

**MAJI NA UFANISI
(MNU)
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2015**

OKSAM Solutions

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MAJI NA UFANISI (MNU)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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MAJI NA UFANISI

ORGANISATION'S INFORMATION

Members of the Board of Directors

1. Mr. Peter Maina	Chairperson
2. Ms. Mary Matu	Member
3. Ms. Mary Nginyo	Member
4. Mr. Lawrence Mwangi	Member
5. Mr. Nabutola Wafula	Member
6. Mr. Theresa Wairimu	Treasurer
7. Mr. Edward Kairu	Executive Director and Secretary to the Board

Registered office and place of business

Methodist Ministries Centre,
Oloitokitok Road
Lavington
P.O. Box 58684 -00200
NAIROBI

Auditors

OKSAM Solutions
Certified Public Accountants (Kenya)
P. O. Box 4920 - 00100
NAIROBI

Bankers

Standard Chartered Bank Kenya
Limited, Yaya Centre Branch
Nairobi

Barclays Bank of Kenya
Hurlingham Branch,
Nairobi.

NIC Bank
Junction Branch
Nairobi

MAJI NA UFANISI (MNU)

REPORT OF THE BOARD

The Board has pleasure in presenting their report and the audited financial statements for the year ended 31 December 2015, which shows the state of affairs of the organisation.

ACTIVITIES

Maji na Ufanisi (MnU) is a Kenyan membership based Non-Governmental Organization (NGO). MnU started its operations in 1998 and since then has gained expertise in building the capacity of grassroots communities and institutions to analyze and address their development concerns and in particular, those dealing with water and sanitation. MnU's vision is *'an empowered just society'* and its mission is *'to improve the quality of life of the disadvantaged through participatory innovative pro-poor Water and Environmental Sanitation solutions.'* MnU implements projects under the following key programme areas: Water and Sanitation Access; Hygiene Education and Promotion; Slum Upgrading Initiatives; Environmental Management; Community Empowerment; Advocacy; Research and Communication; and Organizational Capacity Development.

MnU partners with communities, government departments, research institutions, Community Based Organizations (CBOs), universities, schools, NGOs and other like-minded organizations to achieve its goals and objectives. Over the years, MnU has carried out activities in most urban informal settlements as well as supplementing city council efforts in public schools, particularly those adjacent to the informal settlements.

Since 2010, MnU has been hosting the Civil Society Urban Development Programme (CSUDP). CSUDP is an innovative urban intervention programme that is hinged on the Embassy of Sweden (EoS) Strategy (2009-2013) and (2013-2015) for cooperation with Kenya. CSUDP facilitates equitable and sustainable urban development through Implementing Partners (IPs) who have demonstration projects in various urban areas around Kenya

RESULTS

The results for the year are as set out on page 7.

BOARD MEMBERS

This is as shown on page 1.

AUDITORS

Messrs. OKSAM Solutions, Certified Public Accountants (K) who were appointed auditors during the year, have expressed their willingness to continue in office.

By order of the Board.

Secretary


2016



MAJI NA UFANISI (MNU)

**STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES ON THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2015**

The Directors are required to prepare financial statements of the Maji na Ufanisi (MNU), for each financial year, which give a true and fair view of the state of affairs of the organization as at the end of the financial year and of its operating results for the year under review. It also requires the Directors to ensure that the organization keeps proper accounting records, which disclose with reasonable accuracy its financial position. They are also responsible for safeguarding the assets of the Organization.

The Directors accept 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 International Financial Reporting Standards and in the manner required by the regulatory body of NGO'S. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organization and of its income and expenditure account. The Directors further accept responsibility for the maintenance of accounting records, which 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 Directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.


_____ Chairperson

Date 3 Jun 2016


_____ Secretary

Date 2/6/16


_____ Board Member

Date 2/6/16



**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
MAJI NA UFANISI (MNU)**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Maji Na Ufanisi, which comprise the statement of financial position as at 31 December 2015 and statement of financial activity for the year ended 31 December 2015, statement of changes in funds and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 20.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respect the financial position of the Maji na Ufanisi as at 31 December 2015 and of its financial performance and Cash flows for the year then ended in accordance with International Financial Reporting Standards and the NGO's Co-ordination Act.

