

**TANA RIVER LIFE FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Tana River Life Foundation
Annual report and financial statements
For the year ended 31 December 2016

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TRUST INFORMATION

1. **TRUSTEES**
 - : Gabriel Teo Kian Chong (Malaysian)
 - : Benedict Kazungu Kambi (Kenyan)
 - : Bendecto Manase Gwiyo (Kenyan)
 - : Tracy Haigwo Jilo (Kenyan)

2. **REGISTERED OFFICE**
 - : Tana River Life Foundation
 - : P.O. Box 41730 - 80100
 - : Mombasa - Kenya

3. **PRINCIPAL PLACE OF BUSINESS**
 - : Tana River Life Foundation
 - : P.O. Box 41730 - 80100
 - : Mombasa - Kenya

4. **WEBSITE**
 - : www.tanariverlifefoundation.org &
www.tanariverlife.wordpress.com

5. **INDEPENDENT AUDITOR**
 - : PKF Kenya
 - : Certified Public Accountants
 - : P. O. Box 90553 - 80100
 - : Mombasa

6. **PRINCIPAL BANKER**
 - : Stanbic Bank Limited
 - : Mombasa

REPORT OF THE TRUSTEES

The trustees submit their report and the audited financial statements for the year ended 31 December 2016, which disclose the state of the organisation's affairs.

Tana River Life Foundation (TRLF) is a Charitable Trust set up by Gabriel Teo Kian Chong on 13 December 2005 in Mombasa, Kenya. Gabriel has been living in Tana Delta District, Kenya since 1995. The Foundation was set up to continue the work started by Gabriel in 1995 in a more organised and comprehensive manner. Tana River Life Foundation was registered as a Non-Governmental Organisation (NGO) in Kenya on 6 December 2007. (Reg. No. OP. 218/051/2007/0440/4836).

- MISSION** : Its mission is the integral development of individuals so as to build sustainable communities. This is done by assisting the marginalised attain self reliance with dignity and integrity so that they have the freedom and ability to make meaningful choices in their lives that benefit their communities.
- COVERAGE** : TRLF operates from Idsowe of Garsen Division in Tana River County, as well as in the neighbouring counties of Malindi and Lamu in Kenya.
- NATURE OF ACTIVITIES** : Activities are directed towards building a more just and honest society leading to a more complete humanity.
- Key areas are:
- : a) Education - Improving Access, Affordability and Quality;
 - : b) Promote sustainable agriculture to improve nutrition and generate income;
 - : c) Entrepreneurship - Community-based schemes geared towards self-reliance;
 - : d) Formation of youth - nurturing responsible community leaders with good judgement and conscience.
- BENEFICIARIES** : The main beneficiaries of TRLF programmes are members of the marginalised communities in Tana River, Malindi and Lamu Counties of Kenya. These include all AIDS orphans, children of subsistence farmers, nomadic pastoralists, fishermen and forest dwellers, as well as of single parent families without any regular source of income.
- PROGRAMMES** : Tana River Life Foundation (TRLF) currently runs/supports the following programmes:
- : a) Education Support Scheme at Pre-Primary, Primary, Secondary, Vocational and Tertiary levels.
 - : b) Delta Education Enhancement (DEE) benefiting Public Primary and Secondary Schools in Tana Delta Sub-county.
 - : c) Mitumba Project for needy mothers with children in school (MTB).
 - : d) Youth Formation Programme (YFP).
 - : e) Medical & Emergencies Fund (MEF).
 - : f) Sustainable Agriculture Programme for Youth (SHB).
 - : g) Community Living in TRLF Homes in Nairobi, Mombasa, Idsowe and Kilifi (MVH).
 - : h) Emmaus Community Centre - an integrated human resource development centre to promote learning and sustainable community development.
 - : i) Delta Mustard Seed Academy (DEMSA) (Reg. No. PE/11272/14).

REPORT OF THE TRUSTEES (CONTINUED)

SUPPORT

Tana River Life Foundation activities are funded by donations in cash and kind from private individuals, educational and religious institutions, charitable organizations and private and public corporations, mainly from Malaysia and Singapore.

