



# ENCO

ENGARUKA  
COMMUNITY  
INITIATIVE  
ORGANIZATION

**ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

**REPORT BY THOSE CHARGED WITH GOVERNANCE AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**



# **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

## **REPORT BY THOSE CHARGED WITH GOVERNANCE AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO) ORGANIZATION INFORMATION**

### **PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE**

Engaruka Community Initiative Organization (Enco)  
Maasai House, Mateves  
P.O. Box 16496  
Arusha,  
Tanzania.

### **BANKERS**

KCB Bank Tanzania  
Arusha Branch  
P.O.Box 12225  
Arusha  
Tanzania

NMB Bank Plc  
Arusha Branch  
P. O. Box 632  
Arusha,  
Tanzania

### **AUDITORS**

CSF Associates  
Certified Public Accountants  
Arusha City Complex  
Plot No. 14, Block J, Swahili Street  
P.O. Box 11406,  
Arusha,  
Tanzania.

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

AGM	Annual General Meeting
EEMPS	Engaruka English Medium Primary School
ENCO	Engaruka Community Initiative Organization
GBV	Gender-Based Violence
FGM	Female Genital Mutilation
IESBA	International Ethical Standard Board for Accountants
IPSAS	International Public-Sector Accounting Standards
ISA	International Standards on Auditing
NBAA	National Board of Accountant and Auditors
NGO	Non-Government Organisation
NMB	National Microfinance Bank
NSSF	National Social Security Fund
PWC	Pastoral Women's Council
TCWG	Those Charged with Governance
TFRS	Tanzania Financial Reporting Standards
VAT	Value Added Tax
WIPC	Women's International Peace Centre

# **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

## **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

### **1. INTRODUCTION**

Those Charged with Governance (TCWG) at Engaruka Community Initiative Organization ('ENCO') present this report together with the audited financial statements for the year ended 31 December 2024, which provides the results of ENCO operations and its state of affairs. TCWG prepared the report in compliance with TFRS 1.

### **2. NATURE OF OPERATIONS AND MANDATES**

Engaruka Community Initiative Organization (Enco) is a Non-Governmental Organization (NGO) registered on 16<sup>th</sup> December 2014 under Non-Governmental Organizations Act, 2002 and issued with registration No.00NGO/00007681.

ENCO is dedicated to improving the livelihoods and well-being of women and children in rural Maasai communities through Health, Education, Economic empowerment and Environmental programs. ENCO operates in the Arusha region of Tanzania, particularly in Monduli, Ngorongoro and Longido districts.

ENCO's primary objective is to implement sustainable development projects that address the immediate needs of the Maasai community while ensuring long-term benefits. By focusing on education, healthcare, environmental conservation, and economic empowerment, ENCO aims to create a positive impact and improve the overall quality of life for the pastoral communities.

### **3. PRINCIPAL ACTIVITIES**

During this reporting period, with a focus on preserving Maasai culture and enhancing community well-being, ENCO initiated diverse projects, including the Engaruka English Medium Primary School under education program, environmental program, women's empowerment program and Health program. Within 2023/2024, more than 2000 Masai men, women and children were considered as beneficiaries from various ENCO projects.

### **4. STRATEGIC DIRECTION**

ENCO implemented its strategic plan for the year 2024, highlighting the impactful strides which will be made in Health, education, environmental conservation, and women's empowerment programs within the Maasai community of Monduli District.

Organization strategic objectives during the year were:

- Ensuring access to quality education for all children in rural Maasai communities in Monduli district.
- Empowering individuals and families to achieve economic self-sufficiency and resilience.
- Promoting environmental sustainability and resilience in rural Maasai communities especially Engaruka ward.
- Improving access to healthcare services and promote health and well-being.

### **5. VISION, MISSION, AND VALUES**

#### **Vision Statement**

ENCO envisions a vibrant community where:

- Every individual has access to quality education and healthcare services, leading to improved livelihoods and well-being.

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

- The environment is preserved and cherished, fostering sustainable practices that support the community's needs without compromising future generations.
- Community members are empowered and self-reliant, actively participating in their development and contributing to a prosperous and culturally rich society.