REPORT ON OTHER MATTERS

We report to you, based on our audit, that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account have been kept by the Organisation, so far as appears from our examination of those books; and,
- iii) The Organisation's statements of financial position and income statement are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Samuel Kanga Odalo – P/No: P.1465.

Samuel Kanga Odalo

OKSAM Solutions
Certified Public Accountants (Kenya)
Nairobi

3/6/2016

.....2016

Samuel Kanga Odalo
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MAJI NA UFANISI

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31.12.15 K.Shs	31.12.14 K.Shs
ASSETS			
NON-CURRENT ASSETS			
Property , Plant and Equipments	2	11,330,623	7,976,670
Intangible Assets	3	1,672,607	624,297
		<u>13,003,230</u>	<u>8,600,966</u>
CURRENT ASSETS			
Accounts Receivable	5	2,904,952	3,446,543
Cash and Bank Balances	4	12,365,508	140,021,713
		<u>15,270,459</u>	<u>143,468,256</u>
TOTAL ASSETS		<u>28,273,689</u>	<u>152,069,223</u>
FUNDS AND LIABILITIES			
FUNDS			
Assets Fund		13,904,217	9,452,954
Project Funds	7	5,580,009	112,155,749
General Funds		(2,057,768)	(3,245,664)
		<u>17,426,457</u>	<u>118,363,038</u>
CURRENT LIABILITIES			
Trade Payables	6	3,770,501	24,507,389
Other Payables	6	7,076,731	9,198,795
		<u>10,847,232</u>	<u>33,706,184</u>
TOTAL FUNDS AND LIABILITIES		<u>28,273,689</u>	<u>152,069,223</u>

The financial statements were approved by the Board of Directors on 2/6/2016 and signed

on its behalf by:



Executive Director



Chairperson

MAJI NA UFANISI

STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED
31 DECEMBER 2015

				31.12.15	31.12.14
	Note	DESIGNATED FUNDS K.Shs	ASSET FUNDS K.Shs	GENERAL FUND K.Shs	TOTAL K.Shs
Danish Peoples' Aid		9,173,259	-	-	9,173,259
SIDA - MNU		35,375,157	-	-	35,375,157
SIDA - CSUDP		36,426,543	-	-	36,426,543
Rotary Club/Denver University		87,764	-	-	87,764
Aspire Group		-	-	-	-
Other funds		-	-	43,361	43,361
		<u>81,062,722</u>	<u>-</u>	<u>43,361</u>	<u>81,106,084</u>
Exchange Gain		-	-	15,278	15,278
Dividend Income from Muthurwa Hawkers		-	-	-	-
Sale of Fixtures and Fittings		-	-	-	-
Donations		-	-	-	-
Interest Income		-	-	49,960	49,960
(Loss)/Gain on Asset Disposal		-	(825)	-	(825)
		<u>-</u>	<u>(825)</u>	<u>65,238</u>	<u>64,413</u>
TOTAL INCOME	7	<u>81,062,722</u>	<u>(825)</u>	<u>108,600</u>	<u>81,170,497</u>
EXPENDITURE					
Administrative & office expenses	13	15,349,708	-	-	15,349,708
Vehicle running costs	14	2,433,410	-	-	2,433,410
Personnel costs	15	61,110,429	-	-	61,110,429
Capacity building	16	8,613,544	-	-	8,613,544
Project supplies	17	7,657,920	-	-	7,657,920
Monitoring & networking	18	56,837,794	-	-	56,837,794
Write offs		-	-	1,716,684	1,716,684
Implementing partners returns	19	24,367,226	-	-	24,367,226
		<u>176,370,030</u>	<u>-</u>	<u>1,716,684</u>	<u>178,086,714</u>
NET INCOME		<u>(95,307,308)</u>	<u>(825)</u>	<u>(1,608,084)</u>	<u>(96,916,217)</u>
Funds to acquire fixed assets		(6,587,838)	6,587,838	-	-
Funds to acquire intangible assets		(1,884,614)	1,884,614	-	-
		<u>(8,472,452)</u>	<u>8,472,452</u>	<u>-</u>	<u>-</u>
Depreciation	2	-	(3,184,059)	-	(3,184,059)
Amortization	3	-	(836,304)	-	(836,304)
NET MOVEMENT OF FUNDS		<u>(103,779,760)</u>	<u>4,451,263</u>	<u>(1,608,084)</u>	<u>(100,936,581)</u>
FUND BALANCE AS 1ST JANUARY		<u>112,155,749</u>	<u>9,452,954</u>	<u>(3,245,664)</u>	<u>118,363,038</u>
FUND BALANCE AS 31ST DECEMBER		<u>8,375,989</u>	<u>13,904,217</u>	<u>(4,853,748)</u>	<u>17,426,458</u>