Institutions that supported Tana River Life Foundation (TRLF) Programmes in 2016 include:

- 1 Wesley Methodist Melaka Malaysia
- 2 Wesley Methodist Singapore
- 3 TRLF Pte Ltd, Singapore
- 4 Shepherd's Cove, Singapore
- 5 Wesley Methodist Johor Bahru Malaysia
- 6 Jonaron Foundation, Malaysia
- 7 Madrinha Trust UK
- 8 Maris Stella High School (Librarians) Singapore
- 9 Global Giving Foundation Inc. USA
- 10 Holywell Foundation Ltd Singapore
- 11 PIL Singapore
- 12 Logwin Air + Ocean Singapore Pte Ltd
- 13 GE Singapore Pte Ltd
- 14 Hogan Lovells Lee & Lee, Singapore
- 15 Radiance Communications Singapore Pte Ltd
- 16 Aegis Building & Engineering Pte Ltd
- 17 AEDAS Singapore Pte Ltd
- 18 Church of Nativity of the Blessed Virgin Mary, Singapore
- 19 CHIJ St. Theresa's Convent (Staff) Singapore
- 20 Universiti Tunku Abdul Rahman (UTAR) Malaysia
- 21 The Silent Foundation, Singapore
- 22 The Double Honor Foundation, Singapore
- 23 Good Shepherd Convent Kindergarten, Singapore
- 24 Treyoga Sdn Bhd, Malaysia
- 25 General Conference, WSCS, Methodist Church, Singapore
- 26 Global Giving, UK
- 27 Fumichem Pte Ltd, Singapore

RESULTS

	2016	2015
	Shs	Shs
Surplus for the year	<u>31,053,229</u>	<u>31,217,428</u>

INDEPENDENT AUDITOR

The organisation's auditor, PKF Kenya, has indicated willingness to continue in office.

BY ORDER OF THE TRUSTEES

TRUSTEE
TANA RIVER

30/06/2017

STATEMENT OF TRUSTEES RESPONSIBILITIES

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of the surplus for that year. The management is also required to ensure that the organisation maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation. The management is also responsible for safeguarding the assets of the organisation.

The management accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. The management also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstance.

The management is of the opinion that the financial statements give a true and fair view of the financial position of the organisation as at 31 December 2016 and of the organisation's financial performance and cash flows for the year then ended in accordance with with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the NGO Co-ordination Act.

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

Approved by the trustees on 30/06/2017 signed on its behalf by:



TRUSTEE



TRUSTEE

**REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF TANA RIVER LIFE FOUNDATION**

Opinion

We have audited the organisation financial statements of Tana River Life Foundation out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2016, statement of income and expenditure, statement of changes in fund balances and statement of cashflows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the organisation as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the NGO Co-ordination Act

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The management is responsible for the other information. The other information comprises the report of the trustees, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) organisation's accounting policies set out on pages 10 to 12 and the requirements of the NGO Co-ordination Act and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organisation's financial reporting process.

.....continued on page 5

**REPORT OF THE INDEPENDENT AUDITOR
TO THE TRUSTEES OF TANA RIVER LIFE FOUNDATION****Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 International Standards on Auditing will 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 statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.
- 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Kenya

**Certified Public Accountants
Mombasa**

30 June 2017

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Erick Mbutia Njuguna P/No. 2061

229/2017

STATEMENT OF INCOME AND EXPENDITURE

	Notes	2016 Shs	2015 Shs
Donations received	2	63,149,950	63,867,778
Other operating income	3	361,474	1,051,464
Expenses as per trust objectives	4	(24,861,998)	(27,815,612)
Indirect expenses	5	(7,596,197)	(5,833,460)
Finance costs	6	<u>-</u>	<u>(52,742)</u>
Surplus for the year		<u><u>31,053,229</u></u>	<u><u>31,217,428</u></u>

The notes on pages 10 to 16 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 6.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2016 Shs	2015 Shs
FUND BALANCES			
Accumulated fund	8	<u>130,791,188</u>	<u>99,737,959</u>
REPRESENTED BY			
Non-current assets			
Property and equipment	9	<u>119,783,124</u>	<u>84,746,678</u>
Current assets			
Receivables	10	2,139,546	5,226,787
Cash and cash equivalents	11	<u>9,323,518</u>	<u>10,022,942</u>
		<u>11,463,064</u>	<u>15,249,729</u>
Current liabilities			
Payables	12	<u>455,000</u>	<u>258,448</u>
Net current assets		<u>11,008,064</u>	<u>14,991,281</u>
		<u>130,791,188</u>	<u>99,737,959</u>

The financial statements on pages 7 to 16 were approved and authorised for issue by the Board of Trustees on 30/062017 and were signed on its behalf by:

 TRUSTEE

 TRUSTEE

The notes on pages 10 to 16 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 6.

