CHLDHOOD DEVELOPMENT ORGANIZATION-(CDO)

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

REPORT AND FINANCIAL STATEMENTS OF CHILDHOOD DEVELOPMENT ORGANIZATION FOR THE PERIOD ENDED 31 DECEMBER 2022

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ORGANIZATION INFORMATION

ADVISORY BOARD	M/S ANNA MARWA	CHAIRPERSON
	MRS GRACE MWALEMBA	DEPUTY CHAIRPERSON
	MRS VICTORIA MAVURA	MEMBER
	MR RICHARD MAYUNGA	MEMBER
	M/S FELISTAS KALOMO	EXECUTIVE DIRECTOR/BOARD SECRETARY
REGISTERED OFFICE		
	MOROGORO OFFICE: P.O.BOX. 54 MOROGORO MZUMBE TANZANIA	
INDEPENDENT AUDITOR		
	UHURU Auditors Certified Public Accountants Watumishi Housing Building P.O Box 9080 Dar es Salaam	
PRINCIPAL BANKERS		
	CRDB BANK MZUMBE BRANCH MOROGORO - TANZANIA	

GLOSSARY OFABBREVIATIONS

CP	THE CHANGARAWE PROJECT -ENGLAND
CDO	CHILDHOOD DEVELOPMENT ORGANIZATION
CiC	CHILDREN IN CROSSFIRE
CP	CHANGARAWE PROJECT
ECD	EARLY CHILDHOOD DEVELOPMENT
ECE	EARLY CHILDREN EDUCATION
HLI	HEALTH LINKS INITIATIVE
ISRP	INTEGRATED SCHOOL READINESS PROGRAMME
PA	PARTENAIRES ASSOCIATION
TECDEN	TANZANIA EARLY CHILDHOOD DEVELOPMENT NETWORK
VAT	VALUE ADDED TAX
USDA/GC AIMS	GLOBAL COMMUNITIES

ADVISORY BOARD MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Advisory Board Members submit their annual report, together with the audited financial statements, for the year ended 31 December 2022, which disclose the state of affairs of the Childhood Development Organization ("CDO").

Incorporation

Childhood Development Organization (CDO) is established in Tanzania as a Non-Governmental Organization in 2008, under Non-Governmental Organizations Act, 2002 (No. 24 of 2002)

Principal activities

The principal activities of the Organization are to promote children Development, and eliminate poverty through capacity building, basic education, research, and all issues pertaining to poverty, with mission of empowering disadvantaged children with basic needs for their childhood and proper development through community engagement.

Performance of the organization

The performance of the organization during the period set on page 12 to 28 of this financial statement

Future Organization developments strategies and objectives

The board is expecting the organization to become the leading organization in Promoting childhood development by build, strengthen and empower children from low resource communities to scale up response for the survival, growth, development and protection with priority to most vulnerable and marginalized groups.

Corporate governance

The Board is responsible for the governance of the Organization and is committed to ensure that its operations are conducted with integrity and compliance with the relevant laws and regulation governing Organizations.

The day to day running of the organization is under the leadership of the Executive Director who is the Secretary of the Board and Head of SMT. The SMT takes overall responsibility for the organization, including responsibility for identifying key risk areas, considering significant financial matters, and reviewing the performance of organization plans and budgets. The SMT is also responsible for ensuring that a comprehensive system of internal control is operative and it is in compliance to the corporate governance principles.

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Funding

The Organization's predominant sources of funding presently are from donors .

Member of the organization

The total numbers of member during the year were 6 members.

Risk management and internal control

"The Board of Directors accepts final responsibility for the risk management and internal control systems of the organization. It is the task of the Board to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Organization's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Organization sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders."

Risk management and internal control

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. While no system of internal control can provide absolute assurance against misstatement or losses, the Organization's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met accepted criteria.

Solvency

The Board confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.
The Directors has reasonable expectation that Childhood Development Organization (CDO) has adequate resources to continue in operational existence for the foreseeable future.

