

**Annual Audited Report and Financial Statements for the year  
ended  
31<sup>st</sup> December, 2018**

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**CHILDREN BASE REINFORCEMENT ORGANIZATION  
UNITED REPUBLIC OF TANZANIA PROJECTS  
Report and Financial Statement for the year ended 31 December 2018**

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**1. GENERAL INFORMATION**

**Project Coordinator** Children Base Reinforcement Organization  
Registered Address P.O Box 546,  
Korogwe Tanga, Tanzania  
Email cbro.ombeni@gmail.com  
Mobile: +255 714283729

**Chief Officers** Ombeni Peter Ayo Project Manager  
Rogers Abihudi Shehumu Board Chairperson

**Principle Bankers** National Microfinance Bank PLC  
Korogwe Branch  
P.O Box  
Tanga

**Accountants/Auditors** KAL Business Accounting Consultants  
Certified Public Accountants  
Registered Address P.O Box 1035  
Njombe, Tanzania  
Mobile +255 715 001 877 / 767 913 392  
Email kalconsultancy17@gmail.com

## **2. INTRODUCTION**

### **2.1 Background and Overview**

In May 2016, eight founding members of the Zebras Active Community. e.V. (ZAC) met. Their ambitious aim was and remains to establish a children's village in the East African country of Tanzania. The idea itself was part of a previous endeavour. Our idea of this project is based on profound background.

Since 2014, some socially engaged supporters of the German football club MSV Duisburg finance an orphanage and two street football teams in Tanzania. This is a unique story of its own and originates from a rather coincidental trip around the world. A supporter of MSV Duisburg went on sabbatical leave for a year and travelled around the world. His first stop was in Africa, where he met people from an orphanage in Dar es Salam. By means of social networking, MSV supporters started a surprising aid programme from which a reliable partnership with the orphanage established. Since then, some success has been made for the local children: Infrastructures have been improved, the orphanage has been extended, and a car has been found and shipped to Tanzania. Any many things more. Thanks to generous donations, the street footballers have also gained new perspectives.

This commitment left the impression of the particularly difficult living conditions of especially underprivileged children in Tanzania. Based on the idea of Holger Glücks, founder of ZAC, it had been decided that a completely new children's village has to be built in another location. Supported by local guardians, we want to make it possible for up to 60 children to grow up in a protective and responsible environment

The aspiration of our project is to provide a good and secure haven for these children. In addition, we would also like to give these children the opportunity to gain access to education, which is partly subject to fees in ordinary Tanzania, and to stimulate the future perspectives of these children by opening access to apprenticeships. All our activities aim at capacity building. In this case, ZAC acts regardless of religious or political orientation.

In February 2018, our Non-Governmental Organization, named the Children Base Reinforcement Organization (short form "C.B.R.O.") was registered with the Ministry of Community and Development, Gender and Children on 19/01/2018 under document number 0009479. Met for its inaugural meeting in Lutindi with the Core functions of Zebra Active Community. The registered office of the Organization is situated in Tanzania and allowed to work in the whole country. Currently the Organization Headquarters is in Lutindi Korogwe Tanga Region

#### **Management Board**

The current Board of Directors consists of the, Chairman of the Board Rogers Shehumu (Controller at Lutindi Mental Hospital, Vice Chairman Petro Godson Makange (ex World Vision employee), Florence Paulo Shemndolwa (businesswoman), Margareth Momburi (regional politician), Melkizedek T. Mrema (lawyer) Ombeni Peter Ayo (C.B.R.O. manager)

#### **Vision Statement**

Vision statement of CBRO is that children live under condition that help them to grow to the best they can be live healthy and happy life and receive the education that will help them to archive their dreams.

## **Mission Statement**

C.B.R.O organization mission is to help children in difficult and unsecured environment to improve their standards of living so that their physical, Emotion and social needs are satisfied. As ambassadors of these children we ensure their integral human development by being network for organization, Companies and Individuals that give them opportunity to support the children to reach their Life dreams in effective way

## **Core values**

Children Based Enforcement Organization wishes to promote the socially responsible operations, Zero Poverty, eco justice, fairness and economic growth for children and community and lead them to enjoyable life wherever they live. In this respect C.B.RO's core values include Honesty, Accountability, Integrity, Community Service, Trustiness and empowering people

## **2.2 Main Objectives of the Projects**

The objectives and purposes of **CHILDREN BASED REINFORCEMENT ORGANIZATION** are:

- a. To empower Children and to advocate for community self-reliance program which shall enhance reduction of poverty among the poor rural communities.
- b. To support Education in the Community especially to Childrens
- c. To improve wellbeing of underprevelaged children's in Tanzania
- d. To enable eeducational services and facilities to the underpreveladged children and orphans so that the can become self sufficient after studing
- e. To Support Health to underprvelged children in the Community
- f. To empower youth on self relaince education and enterpreneurship that can eminicipate from their social and Economic Challages that the face
- g. To fundraise for community development projects especially in education sector and mainly in rural poor communities.
- h. To educate the community about issues in matters relating to environmental protection.
- i. To conduct researches on community development and consequently suggest means to tackle underdevelopment problems.
- j. To research and develop technological means of imparting relevant, accessible and up-to-date education especially to rural communities.

## **2.3 Objectives of the audit**

The main objective of the audit is to conduct our audit in accordance with International Standards on Auditing (ISA) with emphasis on ISA 805 and International Standards on Related Services (ISRS) 4400 (Revised) with a view of expressing opinion whether the financial report regarding on the Tanzania projects for the period from 01<sup>st</sup> January, 2018 to 31<sup>st</sup> December, 2018 is in accordance **CHILDREN BASE REINFORCEMENT ORGANIZATION's** accounting.

### **3. RESPONSIBILITY OF MANAGEMENT**

The Management team of the CHILDREN BASE REINFORCEMENT ORGANIZATION is responsible for the preparation and presentation of the Programme's financial report for the period from 01<sup>st</sup> January 2018 to 31<sup>st</sup> December, 2018 which comprise the Statement of Income and expenditure, Statement of financial position, Statement of change in equity, Statement of cash flow and the notes to the financial report, which include a summary of significant accounting policies and other explanatory notes, on the basis of accounting policies described in the CHILDREN BASE REINFORCEMENT ORGANIZATION Financial Regulations Manual.

Management's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial reports that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with funding terms and conditions required. The Programme Management is of the opinion that the financial report gives a true and fair view of the state of the financial affairs of the Programme and of its operating results. The Programme Management further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial reports, as well as adequate systems of internal financial control.

The management of **CHILDREN BASE REINFORCEMENT ORGANIZATION** is also responsible for making available to Auditors, as and when required, all of the accounting records and all other records and related programme information.

The financial reports for the period from 01<sup>st</sup> January 2018 to 31 December, 2018 set out on pages 8 to 11 were approved by the Programme Management and signed on behalf by:

**By Order of the Management,**

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**Ombeni Peter Ayo**  
**Project Manager**

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**Rodgers Abihudi**  
**Executive Director**

---

**DATE**

#### **4. DECLARATION OF THE HEAD OF FINANCE**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors and Management to discharge the responsibility of preparing financial statements of the organization showing a true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statement rests with the Tanzania project for building global justice and peace Management as under Management Responsibility statement described on the earlier page.

I **Pascal Lushiku** being the Head of Accounting responsible for finances of Tanzania project for Children Base Reinforcement Organization, hereby acknowledge my responsibility of ensuring that financial statements of the project for the period from 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of CHILDREN BASE REINFORCEMENT ORGANIZATION as on that date and that they have been prepared based on properly maintained financial records.

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**PASCAL ALONSO LUSHIKU**

**Position:** Financial Advisor

**NBAA Membership No:**     **GA 3474**

## 5. INDEPENDENT AUDITOR'S REPORT



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P.O. Box 1035, Njombe -Tanzania  
M: +255 764 001 877  
E: kalconsultancy17@gmail.com

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### CHILDREN BASE REINFORCEMENT ORGANIZATION

P O Box 546  
KOROGWE  
Tanga Tanzania

### **Report of the Independent Auditor on the Financial Statements of CHILDREN BASE REINFORCEMENT ORGANIZATION for the period from 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018**

#### **Opinion**

On the project audit Terms of Reference, We have audited the financial information for the above mentioned project, which comprise the statement of Income and expenditure, Statement of financial position, Statement of cash flow, Statement of change in equity for the period from 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018, and the notes to the financial information including a summary of significant accounting policies set out from page 12 to 14

In our opinion, the accompanying financial information on Children Base Reinforcement Organization Projects for the period from 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018 are prepared, in all material respects, in accordance with the accounting policies described in the notes and comply with the requirements of the Terms of reference.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA) 805, International Standards on Related Services (ISRS) 4400 (Revised) and Terms of References for the project audit provided by CHILDREN BASE REINFORCEMENT ORGANIZATION. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial information" section of our report.

