

THE BOMA PROJECT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2019

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THE BOMA PROJECT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2019

Independent Auditor

Crowe Erastus & Co.
Certified Public Accountants
P. O. Box 55268
00200 – City Square
NAIROBI, KENYA
Tel: +254 20 386 0513 / 386 0521 / 386 0524 / 386 1120
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Email: croweerastus@crowe.co.ke
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THE BOMA PROJECT

ORGANIZATION'S INFORMATION - YEAR ENDED 31 DECEMBER, 2019

- Directors**
- | | |
|-----------------------|-------------------------------------|
| Ham Zamberu | - Chairperson (left March, 2019) |
| Iltasayon James Neepe | - Vice Chair (w.e.f October, 2019) |
| William Ambrose | - Vice Chari (joined October, 2019) |
| Helena Dalton | - Secretary (left April, 2019) |
| Sam Owilly | - Secretary (w.e.f. October, 2019) |
| Asha Ngoley | - Treasurer |
| Cathleen Colson | - Member (left October, 2019) |
| Douglas Colson | - Member (left October, 2019) |
| Ahmed Omar Ahmed | - Member (left July, 2018) |
| John Stephens | - Member (joined Oct, 2018) |
| Perry Boyle | - Member (joined Oct, 2019) |
- Management Team**
- | | |
|----------------|---------------------------|
| Sam Owilly | - Kenya Programs Director |
| Gabriel Chacha | - Finance Manager |
- Registered office**
- : Boma Office
P.O. Box 3039 - 10400
Nanyuki
- Independent auditor**
- : Crowe Erastus & Co.,
Certified Public Accountants
Morningside Office Park - 2nd Floor (Wing B), Ngong Rd
P.O. Box 55268 - 00200, City Square
Nairobi, Kenya
- Bankers**
- : Equity Bank Limited
P.O. Box 1482- 10400
Nanyuki.
- Standard Chartered Bank Limited
P.O. Box 150 - 10400
Nanyuki.
- Kenya Commercial Bank
P.O. Box 323 - 010400
Nanyuki.

THE BOMA PROJECT

DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER, 2019

The Directors of The Boma Project submit their report and the audited financial statements for the year ended 31 December, 2019 which disclose the state of affairs of The Boma Project as at that date.

Principal Activity

The principal activity of The Boma Project is to foster prosperity with dignity for the marginalized residents so that they have access to skills, knowledge and resources needed to improve their own lives and the conditions of their communities, thereby promoting peace and stability throughout the region.

Operating Results

The results for the year are set out on page 6.

Independent Auditor

Crowe Erastus & Co., Certified Public Accountants have expressed their willingness to continue in office.

By Order of the Board (for and on their behalf)



Sam Owilly
(Secretary / Kenya Program Director)

Nairobi August 6th, 2020



Asha Ngoley
(Treasurer)

Nairobi 6/8/, 2020

THE BOMA PROJECT

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES - YEAR ENDED 31 DECEMBER, 2019

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Boma Project at the end of the financial year and of its operating results for that year. The Directors are required to ensure that proper accounting records that are sufficient to show and explain the transactions of the organization and disclose, with reasonable accuracy, the financial position of The Boma Project are maintained. The Directors are also responsible for safeguarding the assets of the organization, and for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

- i) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having made an assessment of the Organization's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt on the Organization's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved on August 6th, 2020 and signed by:



Sam Owilly
(Secretary / Kenya Program Director)



Asha Ngoley
(Treasurer)

REPORT OF THE INDEPENDENT AUDITOR

THE BOMA PROJECT

YEAR ENDED 31 DECEMBER, 2019

Independent Opinion

We have audited the accompanying financial statements of The Boma Project set out on pages 6 to 17 which comprise the statement of comprehensive income, the statement of financial position as at 31 December, 2019, , statement of changes in fund balances, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of The Boma Project for the year ended 31 December, 2019 and of its financial performance and its cash flows for the year ended in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Responsibility of the Independent Auditor section of our report. We are independent of The Boma Project 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 ethical responsibilities in accordance with those 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.

Responsibility for the Financial Statements

As stated on page 3, the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements 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.

In preparing the financial statements, the Directors are responsible for assessing the Organization'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 Directors either intend to liquidate the Organization or to cease operations or have no realistic alternative but to do so.

Responsibility of the Independent Auditor

Our objectives and responsibility 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 independent 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 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.

REPORT OF THE INDEPENDENT AUDITOR (CONT...)