Employees' welfare

The Organization had 17 employees during the financial year ended 31 December 2022. The Organization has pension schemes in which both employee and employer's contribution are made to the National Social Security Fund (NSSF).

Disabled persons

The Organization accepts disabled persons for employment for those vacancies that such persons are able to fill.

Directors

The Director who held office during the year and to the date of this report is set out on page 1.

Going Concern

The Board has reasonable expectation that the organization has adequate resources to meet its operational needs and continue in operation for the foreseeable future.

ADVISORY BOARD MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor

The auditor, UHURU Auditors, has expressed its willingness to continue in office and is eligible for re-appointment. A resolution proposing the re-appointment of Uhuru Auditors as the auditor of the Childhood Development Organisation for the year ending 2023 will be put to an Advisory Board Members' Meeting.

BY ORDER OF THE ADVISORY BOARD

M/S Anna Marwa **Chairperson**	**M/S Felistas Kalomo** **Secretary/Executive Director**
13/04/2023 **Date**	13/04/2023 **Date**

BOARD OF DIRECTORS CDO BOX 54 MZUMBE

EXECUTIVE DIRECTOR DATE: 13/04/2023 BOX 54 MZUMBE

STATEMENT OF THE ADVISORY BOARD MEMEBERS' RESPONSIBILITIES

The Tanzanian NGO Act No. 24 of 2002 requires CDO to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Organization as at the end of the financial year and of the operating results of the organization for that year. It also requires the Directors to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organization. The Board is also responsible for safeguarding the assets of the Organization.

The Advisory Board Members accepts responsibility for the annual financial statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Public Sector Accounting Standards and the requirements of the Tanzania NGO Act no. 24 of 2002.

The Advisory Board Members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organization and of its operating results. The Advisory Board Members further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements due to fraud or error.

Nothing has come to the attention of the Advisory Board Members to indicate that the organization will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Advisory Board Members by:

EXECUTIVE DIRECTOR
DATE 13/04/2023
P.O.BOX 54 MZUMBE

....
M/S Anna Marwa
Chairperson

BOARD OF DIRECTORS
BOX
MZUMBE

13/04/2023
Date

....
M/S Felistas Kalomo
Secretary/Executive Director

13/04/2023
Date

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Advisory Board Members to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance *in accordance with applicable International Accounting Standards* and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Advisory Board Members as under the Advisory Board Members' Responsibility statement on page 6.

I **Bwigane Mwamasage** being the **Financial Consultant** of Childhood Development Organization hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Childhood Development Organization as on that date and that they have been prepared based on properly maintained financial records.

Signed by........................

Position: **Financial Consultant**

NBAA Membership No: GA.2734

Date: 8th March, 2023

Audit | Tax | Advisory
UHURU AUDITORS
Certified Public Accountants

Watumishi Housing Building
Morogoro Road ,
P.O. Box 90180
Dar Es Sa laam , Tanzania

info@uhuruauditors.co.tz
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Report on the Audit of the Financial Statements

Our Opinion

We have audited the financial statements of the Childhood Development Organization which comprises of the Statement of Financial Position as at 31st December, 2022, statement of profit or loss and other comprehensive income for the year then ended, Statement of Changes in Reserves for the year then ended, Statement of Cash Flows for the year then ended, and notes to the Financial Statements, which include a summary of significant accounting policies as shown in page 12 to 28 of this report.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Childhood Development Organization for the year ended 31st December 2022, and its financial performance and its cash flows for the year ended 31st December 2022 in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Tanzania NGO Act No. 24 of 2002.

Basis for opinion

We conducted our audit accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statement section of our report. We are independent of the organization within the meaning of organization act and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

The financial statements of organization have been prepared by using going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the organization or to cease the operations or has no realistic alternative but do not do so. As part of our audit of the financial statements, we have concluded that management's use of going concern basis of accounting in the preparation of organization financial statements is appropriate.
Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements.
Based on our audit of the financial statements we also have not identified such as material uncertainty. However, neither management nor auditor can guarantee the organization's ability to continue as going concern.