#### **Mission Statement**

ENCO's mission is to:

- Promote access to quality education for children and adults in the Arusha region, emphasizing literacy, numeracy, and practical skills necessary for personal and community development.
- Enhance healthcare services by promoting health education and supporting initiatives that improve overall well-being.
- Preserve and protect the natural environment by implementing sustainable practices, promoting conservation awareness, and initiating projects that mitigate environmental degradation.
- Empower local communities through socio- economic initiatives, including entrepreneurship training, agricultural development, and the creation of income- generating opportunities.

#### **Core Values**

ENCO is guided by the following core values:

- Community-Centric Approach:

Prioritizing the needs and aspirations of the Maasai community in all endeavours.

- Sustainability:

Implementing projects and initiatives that have a lasting positive impact without depleting natural resources.

- Collaboration and Partnership:

Engaging with stakeholders, volunteers, and partners to achieve shared goals and maximize impact.

- Transparency and Accountability:

Ensuring openness in operations, responsible management of resources, and accountability to donors, partners, and the community.

- Cultural Preservation:

Respecting and preserving the rich cultural heritage of the Maasai community in all aspects of ENCO's work.

## **6. PROJECTS IMPLEMENTED DURING THE YEAR**

### **6.1. Education Program: Engaruka English Medium Primary School (EEMPS)**

The Engaruka English Medium Primary School (EEMPS) continued to provide quality education to 300 students, with a special focus on empowering girls. This year, the school celebrated its first-ever Grade 7 graduation, a major milestone showcasing the success of ENCO's efforts in improving access to education. The boys' dormitory construction reached 75% completion, which will provide better accommodation for students. Additionally, local fundraising efforts raised 90 Million Tsh to begin the construction of ENCO Secondary School, ensuring students can continue their education locally.

ENCO's Flagship Education program has been instrumental in providing quality primary education to over 234 children from rural maasai areas. a notable achievement is our sponsorship program, where 80% of these children benefit from funds from Maasai Education Foundation

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **6.2. EmpowerHerClimate Women Leading Resilience**

ENCO's "EmpowerHerClimate Women Leading Resilience" project aims to empower women and girls as key leaders in building climate resilience within Engaruka community. In its first quarter of implementation, the project has actively engaged students, especially girls from local schools, along with local leaders and women's groups. By fostering collaboration and providing education on sustainable practices, the initiative supports women in becoming drivers of change in climate adaptation and environmental stewardship. The following are objectives of the project.

##### **Objectives:**

- **Enhance Climate Resilience:** Increase the adaptive capacity of vulnerable communities in Engaruka Ward to cope with the impacts of climate change, particularly droughts and water scarcity.
- **Promote Sustainable Livelihoods:** Support the development of sustainable livelihood options that reduce dependency on climate-sensitive activities like pastoralism and enhance income diversification.
- **Conserve Natural Resources:** Implement low-cost measures to conserve and rehabilitate critical ecosystems and biodiversity hotspots within Engaruka Ward.

##### **Target beneficiaries:**

The primary target population includes smallholder farmers, pastoralists, and marginalized households in Engaruka Ward, comprising approximately 300 households or 1,500 individuals. These communities rely heavily on rain-fed agriculture and livestock rearing for their livelihoods and are disproportionately affected by climate-related shocks

##### **Location:**

The proposed activities will take place within Engaruka Ward, located in the Monduli District of Tanzania. This area is characterized by a semi-arid climate and is highly vulnerable to climate change impacts, including recurrent droughts and declining water resources.

##### **Achievements**

- Installed a 4km water pipeline to Lepolos village, bringing safe water to 75 households, benefiting 640 people who struggled for years without reliable water access.
- Distributed drought resistance crops and 1000 high-yield hybrid banana seedlings
- Planted over 70,000 native and fruit tree seedlings, with active participation from women and youth environmental clubs leading to increase in green cover to farmers, leading to increasing food security.
- Set community clean-up dates and environmental policies, where local leaders and members became champions of environmental care.
- Formed environmental committees, empowering both women and youth in leadership roles to continue managing climate action in their communities.
- Restored acres of grazing land that was under invasive tree species and was affecting livestock health.