THE BOMA PROJECT

YEAR ENDED 31 DECEMBER, 2019

Responsibility of the Independent Auditor (Cont...)

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 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 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 controls.
- Obtain an understanding of internal controls 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 Organization's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization'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 the auditor's report. However, future events or conditions may cause the Organization 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 controls that we identify during the audit.

CPA Erastus K. Omolo practices in CROWE ERASTUS & Co. as a firm with other partners. The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Erastus K. Omolo - Practicing Certificate No: P/1164.

Crowe Erastus & Co.

CROWE ERASTUS & Co.
Certified Public Accountants



Nairobi, 07/08, 2020

THE BOMA PROJECT

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER, 2019

		2019	2018
			(RESTATED)
INCOME	Note	KES	KES
Grants	7	299,564,517	268,262,910
Other income		0	518,622
Total income		<u>299,564,517</u>	<u>268,781,532</u>
EXPENDITURE			
Project costs - personnel	9 (a)	126,125,443	107,724,583
Other project costs	9 (b)	153,750,615	141,894,843
Administration costs	8	20,366,354	21,749,482
Total expenditure		<u>300,242,412</u>	<u>271,368,908</u>
Deficit for the year (Page 8)		<u>(677,895)</u>	<u>(2,587,376)</u>

THE BOMA PROJECT

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER, 2019

ASSETS		2019	2018
			(RESTATED)
Non-current assets	Note	KES	KES
Property and equipment - capitalized	3 (a)	14,138,766	13,026,688
Property and equipment - expensed	3 (b)	3,990,846	3,553,547
Total non-current assets		<u>18,129,612</u>	<u>16,580,235</u>
Current assets			
Accounts receivable	4	2,060,873	2,049,297
Cash and bank balances	5	6,237,628	3,479,824
Total current assets		<u>8,298,501</u>	<u>5,529,121</u>
Current liabilities			
Accounts payable	6	7,119,543	2,560,190
Total current liabilities		<u>7,119,543</u>	<u>2,560,190</u>
Net current assets		<u>1,178,958</u>	<u>2,968,931</u>
Net Assets		<u><u>19,308,570</u></u>	<u><u>19,549,166</u></u>
 REPRESENTED BY:			
Capital fund		3,990,846	3,553,547
Restricted funds		(5,959,425)	(5,959,425)
General funds		21,277,149	21,955,044
Net Funds (Page 8)		<u><u>19,308,570</u></u>	<u><u>19,549,166</u></u>

These financial statements were approved on August 6th 2020 and signed by: -



Sam Owilly
(Secretary / Kenya Program Director)



Asha Ngoley
(Treasurer)

THE BOMA PROJECT

STATEMENT OF CHANGES IN FUNDS - YEAR ENDED 31 DECEMBER, 2019

Movement of funds	Capital fund	General funds	Restricted funds	Total
Year ended 31 December, 2019	KES	KES	KES	KES
At start of year	3,553,547	21,955,044	(5,959,425)	20,387,169
Additions	1,674,400	0	0	1,674,400
Depreciation	(1,237,101)	0	0	(1,237,101)
Deficit for the year (Page 7)	0	(677,895)	0	(677,895)
At end of year	<u>3,990,846</u>	<u>21,277,149</u>	<u>(5,959,425)</u>	<u>20,146,573</u>
Year ended 31 December, 2018				
At start of year	19,213,604	(3,906,730)	5,958,811	21,265,685
Restatement (Note 17)	(17,368,917)	17,368,917	0	0
Opening balance adjustment	0	(838,003)	0	(838,003)
Restated at start of the year	<u>1,844,687</u>	<u>12,624,184</u>	<u>5,958,811</u>	<u>21,265,685</u>
Additions	3,148,800	0	0	3,148,800
Depreciation	(1,439,940)	0	0	(1,439,940)
Transfer to restricted (Note 10)	0	11,918,236	(11,918,236)	0
Deficit for the year (Page 7)	0	(2,587,376)	0	(2,587,376)
At end of year	<u>3,553,547</u>	<u>21,955,044</u>	<u>(5,959,425)</u>	<u>20,387,169</u>