MAJI NA UFANISI

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	DESIGNATED FUNDS K.Shs	ASSET FUNDS K.Shs	GENERAL FUNDS K.Shs	TOTAL K.Shs
At 1 January 2014		156,759,701	10,658,316	(3,285,403)	164,132,614
Income		210,694,152	-	39,739	210,733,890
Operating Costs	13 - 19	(253,948,795)	-		(253,948,795)
Funds for the purchase of Fixed Assets		(945,107)	945,107	-	-
Funds for the purchase of Intangible Assets		(404,202)	404,202	-	-
Depreciation Charge	2	-	(2,242,522)	-	(2,242,522)
Armotization Charge		-	(312,149)	-	(312,149)
At 31 December 2014		<u>112,155,749</u>	<u>9,452,954</u>	<u>(3,245,664)</u>	<u>118,363,038</u>
At 1 January 2015		112,155,749	9,452,954	(3,245,664)	118,363,038
Income	7	81,062,722	(825)	108,600	81,170,497
Operating Costs	13 - 19	(176,370,030)	-		(176,370,030)
Transfer		(2,795,980)	-	2,795,980	-
Funds for the purchase of Fixed Assets		(6,587,838)	6,587,838	-	-
Funds for the purchase of Intangible Assets		(1,884,614)	1,884,614	-	-
Write offs during the year				(1,716,684)	(1,716,684)
Depreciation Charge	2	-	(3,184,059)	-	(3,184,059)
Armotization Charge	3	-	(836,304)	-	(836,304)
At 31 DECEMBER 2015		<u>5,580,009</u>	<u>13,904,217</u>	<u>(2,057,768)</u>	<u>17,426,458</u>

MAJI NA UFANISI

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31.12.15 K.Shs	31.12.14 K.Shs
OPERATING ACTIVITIES			
Cash flows from operating activities			
Net movement of funds		(100,936,581)	(45,769,576)
Adjustments for:			
Depreciation		3,184,059	2,242,522
Armotisation		836,304	312,149
Loss on disposal of property and equipments		825	-
Operating surplus before working capital changes		(96,915,392)	(43,214,905)
Decrease in accounts receivables		541,592	1,692,787
Decrease in trade payables and accruals		(22,858,953)	(18,905,447)
Cash generated from operations		(119,232,753)	(60,427,566)
Net cash generated from operating activities		(119,232,753)	(60,427,566)
INVESTING ACTIVITIES			
Cash flows from investing activities			
Purchase of property and equipments		(6,587,838)	(945,107)
Purchase of Intangible Assets		(1,884,614)	(404,202)
Proceeds on sale of property and equipments		49,000	-
Net cash used in investing activities		(8,423,452)	(1,349,309)
Net increase in cash and cash equivalents		(127,656,205)	(61,776,875)
Cash and cash equivalents at the beginning of the year		140,021,713	201,798,588
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4	12,365,508	140,021,713

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs).

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). The financial statements are presented in the functional currency, Kenya Shillings (KShs) and are prepared under the historical cost basis of accounting.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires directors to exercise judgement in the process of applying the Organisation's accounting policies. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates. Accounting policies 1(f) and 1 (g) below on 'critical accounting estimates and assumptions' and 'critical accounting judgements' highlight the areas that involve a higher level of judgement, or where the estimates or assumptions used are significant to the financial statements.

(b) Critical Accounting Estimates and Assumptions

In the process of applying the Organisation's accounting policies, directors make 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:

Vehicles and Equipment

Directors make estimates in determining the depreciation rates for vehicles and equipments. The rates used are set out in the accounting policy for vehicles and equipments.

