

MIFIK GLOBAL MISSION

**Income and Expenditure Statement for the 12 months period
ended 31 December 2020**

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The primary objective of this report is to express an opinion on whether the Income and Expenditure Statement of Mifik Global Mission for the 12 months' period ended 31 December 2020 is prepared, in all material respects, in accordance with the basis of accounting described in note 6.1 of the Income and Expenditure Statement.

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1 Organization Information

REGISTERED OFFICE AND PRINCIPAL PLACE OF WORK:

Mifik Global Mission
Kigo, Wakiso,
P.O. Box 75843,
Kampala

KEY MANAGEMENT PERSONNEL:

Mr. Kirungi Michael	-	Director
Mrs. Kirungi Flavia Namutebi	-	Director
Mrs. Kigozi Eva Nakijjo	-	Accountant

BANKERS

Absa Bank Uganda Limited
P O Box 2971,
Plot 16, Kampala Road,
Kampala, Uganda.

United Bank for Africa
P O Box 7396,
Plot 2, Jinja Road,
Kampala, Uganda.

DELEGATED AUDITORS

SHAFIC AND ASSOCIATES
Certified Public Accountant
shafic14@gmail.com
Plot 2158, Phidam House
Kitintale Portbell Road
P O Box 25426
Kampala, Uganda

2 Introduction

2.1 Background

Mifik Global Mission is a nonprofit/ charity Organization that models a Christian Ministry for child and community transformation. Established in 2016, Mifik Global Mission currently provides child sponsorship to over 50 children in three districts of Uganda.

The organization is based in Kigo-Wakiso, with a mission of releasing children from a culture of poverty and transforming them into productive Christian leaders.

Objectives of the Organization

The charity focuses on five objectives:

1. To provide education sponsorship opportunities to needy children.
2. To partner with the Born again church in carrying out evangelism in schools and communities.
3. To partner with parents and guardians in sensitizing children about the importance and value in education.
4. To mobilize resources needed in building social services like churches, schools and hospitals.
5. To provide an enabling working environment for visiting missionaries.

2.2 Summary of achievements and challenges:

2.2.1 Achievements

- a) A goal of 10.5 acres of Land was obtained in 2020, as a result of fundraising activity during the year.
- b) Through Mission Support and designated funds, the administration, a church and over 200 (two hundred) congregants were maintained in fellowship and with food items and approximately 20 (twenty) individual livelihoods were boosted.
- c) The Organization provided Covid-19 food relief packages in three phases to over 150 (one hundred fifty) families during the lock down.
- d) Mifik facilitated the Continuous academic learning to all sponsored children while at home during the Lock down. This was achieved through provision of school worksheets to facilitate home schooling.
- e) Two additional donors joined Mifik during the year 2020.

2.2.2 Challenges:

- a) Some parents are not cooperative
- b) Mifik does not own a school apparently, which makes it challenging to obtain accountability from the various schools where the sponsored children go.
- c) School drop outs by sponsored children.
- d) Change in financial state of sponsors
- e) A partnership with one of the church partners was closed.

2.3 Audit objectives and scope of work

SHAFIC AND ASSOCIATES was appointed by Mifik Global Mission to carry out an audit of the Income and expenditure statement for the year ended December, 2020.

The financial audit was carried out in accordance with International Standards on Auditing.

The specific objectives were to:

- Express an opinion on whether the Income and Expenditure statement is presented, in all material respects, in accordance with the modified cash basis. The report shall contain the transactions for the year and reports on the balance of any amounts spent and or remaining unspent.
- Provide a management letter containing observations and recommendations to Mifik Global Mission, on the results of the audit of the project.

2.3.1 Period of Audit

This report covers the period 1 January 2020 to 31 December 2020.

2.3.2 Specific audit objectives

SHAFIC AND ASSOCIATES performed procedures to check whether:

- Cash is kept in a bank account and the entity can receive and transfer funds.
- Cash and bank management procedures exist to manage cash on hand, cash in banks and safekeeping measures are in place for cash on hand.
- Bank reconciliations are performed monthly and reconciling items are followed-up promptly.
- Documents are available to support accounting transactions recorded in the books of account.
- Controls are in place to ensure correct and accurate payroll accounting.
- Where IT systems are in use, controls exist to ensure data recorded in the books of account is accurate, complete and timely.
- Procedures are in place to ensure that purchase orders placed, contracts entered into and expenses incurred do not exceed the budget and installments
- Provide any additional comments, observations or recommendations considered appropriate on areas subject for assessment.