Other Information

The Advisory Board Members are responsible for the other information. The other information comprises the organization information, the Advisory Board Members' Report, Statement of Advisory Board Members' responsibilities and Declaration of Head of Finance but does not include the financial statements and our auditors' 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 the Advisory Board Members for the Financial Statements

The Advisory Board Members are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the NGOs Act, 2002, and for such internal control as Directors determine 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, Directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the organization or to cease operations, or have no realistic alternative but to do so.

Advisory Board Members are responsible for overseeing the organization's financial reporting process.

Auditors' 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 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 these financial statements.

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 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 organization' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director

- Conclude on the appropriateness of the Director 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 auditors' 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 auditors' 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 true and fair view.

We communicate with the management 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.

Report on Other Legal and Regulatory Requirements

As required by the NGO Act 2002 we report that:

In our opinion, proper accounting records have been kept by Childhood Development Organization

- The individual accounts are in agreement with the accounting records of the organization and
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Musa Solomon, ACPA-PP

For and on behalf of UHURU AUDITORS
Certified Public Accountants
Dar es Salaam
Date: 22nd March, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
INCOME	**Notes**	**TZS**	**TZS**
Donation	4	46,932,599	51,511,891
Revenue grants		289,486,777	276,548,336
Amortization of capital grants		16,097,438	26,975,808
		352,516,813	**355,036,035**
Other income			
Loan scheme interest received		555,200	550,000
Bank Interest received		298,981	217,203
		854,181	**767,203**
Total Revenue		**353,370,995**	**355,803,237**
EXPENDITURE			
Staff Costs	5	141,680,876	127,230,963
Travel Expenses	6	18,987,635	13,213,922
Training Expenses	7	38,669,086	59,060,764
General Administrative Expenses	8	110,309,260	84,298,621
Materials and Supplies	9	27,626,700	45,023,160
Depreciation Expenses	11	16,097,438	26,975,808
Total Expenses		**353,370,995**	**355,803,237**
Net Surplus / (Deficit) from ordinary activities		-	-

EXECUTIVE DIRECTOR

13/04/2023
Date

EXECUTIVE DIRECTOR
DATE: 13/04/2023
P.O.BOX 54 MZUMBE

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	2022 TZS	2021 TZS
ASSETS			
Current Assets			
Cash and Cash Equivalent	10	63,672,749	40,676,329
Total Current Assets		**63,672,749**	**40,676,329**
Non Current Assets			
Property Plant and Equipments	11	208,738,039	217,305,477
Total Non Current Assets		**208,738,039**	**217,305,477**
TOTAL ASSETS		**272,410,789**	**257,981,806**
EQUITY AND LIABILITIES			
Current Liabilities			
Deferred Revenue Grants	12	63,672,749	40,676,329
Total Current Liabilities		**63,672,749**	**40,676,329**
Non Current Liabilities			
Deferred Capital Grant	11	208,738,039	217,305,477
Total Non Current Liabilities		**208,738,039**	**217,305,477**
Surplus for the year		-	-
TOTAL EQUITY AND LIABILITIES		**272,410,789**	**257,981,806**

Kalomo
EXECUTIVE DIRECTOR

13/04/2023
Date

EXECUTIVE DIRECTOR
DATE: 13/04/2023
P.O.BOX 54 MZUMBE

CHILDHOOD DEVELOPMENT ORGANIZATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 TZS	2021 TZS
Cash flows from operating activities		
Surplus for the year	-	-
Depreciation	16,097,438	26,975,808
Amortization of Capital Grants	-16,097,438	-26,975,808
Operating Surplus before Working capital changes	-	-
Changes in Working Capital		
(Increase)/Decrease in Receivables	-	34,104,045
Increase/(Decrease) in Deferred Income	22,996,421	-27,413,948
Cash generated from operations	**22,996,421**	**6,690,097**
Cash flows from investing activities		
Acquisition of Assets	-7,530,000	-3,600,000
Proceeds from sale of investments	-	-
		-
Net cash from investing activities	**-7,530,000**	**3,600,000**
Cash flows from financing activities		
Funding for acquisition of Fixed Assets	7,530,000	3,600,000
Net cash from financing activities	**7,530,000**	**3,600,000**
Net (decrease)/increase in cash and cash equivalents	**22,996,421**	**6,690,097**
Cash and cash equivalents - beginning of the year	40,676,329	33,986,232
Cash and cash equivalents - end of the year	**63,672,749**	**40,676,329**

