

**Annual Audited Report and Financial Statements for the year
ended
31st December, 2021**

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**CHILDREN BASE REINFORCEMENT ORGANIZATION
UNITED REPUBLIC OF TANZANIA PROJECTS**
Report and Financial Statement for the year ended 31 December 2021

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	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 states: 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 Base Reinforcement 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 BASE 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 satding
- 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 the Tanzania project for building global justice and peace for the period from 01st January, 2018 to 31st December, 2018 is in accordance **CHILDREN BASE REINFORCEMENT ORGANIZATION's** accounting.

3. RESPONSIBILITY OF MANAGEMENT

The Management team of the CHILDREN BASE REINFORCEMENT ORGANIZATION (Tanzania project for building global justice and peace) is responsible for the preparation and presentation of the Programme's financial report for the period from 01st January 2021 to 31st December 2021 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 01st January 2021 to 31 December, 2021 set out on pages 8 to 11 were approved by the Programme Management and signed on behalf by:

By Order of the Management,

Ombeni Ayo
Project Manager

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 Children Based Reinforcement Organization 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 building global justice and peace , hereby acknowledge my responsibility of ensuring that financial statements of the project for the period from 01st January 2021 to 31st December 2021 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.

PASCAL ALONSO LUSHIKU

Position: Financial Advisor

NBAA Membership No: **GA 3474**

5. INDEPENDENT AUDITOR'S REPORT



KAL BUSINESS ACCOUNTING CONSULTANTS

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P.O. Box 1035, Njombe -Tanzania
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CHILDREN BASE REINFORCEMENT ORGANIZATION

P O Box 566
KOROGWE
Tanga Tanzania

Report of the Independent Auditor on the Financial Statements of CHILDREN BASE REINFORCEMENT ORGANIZATION for the period from 01st January 2021 to 31st December 2021

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 01st January 2021 to 31st December 2021, 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 Tanzania project for building global justice and peace for the period from 01st January 2021 to 31st December 2021 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, 2021

	Notes	2021 Tshs	2020 Tshs
RECEIPT:			
Project fund received	4	64,700,000	39,936,047
Total fund available for the project		64,700,000	39,936,047
Project Expenses:			
Influence and Advocacy Project Expenses	5	52,519,479	28,182,780
General costs	8	1,000,000	500,000
Depreciation	12	2,432,614	1,671,114
Total Expenses		55,952,093	30,353,893
Fund balance/deficit		8,747,907	9,582,154

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, 2021

ASSETS	Notes	2021 Tshs	2020 Tshs
Non-Current Assets			
Property, Plants and Equipment	12	<u>15,503,843</u>	<u>11,844,456</u>
		15,503,843	11,844,456
Current Assets			
Work in Progress	10	16,782,300	11,578,300
Cash and Bank Balance	9	<u>3,101,735</u>	<u>4,012,267</u>
		19,884,035	15,590,567
TOTAL ASSETS		<u>35,387,877</u>	<u>27,435,023</u>
CONTRIBUTIONS AND LIABILITIES			
Members Contributions		150,000	150,000
Surplus/(deficit)		<u>34,737,877</u>	<u>25,989,970</u>
		34,887,877	26,139,970
Current Liabilities			
Creditors and accruals	11	<u>500,000</u>	<u>1,295,053</u>
TOTAL EQUITY AND LIABILITIES		<u>35,387,877</u>	<u>27,435,023</u>

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, 2021

	Notes	2021 Tshs	2020 Tshs
Cash flow from operating activities			
Profit/Loss before tax		8,747,907	9,582,154
Adjustment from non-cash items:			
Depreciation		<u>2,432,614</u>	<u>1,671,114</u>
		11,180,521	11,253,267
Change in working capital			
Decrease in trade payables		(795,053)	795,053
Work in progress		<u>(5,204,000)</u>	<u>(8,528,300)</u>
Net Cash generated from operating activities	A	5,181,468	3,520,020
Cash flow from Financing Activities			
Fund		-	-
Net Cash flow from Financing Activities	B	-	-
Cash flow from Investing Activities			
Purchase of Assets		<u>(6,092,000)</u>	<u>(5,391,000)</u>
	C	(6,092,000)	(5,391,000)
Net increase/ (Decrease) in cash and cash equivalents	A+B+C	(910,532)	(1,870,980)
Cash and cash equivalents at the beginning of Period		<u>4,012,267</u>	<u>5,883,247</u>
Cash and cash equivalents at the end of Period		<u>3,101,735</u>	<u>4,012,267</u>