#### **6.3. Amplifying the voice and agency of Pastoralist Maasai Women in Northern Tanzania.**

ENCO proposes a comprehensive one-year project aimed at addressing the intersecting issues of gender-based violence (GBV), denial of pastoralist girls' and women's rights, and harmful social norms prevalent in Maasai communities, with a particular focus on combating Female Genital Mutilation (FGM), early, and forced marriage. The project was funded by PWC.

The project will be structured with the following objectives

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **Objectives**

##### **1.0 Increased Reporting and Response to GBV Cases:**

Outcome: Enhanced community awareness and trust in reporting mechanisms lead to a significant increase in the reporting of GBV cases, including instances of FGM and early/forced marriage.

##### **2.0 Shift in Social Norms and Attitudes:**

Outcome: Positive changes in community attitudes and perceptions towards GBV, FGM, and early/forced marriage, leading to a reduction in the acceptance and perpetuation of harmful practices.

##### **3.0 Strengthened Support Systems and Services:**

Outcome: Establishment of effective support structures and services for GBV survivors, ensuring access to comprehensive care, including medical, legal, psychosocial, and economic support.

#### **Achievements**

- Increase in number of women in contesting for various local government posts. One of the most significant achievements of this initiative has been the marked increase in the number of women actively contesting for local government positions. This remarkable shift in political participation signifies more than just increased interest in governance; it represents a critical change in the cultural landscape of Engaruka, where gender roles have traditionally limited women's voices in decision-making processes. As a result of these workshops, 58 women from Engaruka's four villages decided to contest for positions in local government. Out of these, 32 women won creating a success rate of approximately 45%. This accomplishment is profound, as it reflects not only the commitment and courage of the women but also a shift in the community's perception of women's roles

- Another significant achievement of the project is the establishment of safe spaces for dialogue within schools to address GBV cases. Recognizing that youth especially girls are among the most affected and vulnerable populations, ENCO collaborated with schools to create committees focused on identifying, reporting, and addressing GBV cases. Each of the four schools involved Oldonyo Lengai Secondary School, Engaruka Juu Primary School, Engaruka Chini Primary School, and Engaruka English Medium Primary School now has a dedicated GBV committee. Comprising five student representatives and one teacher, these committees serve as safe spaces for students to report GBV incidents confidentially and seek support.

- Increased GBV Case Reporting and Support: The establishment of hotlines, counselling centres, and a trained paralegal network has encouraged more survivors of GBV to come forward and seek help. Since the initiative began, 86 cases have been reported, showing a growing trust in ENCO's support structures. This marks a major shift in the community, where survivors now feel safer and more empowered to speak up and seek justice.

- Improved Coordination and Response to GBV Cases

The training strengthened collaboration between law enforcement, healthcare providers, legal aid providers, and community leaders, ensuring a faster and more effective response to GBV cases. With police rangers (mgambo), village officers, and doctors now trained on proper case handling, survivors can receive immediate support, legal guidance, and medical care in a more sensitive and survivor-centered approach.

- Increased Commitment to Enforcing GBV Laws and Providing Survivor Support

The training empowered local authorities and healthcare providers to take action against GBV. Law enforcement officers committed to handling cases professionally, while healthcare workers pledged to offer confidential medical assistance to survivors. Village leaders also agreed to play a key role in raising awareness and encouraging community members to report GBV cases, creating a safer and more supportive environment for survivors.



## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **6.4. Sustainable Agriculture and Environmental Conservation for Climate Resilience and Economic Empowerment in Engaruka.**

The Engaruka community, like many other semi-arid regions, faces increasing challenges due to climate change, environmental degradation, and declining agricultural productivity. Unpredictable rainfall, deforestation, and poor soil management have significantly affected food security and livelihoods, especially for smallholder farmers and pastoralist communities. To address these pressing issues, ENCO, with support from the Global Green grants Fund, launched the project “Sustainable Agriculture and Environmental Conservation for Climate Resilience and Economic Empowerment in Engaruka.”

This project focused on promoting climate-smart agricultural practices, reforestation, and community-led conservation efforts to enhance food security, restore ecosystems, and build resilience against climate change. It empowers households, farmers, students, and local leaders by providing training on sustainable farming methods, establishing tree nurseries, and setting up demonstration plots that serve as practical learning hubs for the community.