Kalomo
EXECUTIVE DIRECTOR

13/04/2023
Date

EXECUTIVE DIRECTOR
DATE: 13/04/2023
P.O.BOX 54 MZUMBE

NOTES

1. General information

Childhood Development Organization (CDO) is established in Tanzania as a Non-Governmental Organization in 2008, under Non-Governmental Organizations Act, 2002 (No. 24 of 2002)

2. Principal Accounting Policies

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

a. Basis of Preparation

The financial statements of CDO have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying organization's accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

b. Changes in accounting policies and disclosures

i. New and amended standards not adopted by the CDO

The following standards and amendments have not been applied by the CDO for the first time:

New and Amendments to standards	**Effective for annual periods beginning on or after**
IFRS 9 – Financial Instruments	1 January 2018
IFRS 15 – Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019
Amendments to IAS 16 and IAS 38 Clarifications of Acceptable Methods of Depreciation and Amortisation	1 January 2016

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within an organization model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  The Advisory Board Members of the organization do not anticipate that the application of IFRS 9 in the future will have a significant impact on amounts reported in respect of the Organization's financial assets and financial liabilities.

IFRS 15 Revenue from Contracts with Customers

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e., when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 *Clarifications of Acceptable Methods of Depreciation and Amortisation*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two EPZ circumstances:

- When the intangible asset is expressed as a measure of revenue; or
- When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the organization uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively.

The Directors of the Organization does not anticipate that the application of the standard will have a significant impact on the Organization's financial statements.

Early adoption of standards

The Organization did not early-adopt any new or amended standards in the financial year.

c. Foreign Currency translation

Transactions during the year which are denominated in foreign currencies are translated into Tanzanian Shillings at the rates ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period, which are denominated in foreign currencies, are translated into Tanzanian Shillings at rates ruling at that date. Exchange differences resulting from the translations are dealt with in the profit or loss in the year that they arise.

d. Revenue recognition

The CDO derives its income from the following sources:

(i) Donations in – cash and in -kind from development partners and other organisations
(ii) Interest Income – from revolving fund supported by CP.

Donation Income

Donations are recognized once there is reasonable assurance that the CDO will (a) comply with terms of the agreement (s); and (b) there is reasonable assurance that the grant shall be received. Donations received in the form of consumable materials (in – kind) are classified as revenue grants.

Interest income
Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
Other income is recognized when earned.

e. Taxation
(i) Current Income Tax

The Advisory Board Members consider CDO to be exempt from Income taxes based on the criteria set forth in the Income Tax regulations which accord this status to the organizations that perform charitable activities and whose profit is within required limits, or if higher is to be utilized for future charitable activities. The Income Tax Regulations require further approval from the Commissioner of Income Tax for the entity to be granted Charitable Status. The application for this status has already been initiated at the regional level and the entity is working on the same to ensure in year 2022 it qualifies for the cause.

(ii) Value Added Tax

Revenue, expenses and assets are recognized net of amount of VAT except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of asset or as part of expense item as applicable.

f. Inventories
Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on the first in first out basis and includes direct costs incurred in bringing stocks to their existing location and condition. Net realisable value is the estimated price at which inventories can be sold in the normal course of Organization after allowing for the cost of realisation.

Provision is made where necessary for obsolete, slow moving and defective inventories.

g. Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and any accumulated impairment.

Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its expected useful life. The useful lives applied are as follows:

Leasehold improvements are depreciated on the straight-line basis over the remaining period of lease.