THE BOMA PROJECT

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER, 2019

	2019	2018 (RESTATED)
	KES	KES
Cash flows from operating activities		
Deficit for the year (Page 6)	(677,895)	(2,587,376)
Adjustments for;		
Opening balance adjustment	0	(838,003)
Expensed assets additions	1,674,400	3,148,800
Depreciation - capitalized assets	4,712,922	4,342,229
Operating balance before working capital changes	5,709,427	4,065,650
Increase in trade and other receivables	(11,576)	(485,152)
Increase / (decrease) in trade and other payables	4,559,353	(1,126,911)
Cash from operations	10,257,204	2,453,587
Cash flows from investing activities		
Expensed assets additions	(1,674,400)	(3,148,800)
Capitalized assets additions	(5,825,000)	0
Cash used in investing activities	(7,499,400)	(3,148,800)
Net increase / (decrease) in cash and cash equivalents	2,757,804	(695,213)
Movement in cash and cash equivalents		
Cash and cash equivalents at start of year	3,479,824	4,175,037
Net increase / (decrease) in cash and cash equivalents	2,757,804	(695,213)
Cash and cash equivalents at end of year	6,237,628	3,479,824

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2019

1. LEGAL STATUS

The Boma Project is registered in Kenya as a Non-Governmental Organization under the NGOs Co-ordination Act No. 19 of 1990; Certificate of Registration No. OP.218/051/12-0369/8152 dated 14 June, 2012.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards (IFRS).

(b) Revenue recognition

Income comprises grants and donations received from donors. Grants and donations are recognized when received or if confirmed to have been in transit at the date of the statement of financial position. Where a grant for activities in future periods is received, it is deferred. Deferred income is disclosed separately as a current liability.

Other income is recognised when there is objective evidence that it has been earned.

(c) Property and equipment

Property and equipment purchased or donated to the organization with a value less than \$5,000/- are expensed in the year of purchase. Memorandum accounts (Property and Equipment and Capital Fund) are maintained to track the carrying amount of fixed assets at the date of the statement of financial position. However, property and equipment whose individual value exceeds \$5,000/- are capitalized and stated at cost less depreciation. Depreciation charge is recognised in the statement of comprehensive income.

Depreciation

Property and equipment are depreciated on the reducing balance basis and recognised in the financial statements on a memorandum basis. Depreciation rates in use are as follows: -

<u>Asset category</u>	<u>Annual rate (%)</u>
Computers	30
Motor vehicles	25
Motor cycles	25
Furniture & fittings	12.5
Equipment	12.5

The carrying amounts of the assets are reviewed at the date of the statement of financial position to determine whether there is any indication of impairment. If such indication exists, the applicable asset's recoverable amount is estimated and an impairment loss is recognized in the statement of comprehensive income.

Gains and losses on disposal of property and equipment are dealt with in the statement of comprehensive income.

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2019

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT...)

(d) Expenditure

Expenditure is recognised when payments are made or at the date on which the organisation is invoiced. Accruals are made for outstanding liabilities at the date of the statement of financial position.

(e) Translation of foreign currencies

All transactions in foreign currencies are translated and recorded in Kenya Shillings (the functional currency), using the spot rate at the date of the transaction. Foreign currency monetary items at the date of the statement of financial position are translated using the closing rate. All exchange differences arising on settlement or translation are recognized in the statement of comprehensive income.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(g) Accounts receivable

Receivables arise in the ordinary course of operations when the Organization makes payments in advance or as a result of advances / imprests held by staff as at the year-end that are vet to be liquidated.

Accounts receivable are initially recognized at the transaction price. At the end of each reporting period, the carrying amounts of accounts receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the statement of comprehensive income.

(h) Accounts payable

Accounts payable are initially recognized at the transaction price (including transaction costs). Such obligations arise from normal activities of the organization and do not bear interest.

(i) Restricted funds

Funds meant for specific activities are maintained and accounted for separately and reported as such.

(j) Critical accounting estimates and assumptions

In the process of applying the Organization's accounting policies, the Management with the oversight of Directors make certain estimates and assumptions about future events. In practice, the estimated and assumed results may differ from the actual results. Such estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Management with the oversight of Directors make estimates in determining the depreciation rates for property and equipment. The rates used are set out in the accounting policy for property and equipment. Those 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 BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2019

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT...)

(k) Financial Risk Management, Objectives and Policies

The Organization's activities expose it to a variety of financial risks including liquidity risks and effects of changes in foreign currency exchange rates. The Organization's overall risk management programme focuses on the unpredictability of program funding sources and uncertainties in the operational environment and, seeks to minimize potential adverse effects on its financial performance and activity implementation.

Risk management is carried out by the Management. The Management identifies, evaluates and manages these risks. The policies lay down principles for overall risk management, as well as those covering specific areas such as activity implementation country, foreign exchange and credit and liquidity risks.