STATEMENT OF CASH FLOWS

	Notes	2016 Shs	2015 Shs
Cash flows from operating activities			
Surplus for the year		31,053,229	31,217,428
Adjustments for:			
Depreciation on plant and equipment	9	2,630,144	999,237
Interest expense		-	52,742
Changes in working capital:			
- receivables		3,087,241	(5,226,787)
- payables		196,552	(285,958)
Interest paid		-	(52,742)
Net cash from operating activities		<u>36,967,166</u>	<u>26,703,920</u>
Cash flows from investing activities			
Cash paid for purchase of property and equipment	9	<u>(37,666,590)</u>	<u>(19,621,390)</u>
Net cash used in investing activities		<u>(37,666,590)</u>	<u>(19,621,390)</u>
Cash flows from financing activities			
Repayment of borrowings		-	(902,453)
Net cash used in financing activities		-	(902,453)
(Decrease)/increase in cash and cash equivalents		<u>(699,424)</u>	<u>6,180,077</u>
Movement in cash and cash equivalents			
At start of year		10,022,942	3,842,865
(Decrease)/increase		<u>(699,424)</u>	<u>6,180,077</u>
At end of year	11	<u>9,323,518</u>	<u>10,022,942</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 6.

NOTES: SIGNIFICANT ACCOUNTING POLICIES

1. General Information

The Tana River Life Foundation (the organisation) is a Non Governmental Organization registered and domiciled in Kenya. The address of its registered office and principal place of business is in Mombasa Kenya. Their principal activities are mainly directed towards building a more just and honest society leading to a more complete humanity.

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

2. a) Basis of preparation

The financial statements of Tana River life Foundation have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the NGO Co-ordination Act. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

Going concern

The financial performance of the organisation is set out in the trustees report and in the statement of profit or loss and other comprehensive income. The financial position of the organisation is set out in the statement of financial position.

Based on the financial performance and the position of the organisation and its risk management policies, the trustees are of the opinion that the organisation is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Key sources of estimation uncertainty

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The 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 disclosed below.

c) Useful lives of property plant and equipment

Trustees reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

d) Revenue recognition

Donations received are accounted for on a cash receipt basis.

Interest income is accrued by reference to time under the effective interest method.

NOTES (CONTINUED)

e) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Property, plant and equipment received by way of gifts or donations are capitalised at a reasonable estimate of their value to the foundation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income and expenditure account during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate %	Useful lives (years)
Buses	12.5	8
Mini vans	25	4
Office equipment	12.5	3
Computer equipment	30	3

The asset's carrying amounts are written down immediately to their recoverable amount if the carrying amount is greater than their estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining surplus/deficit for the year.

Capital expenditure projects undertaken during the course of the year and not completed as at the reporting date are classified as work in progress. The total amounts is transferred to and amalgamated with the appropriate asset category in the year of completion. Capital work in progress is not depreciated while classified as such.

f) Receivables

Receivables denominated in foreign currency are translated into the functional currency using the exchange rate at the reporting date. The resulting difference from conversion and translation are dealt with in profit or loss in the year in which they arise.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, and at bank.

h) Borrowing costs

All borrowing costs are recognised in the statement of income and expenditure account in the period in which they are incurred.

i) Payables

Accruals are obligation on the basis of normal credit terms and do not bear interest.

NOTES (CONTINUED)

j) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at rates ruling at the transaction dates. Assets and liabilities at the date of this report which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the period in which they arise.

k) Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

l) Current tax

No taxation has been provided in these accounts, as the organisation is exempt from tax on its income as discussed in note 7.

m) Retirement benefit obligations

The foundation and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The centre's contributions to the defined contribution scheme are charged to income and expenditure account in the year to which they relate.

n) Impairment of assets.