We are independent of the entity in accordance with the requirements of the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's Responsibility for the Financial Information**

CHILDREN BASE REINFORCEMENT ORGANIZATION Management is responsible for the preparation and fair presentation of the Project financial information. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.



### **Auditor's responsibilities for the audit of the financial information**


Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

### **Basis of accounting and restriction of use**

Without modifying our opinion, this report is prepared for CHILDREN BASE REINFORCEMENT ORGANIZATION on Tanzania project to comply with the reporting requirement.

  
  
**KAL Business Accounting Consultants**  
**Certified Public Accountants**  
**Dar es Salaam**  
**Signed by**  
**Date:** \_\_\_\_\_ **2022**

**Signed by** CPA Clemence Mhagama (ACPA-2569)  
Managing Partner

## 6. PROJECT FINANCIAL REPORT

### 6.1 Statement of Income and Expenditure for year ended 31 December, 2018

	Notes	Tshs
<b>RECEIPT:</b>		
Project fund received	4	21,684,816
<b>Total fund available for the project</b>		<b>21,684,816</b>
<b>Project Expenses:</b>		
Influence and Advocacy Project Expenses	5	14,103,708
General costs	8	500,000
Depreciation	12	112,100
<b>Total Expenses</b>		<b>14,715,808</b>
<b>Fund balance/deficit</b>		<b>6,969,008</b>

The accompanying notes on page 12-14 are an integral part of the financial statements.

Report of the independent auditors is on pages 6 to 7.

The statement of Income and Expenditure was approved by the Management CHILDREN BASE REINFORCEMENT ORGANIZATION and were signed on its behalf by:

**By Order of the Management,**

\_\_\_\_\_  
**Ombeni Ayo**

**Project Manager**

\_\_\_\_\_  
**Rodgers Abihudi**

**Executive Director**

\_\_\_\_\_  
**Date**

## 6.2 Statement of Financial Position as at 31 December, 2018

<b>ASSETS</b>	<b>Notes</b>	<b>2018 Tshs</b>
<b>Non- Current Assets</b>		
Property, Plants and Equipment	12	1,008,900
		<b>1,008,900</b>
<b>Current Assets</b>		
Project in Progress		3,050,000
Cash and Bank Balance	9	3,560,108
		<b>6,610,108</b>
<b>TOTAL ASSETS</b>		<b>7,619,008</b>
<b>EQUITY AND LIABILITIES</b>		
Members Contributions	12	150,000
Surplus/(deficit)		6,969,008
		<b>7,119,008</b>
<b>Current Liabilities</b>		
Creditors and accruals	11	500,000
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,619,008</b>

The accompanying notes on page 12-14 are an integral part of the financial statements.

Report of the independent auditors is on pages 6 to 7.

The statement of financial position was approved by the Management of CHILDREN BASE REINFORCEMENT ORGANIZATION and were signed on its behalf by:

**By Order of the Management,**

\_\_\_\_\_  
**Ombeni Ayo**  
**Project Manager**

\_\_\_\_\_  
**Rodgers Abihudi**  
**Executive Director**

\_\_\_\_\_  
**Date**

### 6.3 Statement of Cash Flow for the year ended 31 December, 2018

	Notes	2018 Tshs
<b>Cash flow from operating activities</b>		
Profit/Loss before tax		6,969,008
Adjustment from non-cash items:		
Depreciation	12	112,100
<b>Change in working capital</b>		
Decrease in trade payables		500,000
Work in progress		<u>(3,050,000)</u>
<b>Net Cash generated from operating activities</b>	<b>A</b>	<b>4,531,108</b>
<b>Cash flow from Financing Activities</b>		
Fund		<u>150,000</u>
<b>Net Cash flow from Financing Activities</b>	<b>B</b>	<b>150,000</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Assets		<u>(1,121,000)</u>
	<b>C</b>	<b>(1,121,000)</b>
<b>Net increase/ (Decrease) in cash and cash equivalents</b>	<b>A+B+C</b>	<b>3,560,108</b>
Cash and cash equivalents at the beginning of Period		<u>-</u>
<b>Cash and cash equivalents at the end of Period</b>		<b><u>3,560,108</u></b>

The accompanying notes on page 12-14 are an integral part of the financial statements.

Report of the independent auditors is on pages 6 to 7.