These 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.

The organisation measures its vehicles and equipment at cost.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be reliably measured.

The following specific criteria must also be met before revenue is recognised:

- i) *Revenue from donor grants*

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued).

Revenue is recognised on receipt.

ii) *Interest income*

It is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

(d) **Taxation**

Current taxation

No tax has been provided as funds received are grant incomes that are not subject to taxation.

(e) **Provisions**

Provisions are recognised when the Organisation has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions mainly relate to leave accrual and contingent liability.

(f) **Vehicles and Equipments and Depreciation**

Vehicles and equipments are stated at cost less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are depreciated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows;

Office equipments	12.5% p.a
Motor Vehicles	25.0% p.a
Furniture and fittings	12.5% p.a
Computers and IT equipments	33.3% p.a

(g) **Intangible Assets**

Intangible Assets are stated at cost less accumulated amortization.

(h) **Project and Designated Funds**

These funds represent unutilised funds and are available for use in subsequent periods.

(i) **Foreign Currency Transactions**

Transactions during the year in foreign currencies are translated at the rates ruling at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued).

(j) Retirement Benefits Costs

The Organisation operates a defined contribution retirement benefits scheme for its employees.

The assets of the defined contribution scheme are held in a separate trustee administered fund, which is funded by contributions from the company, at a rate of 12.5% of the basic salary of each employee.

The Organisation also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are limited to KShs 200 per employee per month. The Group's contributions to the above schemes are charged to the income statement in the year to which they relate.

(k) Financial Instruments

The Organisation's principal financial instruments include trade and other receivables, bank and cash balances and trade and other payables.

(i) Trade and other receivables

Trade and other receivables are carried at their original invoiced amount less an estimate made for allowances for credit losses based on a review of all outstanding amounts, on an account by account and portfolio basis, at the year end. Allowances for credit losses are written off in the year in which they are identified as irrecoverable.

A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Organisation will not be able to collect all of the amounts due under the original terms of the invoice.

(ii) Cash and cash equivalents

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash, net of any outstanding overdrafts.

(iii) Accounts payable

Accounts payable are non interest bearing financial liabilities and are carried at amortised cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed to the Organisation or not, less any payments made to the suppliers.

(vi) Impairment and uncollectibility of financial assets

The Organisation assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

MAJI NA UFANISI

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

2. PROPERTY, PLANT AND EQUIPMENT

YEAR ENDED 31 DECEMBER 2015	Motor Vehicles K.Shs	Furniture & Fittings K.Shs	Office Equipment K.Shs	IT Equipment K.Shs	Total K.Shs
At 1 January 2015	12,970,000	3,937,036	4,190,006	8,013,580	29,110,622
Additions	4,300,000	1,081,500	483,602	722,736	6,587,838
Disposal	-	-	(16,000)	(334,000)	(350,000)
At 31 December 2015	<u>17,270,000</u>	<u>5,018,536</u>	<u>4,657,608</u>	<u>8,402,316</u>	<u>35,348,460</u>
Depreciation					
At 1 January 2015	9,577,140	2,323,889	2,498,213	6,734,711	21,133,952
Disposal	-	-	(8,819)	(291,355)	(300,175)
Charge for the year	<u>1,923,215</u>	<u>336,831</u>	<u>271,027</u>	<u>652,987</u>	<u>3,184,059</u>
At 31 December 2015	<u>11,500,355</u>	<u>2,660,720</u>	<u>2,760,421</u>	<u>7,096,343</u>	<u>24,017,837</u>
Net book values					
At 31 December 2015	<u>5,769,645</u>	<u>2,357,816</u>	<u>1,897,187</u>	<u>1,305,973</u>	<u>11,330,623</u>