For property, plant and equipment purchased or disposed of during the year, depreciation is provided on a pro-rata basis.

Property, plant and equipment are periodically reviewed for impairment. If the carrying value of an asset is estimated to be greater than its recoverable amount, it is written down to its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

h. Intangible assets
Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the profit or loss on straight line over the estimated useful lives not exceeding a period of four years.

i. Provisions
Provisions are recognized when the Organization has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Employees' entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period.

j. Impairment

At the end of each reporting period, the Organization reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any)

k. Financial instruments

Financial assets and financial liabilities are recognised on the Organization's statement of financial position when the Organization becomes a party to the contractual provisions of the financial instrument.

l. Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year-end. Bad debts are written off when all reasonable steps to recover them have failed.

m. Trade payables
Trade payables are stated at their nominal value.

n. Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual's basis.

o. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of Directors to the Organization as the lessee. All other leases are classified as operating leases.
Rentals payable under operating leases are amortised on the straight-line basis over the term of the relevant lease.

p. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, in banks, net of outstanding bank overdrafts and duly reconciled to the related items in the statement of financial position.

q. Comparative figures

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

3. Critical Accounting Judgements and Key Sources Of uncertainties

In the application of the accounting policies, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are regularly reviewed and 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 areas of critical judgements and key sources of estimation uncertainty are as set out below.

Property, plant and equipment

Management 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.

Impairment provision

Management carries out a regular review of the status of trade receivables, inventories and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in the profit or loss. In determining whether an impairment loss should be recognized in the profit or loss, management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

Taxes

The Organization is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the Organization recognises liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

4. INCOME

	2022	2021
INCOME	**TZS**	**TZS**
Donation	46,932,599	51,511,891
Revenue grants	289,486,777	276,548,336
Amortization of Capital grants	16,097,438	26,975,808
	352,516,813	**355,036,035**
Other Income		
Loan scheme interest received	555,200	550,000
Bank Interest received	298,981	217,203
Total other income	**854,181**	**767,203**
Total Income	**353,370,995**	**355,803,237**

5. STAFF EXPENSES

	2022	2021
STAFF EXPENSES	**TZS**	**TZS**
Staff salaries and benefits	112,810,600	103,867,850
NSSF Employer contribution	14,911,076	14,655,075
NHIF Contributions	1,764,000	-
Workers Compensation Fund	650,850	875,118
Skills Development Levy	4,744,000	4,432,520
Other Staff Costs	6,800,350	3,400,400
Total Staff expenses	**141,680,876**	**127,230,963**

CHILDHOOD DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. TRAVELING EXPENSES

	2022	2021
TRAVELLING EXPENSES	**TZS**	**TZS**
Operational Overheads: Construction Of Classroom: Transport, Fuel And Allowances	-	683,885
Operational Overheads: Office Costs: Travelling Expenses	1,476,000	1,226,000
Operational Overheads: Vehicle Fuel	1,915,000	835,000
Contribution to Direct/Indirect: Motor Van fuel	-	510,000
Contribution to Direct/Indirect: Motor Van fuel: Fuel Executive Director's Car	-	600,000
Contribution to Direct/Indirect: Motor Van fuel:102 · Motorcycle Repair and fuel	-	35,000
Contribution to Direct/Indirect: Travelling expenses office	215,300	255,000
Contribution to Direct/Indirect:1005 · General Office Travelling	25,000	94,000
Monitoring Evaluation & Learning: CDO ISRP staff per diem	-	8,940,037
Monitoring Evaluation & Learning: Travelling and MC fuel	-	35,000
Monitoring Evaluation & Learnin:205CDO · CDO Staff Related Cost: Field staff per diem	12,076,963	-
Monitoring Evaluation & Learnin:205CDO · CDO Staff Related Cost: Motor Van Fuel	1,503,573	-
Monitoring Evaluation & Learnin:205CDO · CDO Staff Related Cost: Transport and travelling	1,775,799	-
Total Travelling expenses	**18,987,635**	**13,213,922**

CHILDHOOD DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. TRAINING EXPENSES