The Organization's objectives, when managing these risks, are to safeguard its ability to continue as a going concern in order to provide services to beneficiaries and to maintain an optimal funding structure that optimizes program delivery. The Organization's funding requirements are currently met through funding from donors. The Organization does not have external debt.

3(a). PROPERTY AND EQUIPMENT - CAPITALIZED

	Motor vehicles & cycles	
	2019	2018
Cost / Valuation	KES	KES
At start of year	28,934,590	28,934,590
Additions	5,825,000	0
Total Cost	<u>34,759,590</u>	<u>28,934,590</u>
Depreciation		
At start of year	15,907,902	11,565,673
Charge for the year	4,712,922	4,342,229
Total Depreciation	<u>20,620,824</u>	<u>15,907,902</u>
Net Book Value		
As at 31 December	<u>14,138,766</u>	<u>13,026,688</u>

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

3 (b). PROPERTY AND EQUIPMENT - EXPENSED

Cost / Valuation	Vehicles & Motor cycles	Computers & equipment	Furniture & fittings	Equipment & tools	Total
	KES	KES	KES	KES	KES
At start of year	10,283,400	2,648,381	788,827	830,724	14,551,332
Additions	1,674,400	0	0	0	1,674,400
Total Cost	11,957,800	2,648,381	788,827	830,724	16,225,732
Depreciation					
At start of year	8,302,887	1,924,129	387,570	383,200	10,997,785
Charge for the year	913,728	217,276	50,157	55,940	1,237,101
Total Depreciation	9,216,615	2,141,405	437,727	439,140	12,234,886
Net Book Value					
As at 31 December, 2019	2,741,185	506,976	351,100	391,584	3,990,846
As at 31 December, 2018	1,980,513	724,252	401,257	447,524	3,553,547
Cost / Valuation					
At start of year	36,749,190	1,968,381	788,827	830,724	40,337,122
Additions	2,468,800	680,000	0	0	3,148,800
Reclassified assets - capitalized	(28,934,590)	0	0	0	(28,934,590)
Total Cost	10,283,400	2,648,381	788,827	830,724	14,551,332
Depreciation					
At start of year	19,208,389	1,265,615	330,247	319,268	21,123,518
Charge for the reclassified assets	(11,565,673)	0	0	0	(11,565,673)
Charge for the year	660,171	658,514	57,323	63,932	1,439,940
Total Depreciation	8,302,887	1,924,129	387,570	383,200	10,997,785
Net Book Value					
As at 31 December, 2018	1,980,513	724,252	401,257	447,524	3,553,547

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

	2019	2018
	KES	KES
4. ACCOUNTS RECEIVABLE		
Accounts receivable	154,862	301,433
Prepayments	1,614,536	1,239,067
Deposits	291,475	508,797
Total accounts receivable	<u>2,060,873</u>	<u>2,049,297</u>
5. CASH AND CASH EQUIVALENTS		
Bank balance	6,204,949	3,458,549
Cash in hand	32,679	21,275
Total cash and cash equivalents	<u>6,237,628</u>	<u>3,479,824</u>
6. ACCOUNTS PAYABLE		
Accrued expenses	5,231,370	670,271
Payroll payables	1,947,980	1,889,919
Other payables	(59,807)	0
Total accounts payable	<u>7,119,543</u>	<u>2,560,190</u>
7. GRANT INCOME		
Boma US	199,347,556	177,667,873
GoK grant - PROFIT	50,786,939	39,374,505
Donations - restricted (LMS)	43,817,923	51,220,532
Government funding	5,612,098	0
Total grant income	<u>299,564,517</u>	<u>268,262,910</u>
8. ADMINISTRATION		
Rent	5,501,238	4,455,054
Phone & internet	4,038,862	2,756,279
Office supplies	2,882,916	1,432,338
Depreciation charge on capitalized assets	4,712,922	4,342,229
Stationery	1,115,691	711,848
Bank charges	938,729	1,313,296
Audit fee	888,606	1,010,102
Staff annual retreat	152,947	2,712,728
Insurance	79,344	197,792
Postage	27,246	47,930
Exchange loss	22,352	801,073
Security	5,500	60,580
Other administration costs	0	826,933
Public relations	0	411,400
Legal fees	0	669,900
Total administration costs	<u>20,366,354</u>	<u>21,749,482</u>