##### **Objectives**

Objective 1: Enhance Climate Resilience and Food Security

Objective 2: Strengthen Community-Led Environmental Conservation

##### **Achievements**

- The most significant change that ENCO observed as a result of the Global Green grants Fund support was the empowerment of the Engaruka community to actively engage in sustainable agriculture and environmental conservation. This was evident in the adoption of climate-smart agricultural practices, the success of the community-led tree nursery, and the increased participation of women and youth in conservation efforts.
- The funding from Global Green grants Fund has played a crucial role in strengthening ENCO's internal capacity, enabling the organization to operate more efficiently and effectively in its environmental conservation efforts. A key achievement was the training of ENCO staff on proposal writing, specifically focusing on environmental conservation projects, which has enhanced the organization's ability to seek future funding and expand its impact. The funding also contributed to covering internet and electricity bills, ensuring that ENCO staff can work seamlessly, communicate with stakeholders, and manage projects more effectively. These improvements have not only increased organizational efficiency but also positioned ENCO to grow and sustain its environmental programs in the long run.

## **7. GOVERNANCE**

Governance is the backbone to any organization's strategy and success. It provides a framework within which corporate objectives are set and performance monitored, as well as providing assurance to stakeholders. ENCO is governed by the Annual General Meeting (AGM), the Board of Directors and the senior management team.

The Board of Directors of ENCO is constitutionally charged with the following functions:

- To determine the organization's mission and purpose
- To support the Executive Director
- To ensure effective organization planning
- To ensure adequate resources for the organization.
- To determine, monitor and strengthen the organization's programs and services.
- To enhance the organization's public standing.

## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

- To ensure legal and ethical integrity and maintain accountability.
- To recruit and orient new board members and assess board performance.

#### 8. CORPORATE GOVERNANCE

The members of the governing council consist of 12 members, apart from the Chairman, vice-chairman and Secretary, no other member hold executive positions in the Organization. The Board takes overall responsibility for the Organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to the Chief Executive Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the organization's operational activities, acting as a medium of communication and coordination between all the various business units.

##### 8.1 Board Meetings

During the period ended 31 December 2024 the Board of Directors held four (3) ordinary meetings (2023: four (4) meetings).

##### 8.2 Composition of the Board of Directors

The ENCO Board is composed of 12 members, Managing Director who is the Secretary to the Board and one staff representative.

SN	Name	Nationality	Gender	Position
1.	Asanterabi Lowassa	Tanzanian	Female	Chairperson
2.	Clamia Kitesho	Tanzanian	Male	Vice Chairperson
3.	Martha Sengeruan	Tanzanian	Female	Secretary General
4.	Seneto Parpaai	Tanzanian	Male	Deputy Secretary
5.	Mary Lomayani Laizer	Tanzanian	Female	Treasurer
6.	Penina Lengoije	Tanzanian	Female	Member
7.	Mathayo O. Laizer	Tanzanian	Male	Member
8.	Anna Kingi	Tanzanian	Female	Member
9.	Naserian Mollel	Tanzanian	Female	Member
10.	Abiya Olemisiko	Tanzanian	Male	Member
11.	Rebecca Sarimu	Tanzanian	Female	Member

##### 8.3 Management

The Management of the organization is under the Chairperson

##### 8.4 Risk Management and Internal Control

The Board accepts final responsibility for the risk management and internal control systems of the ENCO.

It is the task of the management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis.

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

Effective internal financial and operational control systems are necessary in providing reasonable assurance regarding:

- The effectiveness and efficiency of operations.
- The safeguarding of the ENCO assets (including information).
- Compliance with the applicable laws, regulations and supervisory requirements.
- The reliability of the accounting records; and
- Operation sustainability under normal as well as adverse conditions and responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective. The Board assessed the internal control systems throughout the financial year ended 31 December 2024 and is of the opinion that they met acceptable criteria.

#### **8.5 Ethical Behavior**

The ENCO Code of conduct governs all activities, internal relations and interactions with stakeholders in accordance with its ethical values. It is expected of all staff to maintain a higher level of integrity and honesty in dealing with beneficiaries, clients, suppliers, government agencies and all stakeholders.