The statement of cash flow was approved by the Management of CHILDREN BASE REINFORCEMENT ORGANIZATION and were signed on its behalf by:

**By Order of the Management,**

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**Ombeni Ayo**  
**Project Manager**

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**Rodgers Abihudi**  
**Executive Director**

**6.4 Statement of Change in Member Contributions Equity for the year ended 31 December, 2018**

	<b>Members Contributions</b>	<b>Accumulated Surplus or Deficity</b>	<b>Total</b>
Members, Contributions as 1 January	-	-	-
Changes during the year	150,000	-	150,000
Surplus or Deficit		6,969,008	6,969,008
<b>Balance as 31 December 2018</b>	<b>150,000</b>	<b>6,969,008</b>	<b>7,119,008</b>

The accompanying notes on page 12-14 are an integral part of the financial statements.

Report of the independent auditors is on pages 6 to 7.

The statement of change in member's contributions equity was approved by the Management of Tanzania project for building global justice and peace and were signed on its behalf by:

**By Order of the Management,**

\_\_\_\_\_  
**Ombeni Ayo**  
**Project Manager**

\_\_\_\_\_  
**Rodgers Abihudi**  
**Executive Director**

## 7. NOTES TO THE PROJECT FINANCIAL STATEMENTS

### 7.1 Principal accounting policies

The financial statements have been prepared on the modified cash basis of accounting under which the following principal accounting policies have been applied.

### 7.2 Grant income

Income comprises of grants received from **ZEBRAS ACTIVE COMMUNITY.e.V** and other stakeholders and are accounted for in the period it is received or expensed.

### 7.3 Recognition of expenditures

Expenditure in respect of goods and services is generally recognized at the time of payment in respect of direct procurement and on retirement in respect of staff imprest.

### 7.4 Foreign currencies

#### *Functional and presentation currency*

Items included in the financial statements of the project are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented prepared and presented in Tanzania Shillings (TZS).

### 7.5 Grant income and Disbursements

Grant Income received from **ZEBRAS ACTIVE COMMUNITY .e.V**, Members Contribution Fees and from other stakeholders.

During the period from 01<sup>st</sup> January 2018 to 31<sup>st</sup>December 2018, CHILDREN BASE REINFORCEMENT ORGANIZATION received grant income from ZEBRAS ACTIVE COMMUNITY .e.V as follows:

#### 7.5.1 Notes and Computations to Financial Statements

Notes	2018
<b>4 Revenue</b>	Tshs
Members fees and Other Stakeholders contributions	21,684,816
<b>Received from The foundation for civil society</b>	
Influence and Advocacy Project	21,684,816
	<b>21,684,816</b>
<b>5 Influence and Advocacy Project Expenses</b>	
Facilities and Equipment, Rent, Parking, Utilities	30,000
Field Levelling Project	3,216,500
Bank Charges	269,708
Board Meeting	424,000
Christmas Event Community Expenses	250,000

	Postage, Mail and Mailing Services	23,000
	Fuel	27,500
	Telephone, Telecommunications	190,000
	Travel and Meeting	1,382,500
	Salaries and Wages	6,905,000
	Stationeries and Printing	1,385,500
		<u>14,103,708</u>
<b>8</b>	<b>General costs</b>	
	Consultancy fees	500,000
		<u>500,000</u>
<b>9</b>	<b>Cash and Bank Balances</b>	
	Cash in Hand	1,163,000
	Cash and Bank	2,397,108
		<u>3,560,108</u>
<b>10</b>	<b>Project In Progress</b>	
	Project work in Progress(Children's Home)	3,050,000
		<u>3,050,000</u>
<b>11</b>	<b>Creditors and Other Payables</b>	
	KAL Business Accounting Consultant	500,000
		<u>500,000</u>

**NOTE 13: Plant Property and Equipment**

<b>Description</b>	<b>Furniture &amp; Fittings</b>	<b>Computer &amp; Accessories</b>	<b>Total</b>
	<b>Tshs</b>	<b>Tshs</b>	<b>Tshs</b>
As at 1.1.2018			
Additional/Disposal	1,121,000		
<b>As at 31.12.2018</b>	<b>1,121,000</b>	<b>-</b>	<b>1,121,000</b>
<b>DEPRECIATION</b>			
As at 1.1.2018	-	-	-
Charge for the Year	112,100	-	112,100
<b>As at 31.12.2018</b>	<b>112,100</b>	<b>-</b>	<b>112,100</b>
<b>Net Book Value</b>			
<b>As at 31.12.2018</b>	<b>1,008,900</b>	<b>-</b>	<b>1,008,900</b>