2.3.3 Audit of the Receipts and Expenditure Statement;

SHAFIC AND ASSOCIATES performed the following procedures:

- Reviewed the expenses incurred in the execution of Mifik activities
- Determined that the Income and Expenditure Statement and transactions made reflect the operations of the Organization; and
- Determined that the budget account description to which expenditure was posted is appropriate.

2.3.4 Internal controls

SHAFIC AND ASSOCIATES performed the following procedures:

- Obtained an understanding of the internal control environment; and assessed the design and adequacy of the accounting systems and controls to administration and implementation of the Mifik activities; and

- Tested the operating effectiveness of the identified controls and assessed control risk which is the effectiveness of the Organization's internal control structure policies and procedures in preventing or detecting material misstatements in the income and expenditure statement.

2.3.5 Compliance with agreement terms, applicable laws and regulations

SHAFIC AND ASSOCIATES performed the following procedures:

- Determined if Mifik Global Mission complied with the reporting requirements of the relevant accounting procedures.
- Identified the pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the Income and Expenditure Statement;
- Checked that a separate bank account is maintained for the Mifik funds.

3 Statement of Management's Responsibility

Management is responsible for the preparation and presentation of the Income and Expenditure statement for the 12 months' period ended 31 December 2020 set out on pages 12 to 17, which presents in all material respects, the Income and Expenditure, in accordance with the accounting policies described in note 6.1 of the Income and Expenditure Statement.

Management's responsibility includes: determining that the basis of accounting and accounting policies described in note 6.1 are an acceptable basis for preparing and presenting the Income and Expenditure Statement, and for such internal control as the Management determines is necessary to enable the preparation of the Income and Expenditure Statement that is free from material misstatements, whether due to fraud or error.

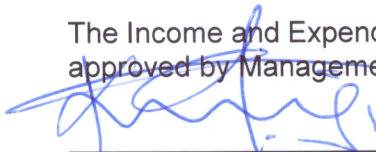
Management is also required to prepare the Income and Expenditure Statement which presents in all material respects, the state of affairs of the Mifik Global Mission at the end of the reporting period. Management is also required to ensure the maintenance of proper accounting records which disclose with reasonable accuracy the financial affairs of the Organization.

Management accepts responsibility for the Income and Expenditure statement set out on pages 12 to 17 which has been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with accounting policies described in note 6.1. Management is of the opinion that the Income and Expenditure Statement presents in all material respects, the state of financial affairs of the Organization for the 12 months' period ended 31 December 2020.

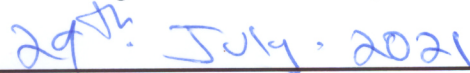
Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the Income and Expenditure Statement, as well as adequate systems of internal financial control.

Approval of the Income and Expenditure Statement

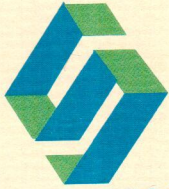
The Income and Expenditure Statement of Mifik Global Mission, as indicated above, was approved by Management on 8th June 2021 and was signed on its behalf by:



Director



Date



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Practitioner SSEMUYAGA SHAFIC
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditors Report

TO THE DIRECTOR ON THE INCOME AND EXPENDITURE STATEMENT OF MIFIK GLOBAL MISSION

Opinion

We have audited the Income and Expenditure Statement of Mifik Global Mission (“the Organization”), which comprise the statement of affairs as at 31 December 2020, the statements of receipts and expenditure for the 12 months’ period then ended 31 December 2020, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Income and Expenditure statement is prepared in all material respects, in accordance with the basis of accounting described in note 6.1 of the Income and Expenditure statement.

Basis for Opinion

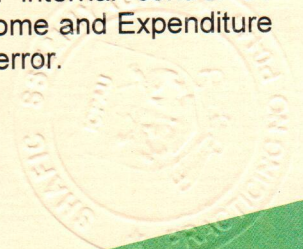
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Income and Expenditure Statement* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the Income and Expenditure Statement in Uganda, 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.