At each reporting date, property and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in statement of income and expenditure.

o) Comparatives

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

NOTES (CONTINUED)

2. Donations received	2016 Shs	2015 Shs
a) Cash donation		
Private individual donors	26,292,311	29,839,931
Wesley Methodist Melaka	121,821	129,417
Wesley Methodist Singapore	219,216	334,233
Friends from St. Teresa's Convent	339,624	361,404
Ubuntu II Fundraising Dinner	-	13,770,565
Shepherd's Cove, Singapore	292,289	141,061
Local contribution	-	3,565,126
Wesley Methodist Johor Bahru	-	129,417
Jonaron Foundation - Malaysia	28,779,128	11,230,944
Estate of Evelyn von Schoonback	-	1,410,900
Madrinha Trust	-	1,275,660
Mari's Stella High School Librarians	248,385	232,780
Global Giving - USA	449,636	207,297
Meto Expeditions - Kenya	-	4,500
Funds from Malaysia		
Holywell Foundation Limited	1,461,342	881,816
TRLF Pte Limited		352,727
The Silent Foundation	1,095,981	-
The Double Honor Foundation	968,711	-
Rotary Club of Queenstown	36,536	-
Jabez Capital Singapore	73,072	-
Good Shepherd Kindergarten, Singapore	199,031	-
Treyoga Sdn Bhd	267,864	-
General Conference WSCS	219,216	-
Aegis Building & Engineering Pte Ltd	616,975	-
Church of the Nativity	457,408	-
Global Giving UK	127,271	-
Polytechnic Services Co.	365,361	-
Binjai Tree Foundation	518,772	-
	<u>63,149,950</u>	<u>63,867,778</u>

b) Donation in kind

Universiti Tunku Abdul Rahman (UTAR) in Malaysia has granted ten (10) undergraduate scholarships in the form of financial aid for full-tuition fees to students from Tana Delta nominated by TRLF. Each scholarship is valued at approximately KES 2.3 million (US\$ 23,000). Since 2015, ten of these scholarships have been awarded to deserving students from Tana Delta.

The Catholic Parish of the Nativity of the Blessed Virgin Mary in Hougang Singapore hosted for the eighth year the team from TRLF who were in Singapore over a three month period to collect items for both the Mitumba and the Delta Education Enhancement Projects. Logistical support was provided by the staff from both Nativity church as well as the Nativity church Kindergarten.

In 2016, for the second year running, PIL Singapore Pte Ltd and LogwinAir + Ocean Singapore, Armadillo Pest Quest Pte Ltd and Rhema Movers Pte Ltd provided pro bono support services and underwrote in full shipment costs for two 40 footer containers to ship donated items for the Mitumba Project, as well as study material, building material and furniture for both the Emmaus Centreas well as public schools in Tana Delta Singapore

NOTES (CONTINUED)

	2016 Shs	2015 Shs
3. Other operating income		
Bank interest	<u>361,474</u>	<u>1,051,464</u>
4. Expenses as per trust objectives		
Agriculture project	738,223	1,446,086
Mitumba project	380,431	429,943
Mvoni Youth House - Mombasa	741,901	904,357
Mvoni Youth House - Nairobi	447,417	531,925
Mvoni Youth House - Idsowe	702,189	606,832
Primary school programme	-	44,316
Secondary school programme	7,932,018	7,347,686
Delta Education Enhancement	2,632,154	4,712,369
Medical and Emergencies fund	518,707	775,520
Youth formation programme	1,809,711	1,431,268
Tertiary and Vocational education programme	4,986,537	5,998,252
Study aid Scheme	672,483	860,128
Delta Mustard Seed Academy	<u>3,300,227</u>	<u>2,726,930</u>
	<u>24,861,998</u>	<u>27,815,612</u>
5. Indirect expenses		
Air fare	120,881	100,834
Audit fees	275,000	258,448
Overprovision in prior year	2,552	(11,600)
Bank charges	196,020	141,561
Electricity and generator expenses	68,810	59,382
Vehicle running expenses	3,001,791	2,509,736
Local travelling expenses	677,084	565,055
Office expenses	211,049	177,999
Professional fees	32,500	50,200
Staff salaries	1,139,675	1,133,598
Intern Allowances	201,200	-
Immigration and work permits	-	22,900
Telephone	161,208	134,788
Repairs and maintenance	85,830	146,133
Office rent	180,000	180,000
Depreciation on equipment	2,630,144	999,237
Foreign exchange gain	(1,728,934)	(1,188,094)
Fund raising expenses	159,902	54,099
Fund TRLF Pte Limited	144,950	350,000
Service charge	<u>36,535</u>	<u>149,184</u>
	<u>7,596,197</u>	<u>5,833,460</u>
6. Finance costs		
Interest on finance leases	<u>-</u>	<u>52,742</u>