	2022	2021
TRAINING EXPENSES	**TZS**	**TZS**
Early Childhood Development: TPF 405 · ECD Learning Kit	200,000	637,000
EARLY CHILDHOOD DEVELOPMENT:TPF 405 · ECD Learning Kit: Support ECD Center Meet Min.STD	-	3,507,265
Monitoring Evaluation & Learnin:205/505 · WEO Orientation To Mel	-	310,000
Monitoring Evaluation & Learnin:4000 · Mel Ecd Related	-	2,079,000
Monitoring Evaluation & Learnin:5000 · Mel Ppe Related	-	7,422,922
Monitoring Evaluation & Learnin:5000 · Mel Ppe Related: Champion Teachers Communication	-	120,000
Monitoring Evaluation & Learnin:5000 · Mel PPE Related:Communication Support For WEOs	-	1,560,000
Other Costs: Training	200,000	-
PPT, Ht And WEO Training Phase2:505a · Training Materials	-	522,000
PPT, Ht And WEO Training Phase2:505b · Venue For Training	-	480,000
PPT, Ht And WEO Training Phase2:505c · Champion Teachers Expenses	-	1,050,000
PPT, Ht And WEO Training Phase2:505d · Tutors/Facilitators Expenses	-	1,646,000
PPT, Ht And WEO Training Phase2:505e · Meals For Participants	-	7,881,000
PPT, Ht And WEO Training Phase2:505f · CDO Staff Per Diem	-	870,000
PPT, Ht And WEO Training Phase2:505g · District Official Expenses	2,685,000	2,070,000
PPT, Ht And WEO Training Phase2:505h · Regional Official Per Diem	-	1,485,777
PPT, Ht And WEO Training Phase2:505j · Ward Education Officer Expenses	-	8,674,000
PPT, Ht And WEO Training Phase2:505k · Head Teacher Expenses	-	8,909,000
PPT, Ht And WEO Training Phase2:505l · Pre Primary Teachers Expenses	7,315,000	9,530,000
PPT, Ht And WEO Training Phase2:505m · Fuel And Transport In Training	-	137,000
PPT, Ht And WEO Training Phase2:505n · Stationeries	-	79,800
PPT, Ht And WEO Training Phase2:505o · District Driver Per Diem	-	90,000
Refresher Training: Bank Charges	615,696	-
Refresher Training: CDO Staff Per Diem	1,020,000	-
Refresher Training: Champion Teachers Support	1,165,000	-

CHILDHOOD DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Refresher Training: District Official Support	1,220,000	-
Refresher Training: Drivers Support	90,000	-
Refresher Training: Fuel Usage During Training	248,490	-
Refresher Training: Head Teachers Per Diem	6,007,000	-
Refresher Training: Meals And Refreshment	5,352,200	-
Refresher Training: Pre-Primary Teachers Per Diem	6,027,000	-
Refresher Training: Regional Support	300,000	-
Refresher Training: Stationeries	192,700	-
Refresher Training: Training Materials	103,000	-
Refresher Training: Travelling and transport	30,000	-
Refresher Training: Tutor/ Facilitators fee	1,206,000	-
Refresher Training: Venue	330,000	-
Refresher Training: Ward Education Officer support	4,362,000	-
Total Training expenses	**38,669,086**	**59,060,764**