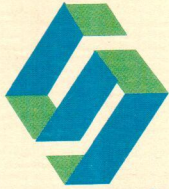
Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 6.1 to the Income and Expenditure Statement, which describes the basis of accounting. The Income and Expenditure Statement are prepared to assist the Organization to comply with the financial reporting requirements. As a result, the Income and Expenditure Statement may not be suitable for another purpose. Our report is intended solely for Mifik Global Mission and should not be used by or distributed to parties other than Mifik Global Mission. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Income and Expenditure Statement

Management is responsible for the preparation of the Income and Expenditure Statement in accordance with accounting policies stated in Note 6.1 and for such internal control as management determines is necessary to enable the preparation of the Income and Expenditure Statement that is free from material misstatement, whether due to fraud or error.





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In preparing the Income and Expenditure Statement, management is 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 management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

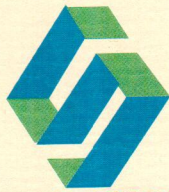
Auditors' Responsibilities for the Audit of the Income and Expenditure Statement

Our objectives are to obtain reasonable assurance about whether the Income and Expenditure Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 this Income and Expenditure Statement.

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

- Identify and assess the risks of material misstatement of the Income and Expenditure Statement, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





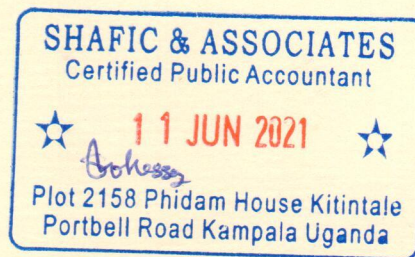
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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Income and Expenditure Statement 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 auditors' report. However, future events or conditions may cause the Organization cease to continue as a going concern.

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.
The engagement practioner on the audit resulting in this independent auditors' report is CPA Shafic Ssemuyaga. P0444.

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Date:2021

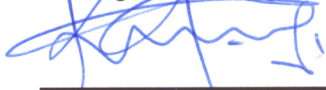
5 Income & Expenditure statement

5.1 Receipts and Expenditure Statement for the Period ended 31 December 2020

Item	Notes	Final 31 December 2020 (UShs)	Final 31 December 2020 (USD)
Funding			
Bank balance at 01 January 2020	6.2.1	16,303,527	4,454.26
Advances to Staff		520,000	142.07
Less: Un Liquidated obligations		(2,500,000)	(683.02)
Total Opening Reserve		14,323,527	3,913.31
Income			
Donations	6.2.2	173,016,640	47,332.83
Other Income			
Foreign exchange gain		329,342	90.1
Total Income		173,345,982	47,422.93
Expenditure			
Child Transformation Program			
School fees & Scholastic materials	6.3.1	20,003,812	5,472.52
Transport		1,287,842	352.32
Fundraising		3,854,864	1,054.59
Child welfare		15,747,758	4,308.18
Administration			
Staff costs	6.3.2	21,553,667	5,896.52
Transport		7,824,432	2,140.56
Repair & Maintenance		5,786,591	1,583.06
Stationary		1,747,353	478.03
Bank charges		1,624,790	444.50
Communication		3,584,882	980.73
Utilities		436,591	119.44
Professional Fees		3,059,227	836.92
Office costs		442,074	120.94
Capital Expenditure	6.3.3	62,186,936	17,013
Missions, Outreaches & Trips			
Covid-19 relief packages	6.3.4	10,088,957	2,760.08
Mission Support		553,379	151.39
Pass through funds			
Church & family Support		12,002,353	3,283.53
Designated support		13,990,006	3,827.3
Total expenditure		185,775,515	50,823.32
Fund balance		1,872,350	513
Bank balance as at 31 December 2020			
USD 0513001464	6.4	171,205	46.90
ABSA -USD 6006707031		668,686	183.18
ABSA -UGX 6006707066		3,752,459	1,027.95
Accountable advances (Staff)	6.5	240,000	65.75
Less: Un liquidated obligation			
Loan Repayment	6.6	(1,360,000)	(372.56)

Professional fees		(1,600,000)	(438.30)
Fund balance		1,872,350	513

This Income and Expenditure Statement on pages 13 to 17 was approved by management on 8TH June 2021 and signed on its behalf by:



Director

Director

Date: ^{29th} July 2021

The notes set out on pages 13 to 17 form an integral part of the Income and Expenditure Statement.

6 Notes to the Income and Expenditure Statement

6.1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Income and Expenditure Statement are set out below. These policies have been consistently applied during the period, unless otherwise stated.