#### **8.6 Business Ethics and Organizational Integrity**

The ENCO code of conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, members, beneficiaries, clients, suppliers and other stakeholders. The management and staff are expected to fulfil their ethical obligations in such a way that the services are run strictly according to human rights competitive practices.

### **9. GOING CONCERN**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities and commitments will occur in the ordinary course of business.

As at the date of this report, and explained on Note 21 of these financial statements, those charged with governance have reasonable expectation that the organization has adequate resources to continue in operational existence for the foreseeable future.

### **10. RESULTS FOR THE YEAR**

The results for the year are presented in the statement of financial performance on page 17.

### **11. ANALYSIS OF THE FINANCIAL PERFORMANCE**

#### **11.1. Grants**

Grant income for the year increased by 149% compared to the previous year due to increase in support to the education program especially increase of program funds from the Maasai Education Foundation and others.

#### **11.2. Employees' benefits expenses**

The expenditure on employee benefits has increased by 22% due to expansion of organization project activities that required an increase in the number of employees.

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **11.3. Program expenses**

Program expenditure has increased by 139% due to increase in activities following the receipt of additional project funds.

#### **12.7. Supporting expenses**

Supporting expenses increased slightly by 13%.

### **12. ANALYSIS OF FINANCIAL POSITION**

#### **12.1. Cash and bank balances**

Cash and cash equivalents balance increased by 24% compared to the previous year due to additional project funds.

#### **12.2. Non-current assets (Property, equipment, and intangible assets)**

Non-current assets have increased by 40% which accounts for the acquisition of new assets as well as construction work in progress.

#### **12.3. Deferred revenue grant**

Deferred revenue grants have increased slightly by 12%

### **13. FUTURE DEVELOPMENT PLANS**

ENCO will continue to implement its future plans in line with the new strategic plan.

### **14. EMPLOYEES' WELFARE**

#### **(i) Relationship between management and employees**

The relationship between employees and management continues to be good. Complaints are resolved through meetings and discussions. Work morale is good and there were no unresolved complaints from employees.

#### **(ii) Working Environment**

Management believes that its employees should find working for the Organization an inspiring and personally elevating experience and consequently accepts co-responsibility for the development of each employee to his/her full potential. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the organization. This encompasses individual commitment towards innovative thinking and professional expertise resulting to reward.

#### **(iii) Opportunities and Fairness**

Management is convinced that equal opportunities for all employees, irrespective of ethnicity, race, gender, disability or religion, should be pursued. Management accepts that only through total commitment, loyalty and dedication of its employees will be able to achieve its performance targets.

#### **(iv) Retirement benefits**

Enco makes contributions in respect of staff retirement benefits to approved social security funds. Pension contributions are made at 10% of the gross salary charged on both employer and employee. The total contribution made to NSSF during the year was TZS 28,975,000 (2023: TZS 24,895,000).

#### **(v) Disabled Persons**

Enco is an equal opportunity employer and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the Organization continues, and appropriate training is arranged. It is

## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

the policy of the Organization that training, career development and promotion in case of persons with disabilities should, as far as possible, be identical to that of other employees.

#### 15. GENDER PARITY

ENCO is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

As of 31 December 2024, ENCO had the following distribution of employees by gender:

	2024		2023	
Gender	Number of Staff	%	Number of Staff	%
Male	16	53%	15	50%
Female	15	47%	15	50%
Total	31	100%	30	100%

#### 16. POLITICAL AND CHARITABLE DONATIONS

ENCO did not make any political donations and there were no donations made to charitable organizations during the year.

#### 17. CORPORATE SOCIAL RESPONSIBILITY

ENCO) participates actively in community activities and development programs throughout the region. Areas being given priority by ENCO are education, health and environmental conservation.

#### 18. RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in Note 20 of these financial statements.

#### 19. ACCOUNTING POLICIES

ENCO being a non-governmental organization has prepared and presented its financial statements in compliance with IPSAS. The summary of key accounting policies is provided in the Notes to the financial statements. The policies have consistently been applied throughout the reporting period.

#### 20. EVENTS AFTER REPORTING PERIOD

Management confirms that no subsequent events affecting the financial statements.

