000.00	-	-	-	-	-	29,200,000.00
BUILDINGS	6,352,081.00	-	-	6,352,081.00	52,081.00	5%	945,000.00	315,000.00	1,260,000.00	5,092,081.00
POULTRY HOUSE WIPT	8,034,700.00	-	-	8,034,700.00	-	-	-	-	-	8,034,700.00
MAIN HOME HOUSE WIP COMPUTERS AND OTHER ACCESSORIES	6,143,000.00	122,669,200.00	-	122,669,200.00	-	-	-	-	-	122,669,200.00
MOTOR VEHICLES	15,500,000.00	31,080,000.00	18,500,000.00	28,080,000.00	50,000.00	20%	7,188,000.00	8,390,000.00	4,602,000.00	23,478,000.00
LOOSE TOOLS	2,638,500.00	-	-	2,638,500.00	38,500.00	12.5%	975,000.00	325,000.00	1,300,000.00	1,338,500.00
FURNITURE AND FITTINGS	4,424,000.00	-	-	4,424,000.00	53,000.00	12.5%	828,000.00	546,375.00	1,374,375.00	3,049,625.00
Totals	85,668,281.00	155,917,803.00	18,500,000.00	223,086,084.00	627,581.00	-	17,006,625.00	12,763,325.38	18,793,950.38	204,292,133.63

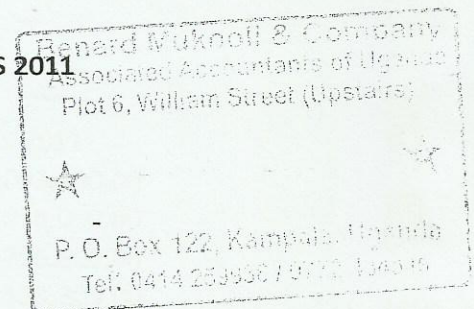


11.4

Accounts Payable and Trust Funds	USHS 2012	USHS 2011
Namboowa Ruth	11,544,036.00	4,882,036.00
Audit fees payable	2,500,000.00	2,000,000.00
NSSF Payable Account	(179,601.80)	
PAYE Payable Account	743,861.70	
Total accounts payable and Trust Funds	14,608,295.90	6,882,036.00

11.5 Restricted Funds

	USHS 2012	USHS 2011
Good Measure - Restricted Fund - Building	79,725,160.00	
Your Siblings - Restricted Fund - Building	99,408,723.00	
Total Restricted Funds	179,133,883.00	



11.6 Accumulated Fund Balance

	USHS 2012	USHS 2011
Balance as at 1st January	66,986,306.55	42,026,795.26
Surplus (Deficit)	10,140,788.56	24,959,511.29
Balance as at 31st December	77,127,095.11	66,986,306.55

11.7 Incomes – Donations and others

	USHS 2012	USHS 2011
Acts 1:8 Ministry	28,311,690.00	14,387,980.00
Another Hope Children's Ministries	52,785,981.00	43,099,210.00
Aid That Helps	42,569,400.00	29,739,450.00
Global Giving Foundation	-	-
Good Measure International	160,936,850.00	126,073,938.56
Lift the Children	5,120,640.00	5,522,005.00
Rotary Club of Chichester - Nurse's salary	44,500.00	2,274,000.00
Samaritan's Purse	-	624,500.00
Wings of Support	4,500.00	-
Farm Income	5,541,650.00	469,500.00
Little Miracle	584,500.00	-
Profit (Loss) on Sale of Assets - Vehicles	2,476,000.00	-
	298,375,711.00	222,190,583.56

11.12 Staff Related Expenses

	USHS 2012	USHS 2011
Meetings expenses	627,300.00	2,335,150.00
Salaries and allowances/Wages	40,645,688.00	17,586,650.00
Staff Development and Training	2,230,500.00	380,000.00
Staff welfare expenses	461,700.00	2,423,400.00
NSSF Expense account	1,482,398.80	
Total staff related expenses	45,447,586.80	22,725,200.00

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Chartered Accountants of Uganda
Plot 6, William Street (Upstairs)

11.13 Transport Expenses

	USHS 2012	USHS 2011
General Travel	8,446,500.00	17,428,800.00
Director's Foreign travel expenses	19,181,660.00	-
Total travel expenses	27,628,160.00	17,428,800.00

P.O. Box 122, Kampala, Uganda
Tel: 0414 259036 / 0772 434540

11.14 Utilities Expenses

	USHS 2012	USHS 2011
Electricity expenses	848,960.00	548,000.00
Telephone and Internet Expenses	3,696,500.00	3,579,000.00
Water expenses	689,892.00	324,400.00
Janitorial Expenses	1,658,100.00	845,600.00
Total Utilities	6,893,452.00	5,297,000.00

11.15 Repairs and Maintenance

	USHS 2012	USHS 2011
General repairs and maintenance	2,272,800.00	1,273,000.00
Machine repairs and maintenance	508,000.00	268,000.00
Total repairs and maintenance	2,780,800.00	1,541,000.00

11.16 Vehicle Expenses

	USHS 2012	USHS 2011
Vehicle expenses	55,000.00	2,013,600.00
Vehicle Insurance	-	965,500.00
Vehicle repair and maintainance	10,474,500.00	8,434,300.00

Total vehicle expenses	10,529,500.00	11,413,400.00
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11.17 Others

	USHS 2012	USHS 2011
Bank charges	2,427,300.00	3,510,182.27
Land Surveying expenses	-	-
Legal Expenses	-	-
Miscellaneous expense	3,388,200.00	228,000.00
Parents Sensitisation Expenses	622,900.00	369,900.00
Power and Lighting Expense	25,000.00	176,000.00
Professional Fees Account	-	130,000.00
Rent expense	9,500,000.00	8,400,000.00
Security Expenses	14,004,150.00	10,868,800.00
Utencils expenses	254,500.00	88,000.00
Home Visit Expenses	1,135,700.00	357,000.00
Loan Interest Account	-	2,900,000.00
Volunteer expenses	3,091,400.00	4,517,400.00
DEPRECIATION EXPENSES	12,763,325.38	6,158,500.00
Audit fees expenses	2,500,000.00	1,500,000.00
Cash Loss Account	180,000.00	-
Total other expenses	49,892,475.38	39,203,782.27

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