YEAR ENDED 31 DECEMBER 2014	Motor Vehicles K.Shs	Furniture & Fittings K.Shs	Office Equipment K.Shs	IT Equipment K.Shs	Total K.Shs
At 1 January 2014	12,970,000	3,937,036	4,120,226	7,138,253	28,165,515
Additions	-	-	69,780	875,327	945,107
At 31 December 2014	<u>12,970,000</u>	<u>3,937,036</u>	<u>4,190,006</u>	<u>8,013,580</u>	<u>29,110,622</u>
Depreciation					
At 1 January 2014	8,446,186	2,093,439	2,256,528	6,095,277	18,891,430
Charge for the year	<u>1,130,954</u>	<u>230,450</u>	<u>241,685</u>	<u>639,434</u>	<u>2,242,522</u>
At 31 December 2014	<u>9,577,140</u>	<u>2,323,889</u>	<u>2,498,213</u>	<u>6,734,711</u>	<u>21,133,952</u>
Net book values					
At 31 December 2014	<u>3,392,861</u>	<u>1,613,147</u>	<u>1,691,793</u>	<u>1,278,869</u>	<u>7,976,670</u>

3. INTANGIBLE ASSETS

Cost

At 1 January 2015	2,819,212
Additions	<u>1,884,614</u>
At 31 December 2015	<u>4,703,826</u>

Amortization

At 1 January 2015	2,194,915
Charge for the year	<u>836,304</u>
At 31 December 2015	<u>3,031,218</u>

Net book values

At 31 December 2015	<u>1,672,608</u>
At 31 December 2014	<u>624,297</u>

MAJI NA UFANISI

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.15	31.12.14
	K.Shs	K.Shs
4. CASH AND BANK BALANCES		
Cash Balances	61,513	91,513
Bank Balances	12,303,995	139,930,200
	<u>12,365,508</u>	<u>140,021,713</u>
5. ACCOUNTS RECEIVABLE		
	K.Shs	K.Shs
Deposits	1,960,590	940,130
Prepayments	100,195	117,371
Staff Accounts	-	1,229,958
Implementing Partners Balance	844,167	1,159,085
	<u>2,904,952</u>	<u>3,446,543</u>
6. TRADE AND OTHER PAYABLES		
Trade Payables	3,770,501	24,507,389
Other Payables	7,076,704	7,156,528
Implementing Partners Balance	27	2,042,267
	<u>10,847,232</u>	<u>33,706,184</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

7. PROJECT FUNDS	01-Jan-15 K.Shs	Receipts K.Shs	Expenses K.Shs	Transfer K.Shs	Fixed Assets K.Shs	31-Dec-15 K.Shs	31-Dec-14 K.Shs
Cordaid	4,567,652	-	-	(4,567,652)	-	-	4,567,652
Christian Aid	(60,222)	-	1,121,445	2,677,755	-	1,496,088	(60,222)
UN Habitat	(2,621,637)	-	-	2,621,637	-	-	(2,621,637)
Watercan	(24,421)	-	-	24,421	-	-	(24,421)
Board Funds	(653,275)	-	-	653,275	-	0	(653,275)
Danish Peoples' Aid	(3)	9,173,259	6,969,305	-	(834,050)	1,369,901	(3)
Sister Cities	12,950	-	-	-	-	12,950	12,950
SIDA - MNU	6,802,663	35,375,157	39,037,447	-	(414,154)	2,726,219	6,802,663
SIDA - CSUDP	103,834,718	36,426,543	128,901,597	-	(7,224,248)	4,135,416	103,834,718
Gitaro Self Help Group	5,397	-	-	-	-	5,397	5,397
Rotary Club/Denver	-	-	-	-	-	-	-
University	44,333.65	87,764	43,365	-	-	88,732	44,334
Global Funds	(377,011)	-	-	377,011	-	(0)	(377,011)
Aspire Group	2,853	-	-	-	-	2,853	2,853
Hungarian Maltese	(1,009,533)	-	-	1,009,533	-	-	(1,009,533)
CAFOD	891,816	-	280,252	-	-	611,564	891,816
Transfer	-	-	-	(2,795,980)	-	(2,795,980)	-
CDTF	910,789	-	16,620	-	-	894,169	910,789
	<u>112,327,069</u>	<u>81,062,722</u>	<u>176,370,030</u>	<u>-</u>	<u>(8,472,452)</u>	<u>8,547,309</u>	<u>112,327,069</u>
Other Funds	(171,321)	-	-	(2,795,980)	-	(2,967,301)	(171,321)
	<u>112,155,749</u>	<u>81,062,722</u>	<u>176,370,030</u>	<u>(2,795,980)</u>	<u>(8,472,452)</u>	<u>5,580,009</u>	<u>112,155,748</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organisation's principal financial instruments comprise cash and cash equivalents, receivables and payables. These instruments arise directly from its operations. The Organisation does not speculate or trade in derivative financial instruments.

