

**MAJI NA UFANISI
(MNU)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014**



Odalo K. S. & Company

Certified Public Accountants (K)

P.O Box 4920 - 00100

NAIROBI

MAJI NA UFANISI (MNU)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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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

Odalo K. S & Company
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 2014, 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 (2013-2014) 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 6.

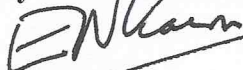
BOARD MEMBERS

This is as shown on page 1.

AUDITORS

Messrs. Odalo K. S. & Company, Certified Public Accountants (K) who served as auditors during the year, have expressed their willingness to continue in office.

By order of the Board.



Secretary

30/4/2015


MAJI NA UFANISI (MNU)

STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

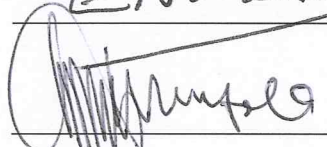
Nothing has come to the attention of the Directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.


Chairperson

Date 30 Apr 2015


Secretary

Date 30/4/15


Board Member

Date April/30/15



Odalo K. S. & Company

Certified Public Accountants (K)

Vinodeep Towers
3rd Floor
Baricho Road
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Nairobi.

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INDEPENDENT AUDITOR'S REPORT 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 2014 and statement of financial activity for the year ended 31 December 2014, 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 7 to 19.

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 2014 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 Legal Requirements

As required 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 auditors' report is CPA Samuel Kanga Odalo – P/No: P.1465.

Odalo K.S. & Company
Certified Public Accountants (Kenya)
Nairobi

4/5/2015

Date.

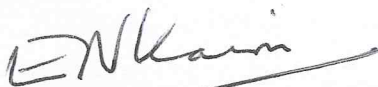
MAJI NA UFANISI

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	31.12.14 K.Shs	31.12.13 K.Shs
ASSETS			
NON-CURRENT ASSETS			
Property , Plant and Equipments	2	7,976,670	9,274,085
Intangible Assets	3	624,297	532,244
		<u>8,600,966</u>	<u>9,806,329</u>
CURRENT ASSETS			
Accounts Receivable	5	3,446,543	5,139,330
Cash and Bank Balances	4	140,021,713	201,798,588
		<u>143,468,256</u>	<u>206,937,918</u>
TOTAL ASSETS		<u>152,069,223</u>	<u>216,744,247</u>
FUNDS AND LIABILITIES			
FUNDS			
Assets Fund		9,452,954	10,658,316
Project Funds	7	112,155,749	156,759,701
General Funds		(3,245,664)	(3,285,403)
		<u>118,363,038</u>	<u>164,132,614</u>
CURRENT LIABILITIES			
Trade Payables	6	24,507,389	45,540,233
Other Payables	6	9,198,795	7,071,398
		<u>33,706,184</u>	<u>52,611,632</u>
TOTAL FUNDS AND LIABILITIES		<u>152,069,223</u>	<u>216,744,247</u>

The financial statements were approved by the Board of Directors on 30~~th~~ 2015 and signed

on its behalf by:



Executive Director



Chairperson

MAJI NA UFANISI

STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED
31 DECEMBER 2014

	Note	DESIGNATED FUNDS K.Shs	ASSET FUNDS K.Shs	GENERAL FUND K.Shs	31.12.14 TOTAL K.Shs	31.12.13 TOTAL K.Shs
GRANT INCOME						
Danish Peoples' Aid		386,335	-	-	386,335	-
Sister Cities		-	-	-	-	203,236
SIDA - MNU		50,000,000	-	-	50,000,000	106,713,806
SIDA - CSUDP		159,604,643	-	-	159,604,643	215,000,000
Rotary Club/Denver University		384,174	-	-	384,174	1,613,763
Aspire Group		319,000	-	-	319,000	-
Cafod		-	-	-	-	22,553,512
		<u>210,694,152</u>	<u>-</u>	<u>-</u>	<u>210,694,152</u>	<u>346,084,317</u>
Interest Income		-	-	39,739	39,739	33,017
TOTAL INCOME	7	<u>210,694,152</u>	<u>-</u>	<u>39,739</u>	<u>210,733,890</u>	<u>346,117,335</u>
EXPENDITURE						
Administrative & office expenses	13	13,969,747	-	-	13,969,747	12,493,408
Vehicle running costs	14	3,343,065	-	-	3,343,065	2,658,119
Personnel costs	15	74,447,773	-	-	74,447,773	58,457,567
Capacity building	16	6,800,504	-	-	6,800,504	5,564,756
Project supplies	17	65,370,557	-	-	65,370,557	25,035,177
Monitoring & networking	18	46,779,741	-	-	46,779,741	112,107,774
Implementing partners returns	19	43,237,409	-	-	43,237,409	16,755,899
		<u>253,948,795</u>	<u>-</u>	<u>-</u>	<u>253,948,795</u>	<u>233,072,701</u>
NET INCOME		<u>(43,254,644)</u>	<u>-</u>	<u>39,739</u>	<u>(43,214,905)</u>	<u>113,044,634</u>
Funds to acquire fixed assets		(945,107)	945,107	-	-	-
Funds to acquire intangible assets		(404,202)	404,202	-	-	-
		<u>(1,349,309)</u>	<u>1,349,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation	2	-	(2,242,522)	-	(2,242,522)	(2,559,040)
Arnotization	3	-	(312,149)	-	(312,149)	(266,122)
NET MOVEMENT OF FUNDS		<u>(44,603,953)</u>	<u>(1,205,362)</u>	<u>39,739</u>	<u>(45,769,576)</u>	<u>110,219,472</u>
FUND BALANCE AS 1ST JANUARY		<u>156,759,701</u>	<u>10,658,316</u>	<u>(3,285,403)</u>	<u>164,132,614</u>	<u>53,913,142</u>
FUND BALANCE AS 31ST DECEMBER		<u>112,155,749</u>	<u>9,452,954</u>	<u>(3,245,664)</u>	<u>118,363,038</u>	<u>164,132,614</u>

MAJI NA UFANISI

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	DESIGNATED FUNDS K.Shs	ASSET FUNDS K.Shs	GENERAL FUNDS K.Shs	TOTAL K.Shs
At 1 January 2013		44,109,960	13,121,602	(3,318,420)	53,913,142
Income		346,084,317	-	33,017	346,117,335
Operating Costs	13 - 19	(233,072,701)	-	-	(233,072,701)
Funds for the purchase of Fixed Assets		(361,875)	361,875	-	-
Depreciation Charge	2	-	(2,559,040)	-	(2,559,040)
Armotization Charge		-	(266,122)	-	(266,122)
At 31 December 2013		<u>156,759,701</u>	<u>10,658,316</u>	<u>(3,285,403)</u>	<u>164,132,614</u>
At 1 January 2014		156,759,701	10,658,316	(3,285,403)	164,132,614
Income	7	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	3	-	(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>

MAJI NA UFANISI

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	31.12.14 K.Shs	31.12.13 K.Shs
OPERATING ACTIVITIES			
Cash flows from operating activities			
Net movement of funds		(45,769,576)	110,219,472
Adjustments for:			
Depreciation		2,242,522	2,559,040
Armotisation		312,149	266,122
Operating surplus before working capital changes		<u>(43,214,905)</u>	<u>113,044,634</u>
Decrease in accounts receivables		1,692,787	3,708,447
Decrease in trade payables and accruals		(18,905,447)	31,119,228
Cash generated from operations		<u>(60,427,566)</u>	<u>147,872,309</u>
Net cash generated from operating activities		<u>(60,427,566)</u>	<u>147,872,309</u>
INVESTING ACTIVITIES			
Cash flows from investing activities			
Purchase of property and equipments		(945,107)	(361,875)
Purchase of Intangible Assets		(404,202)	-
Net cash used in investing activities		<u>(1,349,309)</u>	<u>(361,875)</u>
Net increase in cash and cash equivalents		<u>(61,776,875)</u>	<u>147,510,434</u>
Cash and cash equivalents at the beginning of the year		<u>201,798,588</u>	<u>54,288,154</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4	<u><u>140,021,713</u></u>	<u><u>201,798,588</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 equipments 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 2014