8. GENERAL ADMINISTRATION EXPENSES

	2022	2021
GENERAL ADMINISTRATION EXPENSES	**TZS**	**TZS**
Advocacy activities expenses	3,247,000	-
Audit fee	2,760,000	-
Bank charges	1,763,276	1,813,566
Bereavement contributions	80,000	70,000
Board meeting allowances	80,000	280,000
Communication expenses	6,630,000	2,755,000
COVID 19/ HIV expenses	2,939,150	-
Education Support up to form four	11,677,500	-
Fuel costs	870,000	-
General expenses	4,831,946	10,840,450
Grannies domestic welfare	896,000	-
Grannies medical welfare	-	300,000
Grannies monthly package	6,580,600	4,947,800
Grannies Social club	963,400	972,100
Insurance	118,000	-
Lawyer costs	30,000	-
Medical: Hand washing soap	534,000	-
Monitoring and learning expenses to support Early Childhood and Primary school performance	-	2,535,500
Monitoring Evaluation & Learning	7,011,000	-
Motor Vehicle insurance	120,000	-
NGO fee and another fee	190,000	250,000
Office Consumables	1,559,200	-
Orphans Domestic Welfare	1,595,000	1,675,000
Orphans Education sponsored	24,083,100	25,485,100
Orphans Medical support	7,311,200	5,912,200
Orphans Social welfare	4,942,400	7,423,381
Other costs	4,493,400	1,185,400
Other costs - Pre - Primary Education	163,000	-
Peer Educators and home basic counseling	604,900	470,800
Project Mentorship	6,493,899	-
Repair and Maintenance - Computers	1,901,000	-
Repair and Maintenance - Generator	59,000	-
Repair and Maintenance - Motor Vehicles	2,310,000	-
Stationary costs	2,549,290	1,107,250
Tailoring expenses cotton bags	-	2,524,900
Utilities (Water and Electricity)	922,000	1,212,000
Total General Administration expenses	**110,309,260**	**71,760,447**

9. MATERIAL EXPENSES

	2022	2021
MATERIAL COSTS	**TZS**	**TZS**
Operational Overheads: Construction Of Classroom	1,657,000	5,261,500
Operational Overheads: Construction Of Classroom: Costs Of Material & Labour	3,217,500	6,808,250
Operational Overheads: Site Maintenance: Canal Outlets	100,000	60,000
Operational Overheads: Site Maintenance: Electrical Repair	253,300	133,500
Operational Overheads: Site Maintenance: Gate Maintenance And Repairs	158,000	895,000
Operational Overheads: Site Maintenance: Kitchen/Toilet	-	237,500
Operational Overheads: Site Maintenance: Padlock Repair	43,000	373,000
Operational Overheads: Site Maintenance: Painting	978,000	517,000
Operational Overheads: Site Maintanance: Plastering	464,000	375,000
Operational Overheads: Site Maintenance: Sewing Machines Expenses	90,000	334,200
Operational Overheads: Site Maintenance: Tape Water Maintenance& Repair	15,000	589,600
Operational Overheads: Site Maintenance: Wall Repairs	3,061,800	4,796,700
Operational Overheads: Site Maintenance: Window Repair	153,000	825,500
TPF 102 · Contribution To Direct/Indirect: Office Construction & Renovation	-	1,807,000
Tpf504 · Learning Kit PPE Phase2	12,659,300	12,408,000
TPF504 · Learning Kit PPE Phase2:Learning Kit Materials For CWDs	1,776,800	4,601,410
TPF504 · Learning Kit PPE Phase2:PPE Infrastructure Improvement	3,000,000	5,000,000
Total Material Costs	**27,626,700**	**45,023,160**

10. CASH AND CASH EQUIVALENT

	2022	2021
CASH AND CASH EQUIVALENTS	**TZS**	**TZS**
Cash		
Cashier -ISRP	9,000	248,000
Cashier - CDO	-	15,200
Petty Cash	950	2,150
Imprest	-	2,010,800
Total Cash	**9,950**	**2,276,150**
Bank		
Ac no.152296625900	19,489,137	16,128,675
Ac no.152296625901	18,001,624	4,690,633
Ac no.152296625902	12,089,098	11,518,092
Ac no.152296625903	1,839,100	1,839,100
Ac no.152296625903	11,287,492	-
Ac no.152296625906	956,349	4,223,679
Total Bank	**63,662,799**	**38,400,179**
Total Cash and Equivalents	**63,672,749**	**40,676,329**

CHILDHOOD DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. PROPERTY PLANT AND EQUIPMENT