The Organisation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The directors review and agree policies for managing these risks.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

i) Interest rate risk

Interest rate risk is the risk that the future profitability and/or cash flows of financial instruments will fluctuate because of changes in the market interest rates. The Organisation has no borrowings and is therefore not exposed to interest rate risk.

ii) Foreign exchange risk

Foreign exchange risk arises from future investment transactions and recognized assets and liabilities. The organisation's policy is to record transactions in foreign currencies at the rate in effect at the date of the transaction. There are two foreign currency accounts i.e. Euro and US Dollars.

The Organisation operates locally in Kenya and is exposed to foreign exchange risk arising from donor funds received in foreign currencies, primarily with respect to the US dollar, Euro and Sterling Pound. When these are translated may result in exchange losses or gains depending on the movement of the exchange rates and affect the grant amount in local currency.

iii) Price risk

Price risk arises from the fluctuation in the prices of the commodities and services that the Organisation deals in. Purchase prices are determined by the market forces and other factors that are not within the control of the Organisation.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The largest concentrations of credit exposure within the company arise from deposits held with various service providers, prepayments and cash and cash equivalents held with banks. The Organisation places significant amounts of funds with recognized financial institutions with strong credit ratings and does not consider the credit risk exposure to be significant.

LIQUIDITY RISK

Liquidity risk is the risk that the Organisation will encounter difficulties in meeting its obligations from its financial liabilities. The Organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Prudent liquidity risk management implies maintaining sufficient cash. The organisation therefore ensures prompt reporting to donors. This ensures quick disbursement of grant funds.

OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the organisation's operations.

The organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall organisation's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirement for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards. Risk mitigation, including insurance where this is effective.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

9. EMPLOYEES

The average number of employees for the organisation during the year was 23 (2014: 24).

10. COMPARATIVES

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

11. CONTINGENT LIABILITY

The Organization has a court case with a former employee who is challenging his dismissal and demanding Ksh 1,906,384 inclusive of legal fees of Ksh 248,659. The case is still at the initial stages and as per legal opinion the exposure is to the tune of Ksh. 1,500,000 with a 50% chance of materializing. However this will be reviewed from time to time as the case progresses

12. INCORPORATION

The Organization is domiciled and registered in Kenya under the Non-Governmental Organization Co-ordination Act since 1997.

MAJINA UFANISI

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

	DANISH PEOPLES' AID		CHRISTIAN AID	CAFOD	DENVER UNIVERSITY	SIDA - MNU	SIDA - CSUDDP	CDTF	31.12.15 TOTAL	31.12.14 TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
13 OFFICE EXPENSES										
Rent	-	-	-	-	2,856,941	1,884,403	-	-	4,741,344	3,821,084
Utilities	-	-	-	-	437,868	327,700	-	-	765,568	863,511
Telephone	15,650	-	-	7,039	245,639	159,366	-	-	427,693	559,763
Internet Access	504,020	-	-	-	353,800	162,400	-	-	1,020,220	359,792
Stationery	-	-	-	-	-	241,025	-	-	241,025	373,971
Printing	322,775	-	-	-	517,620	562,580	-	-	1,402,976	1,173,494
Repairs and Maintenance	84,240	-	-	-	527,924	559,836	-	-	1,172,000	523,228
Software Maintenance	-	-	-	-	-	-	-	-	-	765,480
Audit Fees	-	-	-	-	841,857	-	-	-	841,857	841,857
Board Meeting & AGM Expenses	-	-	-	-	66,615	250,103	-	-	316,718	1,856,492
News papers, Postage & Deliveries	-	-	-	-	78,910	34,390	-	-	113,300	131,655
Office Hospitality	70,668	-	-	-	490,583	362,220	-	-	923,471	735,887
Bank Charges	6,059	-	9,845	9,295	43,755	74,839	16,620	203,778	241,817	
Interns Allowance	-	-	-	-	319,831	198,393	-	-	518,224	356,827
Other Administration cost	-	-	-	-	-	134,862	-	-	134,862	-
Computer Related Services	303,818	-	-	-	466,636	1,744,218	-	-	2,514,672	710,815
Subscriptions and Registrations	-	-	-	-	12,000	-	-	-	12,000	654,074
	1,307,230	9,845	16,334	43,365	7,259,980	6,696,335	16,620	15,349,708	13,969,747	