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 2014**

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 2014

2. PROPERTY, PLANT AND EQUIPMENT

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	1,130,954	230,450	241,685	639,434	2,242,522
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>

YEAR ENDED 31 DECEMBER 2013	Motor Vehicles K.Shs	Furniture & Fittings K.Shs	Office Equipment K.Shs	IT Equipment K.Shs	Total K.Shs
At 1 January 2013	12,970,000	3,832,041	4,120,226	6,881,373	27,803,640
Additions	-	104,995	-	256,880	361,875
At 31 December 2013	<u>12,970,000</u>	<u>3,937,036</u>	<u>4,120,226</u>	<u>7,138,253</u>	<u>28,165,515</u>
Depreciation					
At 1 January 2013	6,938,248	1,830,068	1,990,286	5,573,789	16,332,391
Charge for the year	1,507,938	263,371	266,243	521,488	2,559,040
At 31 December 2013	<u>8,446,186</u>	<u>2,093,439</u>	<u>2,256,528</u>	<u>6,095,277</u>	<u>18,891,430</u>
Net book values					
At 31 December 2013	<u>4,523,814</u>	<u>1,843,597</u>	<u>1,863,698</u>	<u>1,042,976</u>	<u>9,274,085</u>

3. INTANGIBLE ASSETS

Cost

At 1 January 2014	2,415,010
Additions	<u>404,202</u>
At 31 December 2014	<u>2,819,212</u>

Amortization

At 1 January 2014	1,882,766
Charge for the year	<u>312,149</u>
At 31 December 2014	<u>2,194,915</u>

Net book values

At 31 December 2014	<u>624,297</u>
At 31 December 2013	<u>532,244</u>

MAJI NA UFANISI

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

	31.12.14	31.12.13
	K.Shs	K.Shs
4. CASH AND BANK BALANCES		
Cash Balances	91,513	91,513
Bank Balances	139,930,200	201,707,075
	<u>140,021,713</u>	<u>201,798,588</u>
5. ACCOUNTS RECEIVABLE		
	K.Shs	K.Shs
Deposits	940,130	940,130
Prepayments	117,371	189,000
Staff Accounts	1,229,958	1,235,335
Implementing Partners Balance	1,159,085	2,774,865
	<u>3,446,543</u>	<u>5,139,330</u>
6. TRADE AND OTHER PAYABLES		
Trade Payables	24,507,389	45,540,233
Other Payables	7,156,528	7,071,398
Implementing Partners Balance	2,042,267	-
	<u>33,706,184</u>	<u>52,611,632</u>

