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**REPORT OF THE AUDITORS TO MEMBERS OF
MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)**

Report on the financial statements

We have audited the financial statements of Mama's Hope Organization for Legal Assistance (MHOLA), which comprise the Statement of Financial Position as at 31st September 2016, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 21.

Directors' responsibility for the financial statements

The Organization's Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Auditing Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Public Sector Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter – Internal Control System

Without qualifying our audit opinion, we draw attention to the system of internal controls. During the audit lack of third party supporting documentation accounted for more than 50% as shown in Management letter. It was discovered that the organization relied heavily on bank statement as its sole proof that the expenditure was incurred. Best practices agree that the amount was spent but if there is no third party supporting document we can not verify if the expenditure was incurred wholly and exclusively for the intended organization purpose.

However, it is common with many Organizations of similar size and structure, the operations and system of internal control is dependent upon the close involvement of management in the day to day running of the organization's affairs. So, where independent verification and confirmation of completeness and accuracy of the accounting records was not available, we have relied on assurances from the organization's management that all the transactions and account balances have been properly valued and disclosed in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of Mama's Hope Organization for Legal Assistance as at 31 September 2016 and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Auditing Standards.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the members as a body as required by the relevant registration regulations, and for no other purposes.

As required by the legislations, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts have been kept by MHOLA, so far as appears from our examination of those books;
- iii. The Directors' report is consistent with the financial Statements.
- iv. The financial statements are in agreement with the books of accounts.

YM Associates
Certified Public Accountants
DAR ES SALAAM



Signed by: Mwanjaa Said (ACPA-PP)

Date 06/02/2017

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st SEPTEMBER, 2016

Details	Note	Sept, 2016 TZS
INCOME		
Grant Income	6	724,840,622
Other Income (Fees & Fundraising)		64,122,000
Total		788,962,622
EXPENSES		
Administrative expenses	7	53,010,819
Salaries and Wages	8	149,899,441
Occupancy expenses (Rent & WHT)		9,340,000
Coordination & other meeting		14,379,448
Project expenses	9	150,109,625
Audit & consultancy fee		7,338,000
Depreciation	2	34,078,061
Total		418,155,395
Surplus/(Deficit)		370,807,228

The notes on page 15 to 21 forms part of these financial statements

The financial statements were approved by the board of directors for issue on 06/21, 2017 and were signed on their behalf by:

Accountant	<u>Thawling Salaka</u>	Signature: <u>[Signature]</u>
Executive Director	<u>Saulo MAAUKI</u>	Signature: <u>[Signature]</u>
Board Chairperson;	<u>THEONEST KYARURI</u>	Signature: <u>[Signature]</u>

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MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

STATEMENT OF FINANCIAL POSITION

AS AT 31st SEPTEMBER, 2016

Details	Note	Sept, 2016 TZS
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	2	377,972,916
Current Assets		
Cash and bank balances	3	359,304,344
Receivables	4	7,987,312
Inventory of consumables		785,000
TOTAL ASSETS		746,049,572
RESERVES AND LIABILITIES		
Surplus & Reserves		
Accumulated surplus & Reserves		370,807,228
Current liabilities		
Deferred income	3	359,304,344
Payables	5	15,938,000
TOTAL RESERVES AND LIABILITIES		746,049,572

The notes on page 15 to 21 forms part of these financial statements

The financial statements were approved by the board of directors for issue on 06/21, 2017 and were signed on their behalf by:

Accountant Theodony Blule Signature: [Signature]

Executive Director Saulo Talauke Signature: [Signature]

Board Chairperson Francis Kiseu Signature: [Signature]

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st SEPTEMBER 2016

Details	Sept, 2016 TZS
CASH FLOW FROM OPERATING ACTIVITIES	
Surplus/(Deficit) from operations	370,807,228
Adjustment for:	
Depreciation & Amortization	34,078,061
Prior year adjustments	(135,239,777)
Surplus/ Deficit before working capital changes	269,645,513
Changes in Working Capital	
Decrease/(Increase) in receivables	(7,987,312)
Decrease/(Increase) in inventory	(785,000)
Increase/ (Decrease) in payables	15,938,000
Net cash from operating activities	7,165,688
Net change in Cash during the year	276,811,201
At the beginning of the year	82,493,144
At the end of the year	<u>359,304,344</u>