14 VEHICLE RUNNING COSTS

Fuel & Lubes	-	-	-	-	473,409	239,554	-	-	712,963	1,388,424
Maintenance	191,961	-	-	-	127,191	307,866	-	-	627,018	492,448
Licences and Insurance	118,330	-	-	-	-	111,097	-	-	229,427	655,085
Parking, Car Wash	-	-	-	-	66,515	55,890	-	-	122,405	65,040
Taxis	34,032	-	-	-	522,123	185,441	-	-	741,597	742,068
	344,323	-	-	-	1,189,238	899,848	-	-	2,433,410	3,343,065

15 PERSONNEL COSTS

Staff Salaries & Benefits	-	-	-	-	25,638,043	31,138,100	-	-	56,776,143	69,738,205
Medical	-	-	-	-	1,845,511	2,488,774	-	-	4,334,286	4,709,568
	-	-	-	-	27,483,555	33,626,874	-	-	61,110,429	74,447,773

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

16 CAPACITY BUILDING

	DANISH PEOPLES' AID	CHRISTIAN AID	CAFOD	ROTARY CLUB/DENVER UNIVERSITY	SIDA - MNU	SIDA - CSUDP	CDTF	31.12.15 TOTAL	31.12.14 TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Community Training	3,822,787	-	263,918	-	1,956,534	-	-	6,043,239	3,044,661
Community Capacity Building	285,460	-	-	-	209,230	-	-	494,690	1,843,379
Staff Training	-	-	-	-	-	-	-	-	45,240
Board Training	32,285	-	-	-	144,665	-	-	176,950	-
Public Awareness development	-	-	-	-	-	-	-	-	3,000
Institutional Development	-	-	-	-	570,000	-	-	570,000	280,000
Community Meetings	23,200	-	-	-	34,800	-	-	58,000	938,654
Cleanup Expenses	-	-	-	-	-	-	-	-	299,580
Baseline Survey and Mapping	-	1,111,600	-	-	-	-	-	1,111,600	224,500
Exchange Visits	-	-	-	-	159,065	-	-	159,065	121,490
	4,163,732	1,111,600	263,918	-	3,074,294	-	-	8,613,544	6,800,504

17 PROJECT SUPPLIES

Sanitation Block	-	-	-	-	62,880	7,595,040	-	7,657,920	64,822,542
Branding of facilities	-	-	-	-	-	-	-	-	63,800
Commissioning Costs	-	-	-	-	-	-	-	-	484,215
	-	-	-	-	62,880	7,595,040	-	7,657,920	65,370,557

18 MONITORING AND NETWORKING

Networking	825,631	-	-	-	-	36,056,678	-	36,882,309	20,643,893
Consultancy	-	-	-	-	-	19,659,595	-	19,659,595	8,752,144
Information Forums	328,390	-	-	-	(32,500)	-	-	295,890	-
Advisory Training Facility	-	-	-	-	-	-	-	-	17,383,704
	1,154,021	-	-	-	(32,500)	55,716,273	-	56,837,794	46,779,741

19 IMPLEMENTING PARTNERS RETURNS

Haki Jamii	-	-	-	-	-	5,433,722	-	5,433,722	7,713,386
NACHU	-	-	-	-	-	4,410,380	-	4,410,380	8,939,704
Pamoja Trust	-	-	-	-	-	5,629,070	-	5,629,070	10,809,372
Sarakasi	-	-	-	-	-	2,166,800	-	2,166,800	5,312,240
K-Rep	-	-	-	-	-	3,625,529	-	3,625,529	7,045,801
Uwezo	-	-	-	-	-	3,101,725	-	3,101,725	3,416,906
	6,969,305	1,121,445	280,252	43,365	39,037,447	128,901,597	16,620	176,370,030	253,948,795