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

9 a) PROJECT COSTS	2019	2018
Personnel costs	KES	KES
Salaries and wages	118,216,672	99,354,721
Staff medical	7,006,239	5,500,992
Training	488,340	2,434,812
Recruitment cost	414,192	434,058
Total personnel costs	<u>126,125,443</u>	<u>107,724,583</u>
b) Other project costs		
Seed capital to women entrepreneurs	60,063,000	51,990,000
Programme supplies	12,003,040	7,871,130
Fuel	11,908,259	5,764,363
Vehicle & motor cycle repairs	9,335,645	5,732,390
Distribution expenses	7,819,495	5,353,483
Field per diem	7,210,136	6,693,238
SOLI surveys	6,574,632	0
Accommodation	6,322,372	6,158,463
Mentor training	6,083,534	5,548,003
Participants' training	5,373,146	4,852,700
Consultancy	4,418,333	5,317,500
Stipends	2,440,455	16,941,615
Travel (local & air)	2,287,424	2,921,305
Boma days	2,278,661	0
Rental vehicles	1,782,580	1,862,000
Vehicle & motor cycle insurance	1,683,818	900,319
Capital expenditure - motor cycles purchase	1,674,400	2,468,800
Immigration cost	793,661	240,810
Field support	755,206	431,450
Technology hardware	681,000	1,895,569
Conferences	602,506	988,720
Community entry	566,309	1,477,020
Meals	455,719	547,559
Utilities	206,857	189,294
Miscellaneous	182,688	0
Education materials	147,300	153,300
Events	61,200	46,848
Partner travel	39,239	402,453
Data enumerators cost	0	5,146,511
Other project costs	<u>153,750,615</u>	<u>141,894,843</u>
Total project costs	<u>279,876,058</u>	<u>249,619,426</u>

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

10. GoK Grant: Programme for Rural Outreach of Financial Innovations & Technologies (PROFIT)

	2019	2018
INCOME	KES	KES
Grant	<u>0</u>	<u>51,220,532</u>
Expenses		
Personnel costs	0	24,702,772
Program activities	0	35,740,999
Management overheads	0	2,694,998
Total expenses	<u>0</u>	<u>63,138,768</u>
Balance for the year	<u>0</u>	<u>(11,918,236)</u>

11. EMPLOYEE RETIREMENT BENEFITS SCHEME

The organization and the employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme. Contributions are determined by local statute pegged at lower of 5% of basic salary and a maximum of KES 200/= per month. The BOMA Project makes a matching contribution for each employee per month. The organization's contributions are charged to the statement of comprehensive income in the year to which they relate.

12. EMPLOYEES

Employees as at the end of the financial year (31 December, 2019) were 132 [2018: 131].

13. TAXATION

No provision for corporate tax has been made in these financial statements. The organization qualifies for exemption from Kenyan corporate tax under the provisions of paragraph 10 of the first schedule to the Income Tax Act, Cap 470 (Laws of Kenya).

14. PRESENTATION CURRENCY

The financial statements are presented in Kenya Shillings (KES) as the base currency.

15. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December, 2019.

16. COMPARATIVES

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

THE BOMA PROJECT

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2019

17. RESTATEMENT

A prior year adjustment of KES 17,368,917/= (net) has been made to restate the 2018 financial statements in line with change in accounting policy relating to non current assets. The KES 17,368,917/= (net) relates to reclassification of cost attributable to capitalized assets (KES 28,934,590/=) and their related accumulated depreciation of KES 11,565,673/=. The adjustment has been transferred from capital fund to general from year 2014.

The organization entered into a funding agreement with the United States Agency for International Development (USAID). The cooperative agreement (CoAg) set the threshold for amounts of equipment purchases to be capitalized at \$5,000/-. This was a departure from the organization's policy where assets were expensed on acquisition and tracked on a memorandum basis through the capital fund. Consequently, all the non-current assets with cost values of more than \$5,000/- have been capitalised and their respective depreciation charged adjusted in the statement of changes in fund balances.

Effect on 2018

	KES
Increase in property and equipment cost - capitalized	28,934,590
Decrease in property and equipment depreciation (2014 to 2017) - capitalized	(11,565,673)

Net increase in net assets

17,368,917

Net effect - increase in general fund

17,368,917

Effect on 2019

Increase in property and equipment cost - capitalized	0
Decrease in property and equipment depreciation - capitalized	(3,256,672)

Net decrease in net assets

(3,256,672)

Net effect - increase in general fund

(3,256,672)

18. ABBREVIATIONS

KES	-	Kenya Shillings
GoK	-	Government of Kenya
USA	-	United States of America
PROFIT	-	Program for Rural Outreach of Financial Innovations and Technology