	Land	**Buildings**	**Computers**	**M. Vehicles**	**Furniture, Fittings and Equipment**	**Total**
Rates	**0%**	**5%**	**37.50%**	**25%**	**13%**	
Cost						
As at 1 January 2022	2,950,000	213,227,400	13,080,000	25,000,000	41,275,500	295,532,900
Additions	-	-	3,630,000	-	3,900,000	7,530,000
Reclassification	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
As at 31 December 2022	**2,950,000**	**213,227,400**	**16,710,000**	**25,000,000**	**45,175,500**	**303,062,900**
Accumulated Depreciation						
As at 1 January 2022	-	31,984,110	12,015,000	18,750,000	15,478,313	78,227,423
Charge for the year	-	9,062,165	1,760,625	1,562,500	3,712,148	16,097,438
Disposals						
As at 31 December 2022	-	41,046,275	13,775,625	20,312,500	19,190,461	94,324,861
Net Book Value as at 31 December 2022	**2,950,000**	**172,181,126**	**2,934,375**	**4,687,500**	**25,985,039**	**208,738,039**

12. DEFERRED REVENUE GRANT

	2022	2021
DEFERRED REVENUE GRANTS	**TZS**	**TZS**
Cash and Bank Balances	63,672,749	40,676,329
	63,672,749	**40,676,329**

13. Related Party Transactions

During the year the Organization had no any transactions with the Directors or any other related parties.

14. Financial Risk Management Objectives and Policies

The Organization's activities expose it to a variety of financial risks, including credit risk, and the effects of changes in foreign currency exchange rates. The Organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The Organization, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees/ and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk which is mainly due to
- Foreign exchange risk and
- Interest rate risk

A description of the significant risk factors is given below together with the risk management policies applicable.

Credit risk

Potential concentration of credit risk consists principally of short-term cash and cash equivalent due from related parties, and trade and other receivables. Trade receivables comprise a large and widespread customer base in the agriculture sector and the Organization performs ongoing credit evaluations on the financial condition of its customers. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Organization's management based on prior experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The amount that best represents the Organization's maximum exposure to credit risk at 31 December 2022 without taking account of the value of any collateral obtained was:

	Fully performing	Past due	Impaired	Total
	TZS	TZS	TZS	TZS
Loan	-	-	-	-
Bank balances	-	-	-	-
Total credit exposure	-	-	-	-

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low. The debt that is overdue is not impaired and continues to be paid. The finance department is actively following this debt.

The debts which are impaired have been fully provided for. However, management is actively following up recovery of the impaired debt.

In determining the recoverability of a trade receivable, the Organization considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts already recognised.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The Organization manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.
The Directors may from time to time at their discretion raise or borrow monies for the Organization as they deem fit. There are no borrowing limits in the articles of association of the Organization.

Market risk

(i) Interest rate risk management
The Organization had borrowings at fixed interest rate as at year end and hence had no financial assets/liabilities subject to interest rate sensitivity.

(ii) Interest rate sensitivity analysis
At year end the Organization was not exposed to exchange rate fluctuation as there were no interest chargeable borrowings or liabilities.

15. Capital Risk Management

The Organization manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Organization consists of issued share capital and retained earnings.

16. Contingent Liabilities

As per management review at year end, the Organization had no contingent liabilities.

17. Capital Commitments

As at 31 December 2022, the Organization had no capital commitments.

18. Events Subsequent to the end of the Reporting Period

At the date of signing the financial statements, the board is not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Organization and results of its operations.

19. Fair Values

The Directors considers that there is no material difference between the fair value and carrying value of the Organization's financial assets and liabilities where fair value details have not been presented.

20. Incorporation

The Organization is incorporated in the United Republic of Tanzania under the NGOs Act no. 24, 2002. The registered office is as disclosed in page 1 under the corporate information page.

21. Currency

The financial statements are presented in Tanzanian Shillings (TZS) as the presentation currency as well as the functional currency.

22. Reporting period

The financial statements of CDO are prepared and reported for the period starting 1 January to 31 December each year starting in year 2020 until further changes which will be disclosed by the Board.