MAJI NA UFANISI

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

7. PROJECT FUNDS	01-Jan-14 K.Shs	Receipts K.Shs	Expenses K.Shs	Fixed Assets K.Shs	31-Dec-14 K.Shs
Cordaid	4,567,652	-	-	-	4,567,652
Christian Aid	(52,302)	-	7,920	-	(60,222)
UN Habitat	(2,621,637)	-	-	-	(2,621,637)
Watercan	(24,421)	-	-	-	(24,421)
Board Funds	(653,275)	-	-	-	(653,275)
Danish Peoples' Aid	-	386,335	386,338	-	(3)
Sister Cities	12,950	-	-	-	12,950
SIDA - MNU	53,200,511	50,000,000	95,364,327	(1,033,521)	6,802,663
SIDA - CSUDP	82,659,514	159,604,643	138,155,651	(273,788)	103,834,718
Gitaro Self Help Group	5,397	-	-	-	5,397
Rotary Club/Denver					
University	(63,206)	384,174	276,634	-	44,334
Global Funds	(377,011)	-	-	-	(377,011)
Aspire Group	-	319,000	316,147	-	2,853
Hungarian Maltese	(1,009,533)	-	-	-	(1,009,533)
CAFOD	20,366,243	-	19,432,427	(42,000)	891,816
CDTF	920,140	-	9,351	-	910,789
	<u>156,931,022</u>	<u>210,694,152</u>	<u>253,948,795</u>	<u>(1,349,309)</u>	<u>112,327,069</u>
Other Funds	(171,321)	-	-	-	(171,321)
	<u>156,759,701</u>	<u>210,694,152</u>	<u>253,948,795</u>	<u>(1,349,309)</u>	<u>112,155,749</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014**

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 2014**

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 24 (2013: 28).

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 chances of it crystallizing within the next 12 months are minimal. 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.

MAJI NA UFANISI

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014**

	DANISH PEOPLES' AID		CHRISTIAN AID	ASPIRE GROUP	CAFOD	DENVER UNIVERSIT Y	SIDA - MNU	SIDA - CSUDDP	CDTF	31.12.14 TOTAL	31.12.13 TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
13 OFFICE EXPENSES											
MNU ADMINISTRATIVE & OFFICE EXPENSES											
Rent	-	-	-	-	-	2,293,642	1,527,442	-	-	3,821,084	3,682,214
Utilities	-	-	-	53,440	49,652	356,421	350,814	-	-	863,511	846,583
Telephone	-	-	-	7,040	42,782	287,501	222,440	-	-	559,763	671,039
Internet Access	-	-	-	-	29,394	147,000	183,398	-	-	359,792	489,122
Stationery	-	-	-	-	44,684	64,146	265,141	-	-	373,971	462,660
Printing	-	-	-	130,187	130,187	260,374	652,747	-	-	1,173,494	1,653,384
Repairs and Maintenance	-	-	-	-	-	524,228	(1,000)	-	-	523,228	484,723
Software Maintenance	-	-	-	-	-	765,480	-	-	-	765,480	-
Magazines and Publications	-	-	-	-	-	-	-	-	-	-	35,720
Audit Fees	-	-	-	-	-	-	841,857	-	-	841,857	765,325
Board Meeting & AGM Expenses	-	-	-	10,695	-	327,105	1,518,692	-	-	1,856,492	864,048
News papers, Postage & Deliveries	-	-	-	-	3,610	66,755	61,290	-	-	131,655	35,850
Office Hospitality	-	-	-	26,414	67,055	340,738	301,680	-	-	735,887	697,296
Bank Charges	6,759	7,920	38,463	21,859	19,095	57,403	80,968	9,351	-	241,817	217,878
Interns Allowance	-	-	-	-	-	68,000	288,827	-	-	356,827	156,000
Registration/Work permit	-	-	-	-	-	-	-	-	-	-	200
Other Administration cost	-	-	-	-	-	-	-	-	-	-	11,389
Computer Related Services	-	-	-	-	-	201,459	509,356	-	-	710,815	896,310
Subscriptions and Registrations	-	-	-	-	-	73,000	581,074	-	-	654,074	523,666
	6,759	7,920	91,647	249,634	386,459	5,833,251	7,384,725	9,351	-	13,969,747	12,493,408
14 VEHICLE RUNNING COSTS											
Fuel & Lubes	-	-	-	-	182,222	920,597	285,605	-	-	1,388,424	934,513
Maintenance	-	-	-	-	-	379,367	113,081	-	-	492,448	657,079
Licences and Insurance	-	-	-	-	131,991	310,391	212,703	-	-	655,085	416,318
Parking, Car Wash	-	-	-	-	-	48,710	16,330	-	-	65,040	13,730
Taxis	5,939	-	-	-	25,100	494,997	216,032	-	-	742,068	636,479
	5,939	-	-	-	339,313	2,154,062	843,751	-	-	3,343,065	2,658,119
15 PERSONNEL COSTS											
Staff Salaries & Benefits	-	-	-	-	5,989,016	26,149,083	37,600,106	-	-	69,738,205	54,457,252
Medical	-	-	-	-	-	2,554,649	2,154,919	-	-	4,709,568	4,000,315
	-	-	-	-	5,989,016	28,703,732	39,755,025	-	-	74,447,773	58,457,567