The notes on page 15 to 21 forms part of these financial statements

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31st SEPTEMBER 2016

Details	Accumulated Surplus/(De fit)
Balance as at 1st October 2015	359,304,344
Add; Surplus/(Decifit) for the year	370,807,228
Less; Deferred income	359,304,344
Balance as at 31st September 2016	<u>370,807,228</u>

The notes on page 15 to 21 forms part of these financial statements

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST SEPTEMBER, 2016

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year as it is its first adoption of IPSASs under accrual basis.

(a) Basis of preparation

The financial statements are prepared under accrual basis in the historical cost convention and in accordance with International Public Sector Auditing Standards.

The preparation of financial statements in conformity with IPSASs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies adopted have been applied consistently throughout the year

(b) Changes in accounting policies and disclosures

The accounting policies adopted are different from those of the previous year.

(c) Cash and cash equivalents

Cash and bank balances in the financial statements comprise cash at bank and cash in hand as at 31 September, 2016 and are carried in the statement of financial position at cost.

(d) Foreign currency translation

Items included in the financial statements are measured in Tanzania shillings, which is MHOLA's functional and presentation currency.

Transactions which are expressed or denominated in foreign currency are converted into Tanzanian shillings at the actual exchange rate prevailing at the date of each transaction. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currency, are translated into Tanzanian Shillings at exchange rates prevailing at that date. The differences resulting from the conversion of foreign currency balances are dealt with through the income and expenditure in the year in which they arise.

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st SEPTEMBER 2016 (CONTINUED)

(e) Employee Benefits

Except for volunteers, MHOLA employees are members of state owned pension scheme, the National Social Security Fund (NSSF, GEPF or LAPF). The Organization contributes to the scheme 10% of gross salary for each employee, and employees contribute 10%. The Organization's contributions to the fund are charged to the Statement of Comprehensive Income in the year to which they relate.

(f) Revenue recognition

Revenue comprises of fair value of grants, donations, members contributions, assistance in kind received from donors. Revenue is recognized as follows:

Grants, Assistance and Members Contributions

Grants and assistance received from the Development Partners, members' contributions and other organizations are recognized when received. Grants in kind and in form of consumable goods are treated as revenue on receipt and expensed when issued to beneficiaries.

Grants for acquisition of Property, Plant and Equipment

Grants utilized for acquisition of Property, Plant and Equipments and Non current assets purchased on behalf of the project are capitalized as Capital Grants. Capital grants are released to the statement of income and expenditure based on the life of assets acquired by such grant.

(g) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's fair value exceeds its recoverable amount. The recoverable amount is the higher of assets fair value less costs to sell and value in use.

(h) Capital Grants

Capital grants received in form of property, plant and equipment or funds, whose primary condition is that the organization should purchase, construct or otherwise acquire long term assets, are deferred to capital grants account and released to income over the expected useful lives of relevant property, plant and equipment.

(i) Investment Properties

An item of land and buildings that qualifies for recognition as investment property is measured at cost. After initial recognition investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st SEPTEMBER 2016 (CONTINUED)

(j) Provisions

Provisions are recognized when MHOLA has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimates.

(k) Trade Receivables

Deposits, Prepayments and Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivable is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of receivable. The amount of the provision is the difference between carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

MHOLA assesses at each balance sheet date whether there is objective evidence that a trade receivable is impaired. A trade receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(l) Intangible Assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful life of five years. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

(m) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st SEPTEMBER 2016 (CONTINUED)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Land and building	0%
Furniture and Fittings	12.5%
Motor vehicles	20%
Computer and accessory	33.3 %
Other equipment	12.5 %

Depreciation of an asset begins when it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

The asset's residual values and useful lives are, reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2. PROPERTY, PLANTS & EQUIPMENTS