#### 21. ENVIRONMENTAL MATTERS

ENCO complied with standards of Industrial Safety and Environmental Regulations established by various authorities to the best of its knowledge.

**ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**22. AUDITORS**

CSF Associates were the auditors of the organization for the year ended 31 December 2024. The Auditors have expressed willingness to continue in office and are eligible for re-appointment. The decision to reappoint auditors will be made at the next annual general meeting. The audit firm is registered by National Board of Accountants and Auditors (NBAA) and issued with registration number PF 508, the firm is also registered by Tanzania Revenue Authority and issued with Tax Identification Number 114-959-901. The office location of the auditors is at Arusha City Complex, 3<sup>rd</sup> Floor, Swahili Street.

**Approved by the Board of Directors and signed on its behalf by:**

Asanterabi Lowassa

Asanterabi Lowassa  
Chairperson

Date: 31/5/2025



## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2024

The Non-Governmental Organization (NGO) Act, 2002 (revised 2019) requires those charged with governance (TCWG) to prepare financial statements that present fairly the state of affairs of the organization as at the end of the financial year and of the operating results for that year. It also requires the Directors to ensure that the Organization maintains proper accounting records which disclose with reasonable accuracy the financial position of the organization. They are also responsible for safeguarding the assets of the organization.


Those charged with governance are responsible for the preparation of Financial Statements that present fairly the state of affairs of the organization at the end of each financial year in accordance with International Public-Sector Accounting Standards (IPSAs), ENCO accounting policies and financial procedures, and Tanzania Financial Reporting Standards issued by the National Board of Accountants and Auditors of Tanzania (NBAA). The members of the Board are also responsible for safeguarding assets of ENCO in Tanzania and to take reasonable steps for prevention and detection of fraud or errors and other irregularities. They are also responsible for maintaining an adequate system of internal controls.

Members of the Board confirm that suitable accounting policies have been used and applied consistently, and reasonable judgment has been made in preparing the financial statements. Also, members of the Board confirm that, applicable International Public-Sector Accounting Standard (IPSAs) and the Tanzania Financial Reporting Standards have been followed, and the accounts have been prepared on the going concern basis.

Those charged with governance further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of those charged with governance 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 Board of Directors by:

  
Asanterabi Lowassa  
Chairperson

Date 31/5/2025





## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### DECLARATION BY THE HEAD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it 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 the statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the Organisation's financial position and performance in accordance with International Public-Sector Accounting Standard (IPSAs) and the requirements of the Non-Governmental Organization (NGO) Act, 2002 (revised 2019). Full legal responsibility for the preparation of financial statements rests with the Board of Directors as indicated in the statement of Directors' Responsibility on the previous page.

I, CPA INNOCENT KIMARO being a Head of Finance of ENCO, hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2024 have been prepared in compliance with International Public-Sector Accounting Standard (IPSAs) and the requirements of the Non-Governmental Organization (NGO) Act, 2002 (revised 2019).

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



Consultant

NBAA Membership No: GA12172

Date: 31/05/2025





**Auditing | Accounting | Taxation**

P.O. Box 11406, Arusha – Tanzania, Phone: +255 675 662 199

Email: [csfassociates2025@gmail.com](mailto:csfassociates2025@gmail.com) Physical Address: Arusha City Complex

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

**Report on the Financial Statements**

*Opinion*

We have audited the accompanying Financial Statements of Engaruka Community Initiative Organization (ENCO) ("the Organization") for the year ended 31st December 2024, which comprise the Statement of financial performance, the Statement of financial position, Statement of change in net assets, the Statement of cash flows, the statement of comparison of budget and actual amounts for the year then ended, together with a summary of significant accounting policies and other explanatory information (together "the Financial Statements").

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Engaruka Community Initiative Organization (ENCO) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAs) Accrual Basis and in the manner required by the Non-Governmental Organization (NGO) Act, 2002 (revised 2019).

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statement section of the report. We are independent of Engaruka Community Initiative Organization (ENCO) in accordance with the International Ethical Standards Board for Accountants 'Code of ethics for Professional Accountants' (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

*Other Information*

Management is responsible for the other information. The other information comprises of the Governing Board's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit 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 on the other information 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.