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

16 CAPACITY BUILDING

	DANISH PEOPLES' AID	CHRISTIAN AID	ASPIRE GROUP	CAFOD	ROTARY CLUB/DENVER UNIVERSITY	SIDA - MNU	SIDA - CSUDP	CDTF	31.12.14 TOTAL	31.12.13 TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Community Training	373,640	-	-	587,024	-	2,083,997	-	-	3,044,661	3,756,377
Community Capacity Building	-	-	-	1,121,245	-	567,134	155,000	-	1,843,379	1,169,350
Tools Fabrication	-	-	-	-	-	-	-	-	-	47,700
Staff Training	-	-	-	-	-	45,240	-	-	45,240	-
Public Awareness development	-	-	-	3,000	-	-	-	-	3,000	81,182
Institutional Development	-	-	-	-	-	280,000	-	-	280,000	100,575
Community Meetings	-	-	-	-	27,000	911,654	-	-	938,654	144,654
Cleanup Expenses	-	-	-	226,560	-	73,020	-	-	299,580	-
Baseline Survey and Mapping	-	-	224,500	-	-	-	-	-	224,500	264,918
Exchange Visits	-	-	-	-	-	121,490	-	-	121,490	-
	373,640	-	224,500	1,937,829	27,000	4,082,535	155,000	-	6,800,504	5,564,756

17 PROJECT SUPPLIES

Sanitation Block	-	-	-	10,324,245	-	54,498,297	-	-	64,822,542	24,921,177
Assessment Reports	-	-	-	-	-	-	-	-	-	74,000
Branding of facilities	-	-	-	-	-	63,800	-	-	63,800	40,000
Commissioning Costs	-	-	-	455,565	-	28,650	-	-	484,215	-
	-	-	-	10,779,810	-	54,590,747	-	-	65,370,557	25,035,177

18 MONITORING AND NETWORKING

Networking	-	-	-	-	-	-	20,643,893	-	20,643,893	28,885,789
Consultancy	-	-	-	-	-	-	8,752,144	-	8,752,144	13,585,475
Urban Journal Forums	-	-	-	-	-	-	-	-	-	18,194,177
Advisory Training Facility	-	-	-	-	-	-	17,383,704	-	17,383,704	49,756,428
MEAL Data development	-	-	-	-	-	-	-	-	-	1,335,658
Monitoring	-	-	-	-	-	-	-	-	-	350,247
	-	-	-	-	-	-	46,779,741	-	46,779,741	112,107,774

19 IMPLEMENTING PARTNERS RETURNS

Haki Jamii	-	-	-	-	-	-	7,713,386	-	7,713,386	3,686,862
NACHU	-	-	-	-	-	-	8,939,704	-	8,939,704	3,734,404
Pamoja Trust	-	-	-	-	-	-	10,809,372	-	10,809,372	7,076,066
Sarakasi	-	-	-	-	-	-	5,312,240	-	5,312,240	-
K-Rep	-	-	-	-	-	-	7,045,801	-	7,045,801	(53,551)
Uwezo	-	-	-	-	-	-	3,416,906	-	3,416,906	2,312,119
	386,338	7,920	316,147	19,432,427	276,634	95,364,327	138,155,651	9,351	253,948,795	233,072,701