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,

Ombeni Ayo
Project Manager

Rodgers Abihudi
Executive Director

6.4 Statement of Change in Member Contributions Equity for the year ended 31 December, 2021

	Contributions	Accumulated Surplus/Deficity	Total
Members' Contributions as 1 January 2021	150,000	25,989,970	26,139,970
Changes during the year	-		-
Surplus or Deficity		8,747,907	8,747,907
Balance as 31 December 2021	150,000	34,737,877	34,887,877
Member's Contribution as 1 January 2020	150,000	16,407,817	16,557,817
Changes during the year	-		-
Surplus or Deficity		9,582,154	9,582,154
Balance as 31 December 2020	150,000	25,989,970	26,139,970

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 Peter 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 01st January 2021 to 31stDecember 2021, 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	2021	2020
4 Revenue	Tshs	Tshs
Project Funds Received	64,700,000	29,000,000
Unrestricted Net Assets		10,936,047
	64,700,000	39,936,047
5 Influence and Advocacy Project Expenses		
Facilities and Equipment, Rent, Parking, Utilities	2,028,000	598,000
Supplies	663,000	
Apple Project		3,085,000
Bank Charges	411,479	367,980
Single Mother Cultivation Project		84,000
School Furniture	9,991,000	
Sewing Project	2,802,000	1,052,000
Board Meeting	333,000	225,000

	Children Home Building Expenditure	5,204,000	8,528,300
	Pig Project	30,000	785,000
	Fuel &Transport		1,600,000
	Christmas Event Community Expenses	1,850,000	1,292,500
	Postage, Mail and Mailing Services	184,500	
	Secondary School Cultivation Project	260,000	
	Solidarity Bridge Project	11,056,000	2,211,000
	Telephone, Telecommunications	345,000	275,000
	Travel and Meeting, Conventions and Conferences	3,781,250	1,638,500
	Salaries and Wages	9,518,000	5,462,500
	Miscellaneous Other Charges	4,062,250	978,000
		<u>52,519,479</u>	<u>28,182,780</u>
8	General costs		
	Consultancy fees	1,000,000	500,000
		<u>1,000,000</u>	<u>500,000</u>
9	Cash and Bank Balances		
	Cash In Hand	1,995,947	2,495,000
	Cash and Bank	1,105,788	1,517,267
		<u>3,101,735</u>	<u>4,012,267</u>
10	Project in Progress		
	Project work in Progress(Children Home)	16,782,300	11,578,300
		<u>16,782,300</u>	<u>11,578,300</u>
11	Creditors and Accruals		
	KAL Consultants	500,000	500,000
	Statutory Liability		795,053
		<u>500,000</u>	<u>1,295,053</u>

NOTE 12: Plant Property and Equipment

Description	Furnitures Tools	Cameras and Pods	Computer & Accessories and Equipments	Total
	Tshs	Tshs	Tshs	Tshs
COST/VALUATION				
As at 1.1.2021	5,391,000	1,121,000	7,081,108	13,593,108
Additional/Disposal	-		6,092,000	6,092,000
As at 31.12.2021	5,391,000	1,121,000	13,173,108	19,685,108
DEPRECIATION				
As at 1.1.2021	673,875	336,300	885,139	1,895,314
Charge for the Year	673,875	112,100	1,646,639	2,432,614
As at 31.12.2021	1,347,750	448,400	2,531,777	4,327,927
Net Book Value				
As at 31.12.2021	4,043,250	819,261	10,641,331	15,503,843
As at 1.1.2020		1,121,000	7,081,108	8,202,108
Additional/Disposal	5,391,000		-	5,391,000
As at 31.12.2020	5,391,000	1,121,000	7,081,108	13,593,108
DEPRECIATION				
As at 1.1.2020		224,200	-	224,200
Charge for the Year	673,875	112,100	885,139	1,671,114
As at 31.12.2020	673,875	336,300	885,139	1,895,314
Net Book Value				
As at 31.12.2020	4,717,125	931,361	6,195,970	11,844,456