*Responsibility of the Directors and Those Charged with Governance*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the International Public Sector Accounting Standards (IPSAS) and in the manner required by the Non-Governmental Organization (NGO) Act, 2002 (revised 2019), and for such internal controls as management determine is necessary to enable the preparation of the 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 either management intend to liquidate the organization or cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO).**

#### *Auditor's Responsibilities for the Audit of the Financial Statement*

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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors 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 to you, based on our audit that:

- in our opinion, proper accounting records have been kept by ENCO;
- the individual accounts are in agreement with the accounting records of the Organisation; 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.

CSF Associates

Certified Public Accountants

Arusha.

Signed by: CPA Charles Augustino (ACPA 4747)

Date: 31-05-2025




# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
REVENUES	Note	TZS	TZS
Donations	5	634,177,332	389,867,792
Amortization of capital grant	13	68,322,757	66,150,242
<b>Total Revenues</b>		<b>702,500,089</b>	<b>456,018,034</b>
<b>Expenditures</b>			
School Project	7	229,676,026	142,015,431
EmpowerHer Climate Project.	8	32,817,228	-
EMPUAN Project	9	29,515,000	-
Sustainable Agriculture project	10	46,880,833	-
Staff costs	11	209,449,875	171,651,025
Supporting expenses	12	85,797,103	76,201,337
Depreciation charge	13	68,322,757	66,150,241
<b>Total Expenses</b>		<b>702,458,822</b>	<b>456,018,034</b>
<b>Surplus/(Deficit) for the year</b>		<b>41,267</b>	<b>-</b>
Income tax expense		-	-
<b>Net surplus (deficit)</b>		<b>41,267</b>	<b>-</b>

The accompanying notes to financial statements on pages 21 to 33 are integral part, and should be read in conjunction with the financial statements on pages 17 to 20 which were approved by the Board of Directors on 31/5/2025 2025 and signed on its behalf by:

  
Asanterabi Lowassa  
Chairperson

  
Martha Sengeruan  
Chief Executive Director

The independent auditor's report is on page 15 to 16





# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		2024 TZS	2023 TZS
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current Assets</b>			
Property and Equipment	13	1,471,772,550	1,053,692,087
<b>Total non-current assets</b>		<b>1,471,772,550</b>	<b>1,053,692,087</b>
<b>Current Assets</b>			
Cash and Cash equivalent	14	128,744,155	103,660,846
Accounts receivable	15	27,200,000	11,385,600
<b>Total Current Assets</b>		<b>155,944,155</b>	<b>115,046,446</b>
<b>TOTAL ASSETS</b>		<b>1,627,716,705</b>	<b>1,168,738,533</b>
<b>RESERVES &amp; LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	16	-	-
Deferred income grants	17	155,244,155	114,387,713
<b>Total Current Liabilities</b>		<b>155,244,155</b>	<b>114,387,713</b>
<b>Reserve &amp; Long-term liabilities</b>			
General Reserve	18	700,000	658,733
Deferred capital grants	19	1,471,772,550	1,053,692,087
<b>Total Reserve &amp; Long-term liabilities</b>		<b>1,472,472,550</b>	<b>1,054,350,820</b>
<b>TOTAL RESERVE AND LIABILITIES</b>		<b>1,627,716,705</b>	<b>1,168,738,533</b>

The accompanying notes to financial statements on pages 21 to 33 are integral part, and should be read in conjunction with the financial statements on pages 17 to 20 which were approved by the Board of Directors on 31/5/2025 2025 and signed on its behalf by:

Asanterabi Lowassa  
Asanterabi Lowassa  
Chairperson

Martha Sengeruan  
Martha Sengeruan  
Chief Executive Director

The independent auditor's report is on page 15 to 16



**ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**Year ended December 31, 2024**

<b>Description</b>	<b>General Reserves</b>	<b>2024</b>
	<b>TZS</b>	<b>Total-TZS</b>
<b>Balance, beginning of year</b>	658,733	658,733
Surplus (deficit) of revenue over expenses	41,267	41,267
<b>Balance, end of year</b>	<b>700,000</b>	<b>700,000</b>

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**Year ended December 31, 2023**