NOTES (CONTINUED)

7. Tax

The Foundation was granted Income Tax Exempt status by the Kenya Revenue Authority (KRA) for a period of 5 years with effect from 24 April 2013. It was duly issued with Tax Exemption Certificate No: 20130424/1776.

8. Accumulated fund

	2016 Shs	2015 Shs
At start of year	99,737,959	68,520,531
Surplus for the year	31,053,229	31,217,428
At end of year	<u>130,791,188</u>	<u>99,737,959</u>

9. Property and equipment

Year ended 31 December 2016

	Capital work in progress Shs	Motor vehicles Shs	Computer equipment Shs	Office equipment Shs	Furniture and fittings Shs	Total Shs
Cost						
At start of year	80,682,463	7,931,670	171,392	1,581,948	1,351,465	91,718,938
Additions	28,534,633	5,647,325	-	687,593	2,797,039	37,666,590
At end of year	<u>109,217,096</u>	<u>13,578,995</u>	<u>171,392</u>	<u>2,269,541</u>	<u>4,148,504</u>	<u>129,385,528</u>
Depreciation						
At start of year	-	5,736,246	169,779	897,302	168,933	6,972,260
Charge for the year	-	1,960,686	483	171,529	497,446	2,630,144
At end of year	<u>-</u>	<u>7,696,932</u>	<u>170,262</u>	<u>1,068,831</u>	<u>666,379</u>	<u>9,602,404</u>
Net book value						
As at 31 December 2016	<u>109,217,096</u>	<u>5,882,063</u>	<u>1,130</u>	<u>1,200,710</u>	<u>3,482,125</u>	<u>119,783,124</u>
As at 31 December 2015	<u>80,682,463</u>	<u>2,195,424</u>	<u>1,613</u>	<u>684,646</u>	<u>1,182,532</u>	<u>84,746,678</u>

Capital work in progress relates to construction of an education and community development centre (Emmaus Centre Project or ECP). The ECP has not yet been completed by the date of this report, which will be completed early 2017.

10. Receivables

	2016 Shs	2015 Shs
Funds from Malaysia	1,473,353	2,165,006
Funds from Singapore	509,991	61,781
Deposit	-	3,000,000
Cash in hand held by trustee	156,202	-
	<u>2,139,546</u>	<u>5,226,787</u>

NOTES (CONTINUED)

11. Cash and cash equivalents	2016 Shs	2015 Shs
Cash at bank and in hand	<u>9,323,518</u>	<u>10,022,942</u>
The carrying amounts of the foundation's cash and cash equivalents are denominated in the following currencies:		
Kenya Shilling	9,209,309	9,967,396
US Dollar	<u>114,209</u>	<u>55,546</u>
	<u>9,323,518</u>	<u>10,022,942</u>

12. Payables

Accruals	<u>455,000</u>	<u>258,448</u>
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13. Contractual commitments for the acquisition of property

Capital expenditure contracted for at the end of reporting period but not recognised in the financial statements is as follows:

Emmaus Centre Project (ECP):		
Phase 1	10,000,000	23,000,000
Phase 2	<u>2,000,000</u>	<u>4,000,000</u>
	<u>12,000,000</u>	<u>27,000,000</u>

Operating lease commitments - as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Not later than 1 year	711,000	912,600
Later than 1 year and not later than 5 years	<u>180,000</u>	<u>180,000</u>
	<u>891,000</u>	<u>1,092,600</u>

The lease terms are between 1 to 5 years and these are generally renewable at the end of the tenure of the lease.

The organisation also leases one property under cancellable operating lease.

To terminate this lease the organisation must give a notice of 1 month. The expenditure to lease this property, amounted to shs 180,000 (2015 shs 180,000) and is included under establishment expenses.

14. Presentation currency

These financial statements are presented in Kenya Shillings (Shs).