Purpose of the Income and Expenditure Statement

This Income and Expenditure Statement is prepared for the purpose of providing financial information to the management of Mifik Global Mission.

a) Basis of preparation

The income and expenditure statement is prepared on a modified cash accounting basis. On this basis, income is recorded when cash is actually received and expenditures recorded when paid. However, this basis is modified for advances and unliquidated obligations

b) Receipts

Receipts represent funds received from donations.

c) Expenditure

Expenditure comprises expenses incurred directly for approved Organization activities. These are generally recognized when accountabilities of the payments are made.

d) Currency and foreign exchange

The Income and Expenditure Statement is expressed in Ugandan Shillings. Expenditure incurred in currencies other than Ugandan Shillings is converted to the reporting currency using the exchange rates prevailing at the dates of the transaction.

The Income and Expenditure Statement includes figures, which have been translated from Uganda Shillings (Ushs) to United States Dollars (USD) at the period end rate of USD 1: Ushs 3,650.43 for the Statement of affairs and USD 1: Ushs 3,655.32 for the Expenditure in the statement of receipts and expenditures.

e) Cash/ Bank Balances.

These represent Organization cash balances held at period end.

f) Advances

Advances represent funds extended to volunteer staff towards the implementation of Mifik activities. These advances are supposed to be paid back by the staff either in cash or in kind.

g) Unliquidated obligations

These are expenses that have already been incurred but not yet settled as at 31 December 2020 and so form part of the Balance at the year end.

h) Fixed Assets

Fixed Assets are expensed in the receipts and expenditure statement in the period of purchase. The Income and Expenditure Statement does not, therefore reflect the value of fixed assets at the end of the year.

6.2 Funding

Funding represents amounts brought forward from the previous year and the amounts received during the period 1 January 2020 to 31 December 2020. The amounts are shown below:

6.2.1 Balance brought forward from the previous period

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Bank balance at 01 January 2020	16,303,527	4,454.26
Advances to volunteer staff	520,000	142.07
Accrued Expenditure	(2,500,000)	(683.02)
Total	14,323,527	3,913.31

6.2.2 Receipts during the year

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Donations	173,016,640	47,332.83
Other Income		
Foreign exchange gain	329,342	90.1
Total Income	173,345,982	47,422.93

6.3 Expenditure

This comprises of costs incurred in the implementation of approved Organizational activities during the year.

6.3.1 Child Transformation Program

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
School fess & Scholastic Materials	20,003,812	5,472.52
Transport	1,287,842	352.32
Fundraising	3,854,864	1,054.59
Child welfare	15,747,758	4,308.18
Total	40,894,276	11,188

6.3.2 Administration

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Staff costs	21,553,667	5,896.52
Transport	7,824,432	2,140.56
Repair & Maintenance	5,786,591	1,583.06
Stationary	1,747,353	478.03
Bank charges	1,624,790	444.5
Communication	3,584,882	980.73
Utilities	436,591	119.44
Professional Fees	3,059,227	836.92
Office costs	442,074	120.94
Total	46,059,607	12,601

6.3.3 Capital Expenditure

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Land	36,116,097	9,880.42
Farming and Store house	17,365,123	4,750.66
Computers and accessories	5,730,628	1,567.75
Furniture	2,975,028	813.89
Total	62,186,936	17,013

6.3.4 Missions & Outreaches

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Covid-19 Relief food packages	10,088,957	2,760.08
Mission Support	553,379	151.39
Total	10,642,336	2,911

6.3.5 Pass through Funds

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Church Support	11,835,560	3,237.9
Family support	166,792	45.63
Designated Support	13,990,006	3,827.3
Total	25,992,359	7,111

Mifik Global Mission maintains three bank accounts with United Bank for Africa and Absa Bank Uganda Limited;

6.4 Cash and bank

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
UBA -USD 0513001464	171,205	46.9
ABSA -USD 6006707031	668,686	183.18
ABSA -UGX 6006707066	3,752,459	1,027.95
Total	4,592,350	1,258

6.5 Staff advances

The advances are given to volunteer staff, and are the unaccounted for advances as at 31 December 2020 are summarized below.

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Advances to volunteer staff	240,000	65.75
Total	240,000	65.75

6.6 Unliquidated obligations

These relate to expenses incurred but not yet settled at year end. The unliquidated obligations as at 31 December 2020 are summarized below.

Description	Dec 2020 (Ushs)	Dec 2020 (USD)
Loan from Director	(1,360,000)	(372.56)
Audit fees	(1,000,000)	(273.94)
Taxation fees	(600,000)	(164.36)
Total	(2,960,000)	(811)