Descriptions	Land & Buildings	Motor Vehicles	Computer & Accessories	Furniture & Fittings	Total
Cost					
At 01 Oct, 2015	125,130,521	140,473,906	34,594,103	8,715,639	308,914,169
Add./ (Disposal)	77,414,000	-	41,565,000	4,000,000	122,979,000
At 31st Sept, 2016	202,544,521	140,473,906	76,159,103	12,715,639	431,893,169
Depreciation					
At 01 Oct, 2015	-	16,540,882	2,079,561	1,221,750	19,842,193
Charge for the year	-	28,094,781	4,843,825	1,139,455	34,078,061
At 31st Sept, 2016	-	44,635,663	6,923,386	2,361,205	53,920,254
Net Book Value					
At 31st Sept, 2016	202,544,521	95,838,243	69,235,717	10,354,434	377,972,916

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st SEPTEMBER 2016 (CONTINUED)

3. CASH & CASH EQUIVALENTS

Description	Sept, 2016 TZS
Cash in Hand (Imprest)	-
Cash at Bank (General A/C)	6,977,289
Cash at Bank-Forex A/Cs (Tshs equivalent)	38,911,698
Cash at Bank -Other A/Cs	313,415,357
	<u>359,304,344</u>

4. RECEIVABLES

Descriptions	Sept, 2016 TZS
Membership debtors	1,220,000
Employee loan receivables	3,200,000
Receivable per project contract	3,567,312
	<u>7,987,312</u>

5. PAYABLES

Descriptions	Sept, 2016 TZS
Audit & Consultancy fee payable	7,338,000
NSSF, LAPF, GEPF Payable	
PAYE Payable	
Salaries Payable	8,600,000
	<u>15,938,000</u>

6. GRANT INCOME

Description	Sept, 2016 TZS
Grant from BWF	198,849,000
Grant from Threshold DZ-ZAV	28,296,249
Grant from Coordinator Legal Aid	1,970,000
Grant from LSF	441,040,113
Grant from TAHEA	10,807,500
DKA (Katholisches Jugendwerk)	43,877,760
	<u>724,840,622</u>

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st SEPTEMBER 2016 (CONTINUED)

7. ADMINISTRATIVE EXPENSES

Descriptions	Sept, 2016 TZS
Bank Charges	3,407,887
Contribution course fee	6,837,600
Repair & Maintenance (Office)	3,132,000
Car clearance & related expenses	5,519,092
Stationary & Printing	4,142,500
Security charges	7,880,000
Provision of breakfast	7,712,292
Coordination & other meeting expenses	14,379,448
	<u>53,010,819</u>

8. WAGES & SALARIES

Description	Sept, 2016 TZS
Salaries & Statutory deductions	140,677,163
NSSF, GEPF, LAPF PAYE	
DSAs & Volunteer allowances	9,222,278
	<u>149,899,441</u>

9. PROJECT EXPENSES

Descriptions	Sept, 2016 TZS
Travelling costs (Car mileage)	36,010,650
IEC Material & Radio programs	41,887,175
Legal outreach & paralegal expenses	13,170,600
African Child Day Preparation	15,640,000
Organization support expenses(Fish pond)	900,000
Radio support program	10,500,000
Project Indirect costs	2,000,000
Other expenses & Petty cash	5,240,500
Staff development costs	6,650,000
Utilities & Office expenses	11,073,200
Training & Awareness expenses	7,037,500
	<u>150,109,625</u>

MAMA'S HOPE ORGANIZATION FOR LEGAL ASSISTANCE (MHOLA)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st SEPTEMBER 2016 (CONTINUED)

12. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director whether executive or otherwise.

a) Transactions with Key management personnel

There were no transactions with Key management personnel during the year

b) Balances with Key management personnel

As at 31st September, 2016 there were no outstanding loans with Key management personnel

c) Directors Emoluments

Directors were paid as disclosed in the financial statement

13. COMPARATIVE INFORMATION

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. It is however worth noting that; following adoption of accrual basis of Accounting, for the year ended 31st September, 2016 comparative information will not be shown.