	<b>General Reserves</b>	<b>2023</b>
	<b>TZS</b>	<b>Total-TZS</b>
<b>Balance, beginning of year</b>	658,733	658,733
Surplus (deficit) of revenue over expenses	-	-
<b>Balance, end of year</b>	<b>658,733</b>	<b>658,733</b>

# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 TZS	2023 TZS
<b>Cash flows from operating activities</b>		
Net income for the year	41,267	-
<i>Adjustments for:</i>		
Depreciation charges	68,322,757	66,150,242
Capital grants released	(68,322,757)	(66,150,242)
	<b>41,267</b>	<b>-</b>
<i>Adjustments for net asset movement:</i>		
Decrease/(Increase) in accounts receivables	(15,814,400)	(10,668,700)
(Decrease)/Increase in accounts payable	-	(62,162)
(Decrease)/Increase in deferred income grants	40,856,442	12,387,714
<b>Net cash flows from operating activities</b>	<b>25,083,309</b>	<b>1,656,851</b>
<b>Cash flows from investing activities</b>		
Purchases of Property, Plant and Equipment	(486,403,222)	(53,697,670)
Proceeds from disposal of capital assets	-	-
<b>Net cash flows used in investing activities</b>	<b>(486,403,222)</b>	<b>(53,697,670)</b>
<b>Cash flows from financing activities</b>		
Capital grants	486,403,221	53,697,670
Released accumulated surplus	-	-
<b>Net cash flows from financing activities</b>	<b>486,403,221</b>	<b>53,697,670</b>
Net increase in cash and cash equivalents	25,083,308	1,656,851
Cash and cash equivalent at the beginning of year	103,660,847	102,003,995
<b>Cash and cash equivalent at the end of the year</b>	<b>128,744,155</b>	<b>103,660,847</b>

# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL FOR THE YEAR ENDED 31 DECEMBER 2024

Budget Line item	School Project (EEMPS)	GBV project-PWC	Global Green Fund	WIPC-Project	Rotary Club	Total Budget	Actuals	Variance	Varian ce
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	%
Salaries & fringe benefits	276,520,000	-	4,800,000	4,440,000	-	285,760,000	209,449,875	76,310,125	27%
Program/Project activities	171,934,000	21,135,000	21,730,000	31,281,814	28,982,740	275,063,554	199,320,976	75,742,578	28%
School Construction Project (WIP)	432,000,000	-	-	-	-	432,000,000	486,403,222	(54,403,222)	-13%
Other Direct Costs (ODC)	219,546,000	7,990,000	4,620,020	6,276,000	-	238,432,020	225,406,481	13,025,539	5%
<b>Total</b>	<b>1,100,000,000</b>	<b>29,125,000</b>	<b>31,150,020</b>	<b>41,997,814</b>	<b>28,982,740</b>	<b>1,231,255,574</b>	<b>1,120,580,554</b>	<b>110,675,020</b>	

Key:

EEMPS – Engaruka English Medium Primary School

PWC – Pastoral Women’s Council

WIPC - Women's International Peace Centre

# **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

### **1 REPORTING ENTITY**

Engaruka Community Initiative Organization (Enco) is a Non-Governmental Organization (NGO) registered on 16<sup>th</sup> December 2014 under Non-Governmental Organizations Act, 2002 and issued with registration No.00NGO/00007681.

### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **(a) Basis of preparation**

The financial statements of the Engaruka Community Initiative Organization (ENCO) have been prepared in accordance with and comply with International Public Sector Accounting Standards ("IPSAs"). The financial statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of the organization. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared based on historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The consolidated financial statements are prepared on an accrual basis.

#### **(b) Statement of comparison between actual and budget**

The statement of comparison between actual and budget has been prepared on apportionment basis as the donor financial years for budget differ from the Engaruka Community Initiative Organization (ENCO) reporting period. The donors budget years varies depending on project periods whilst the organization has its accounting year from 1 January through 31 December. Therefore, the budget and the accounting bases differ, and the Statement of Budget and Actual Amounts is prepared on the institutional budget basis.

#### **(c) Foreign currency translation**

##### **Functional and presentation currency**

Items included in the financial statements of the organization are measured using the currency of the primary economic environment in which the organization operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the organization functional and presentation currency.

##### **Transactions and balances**

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are in the statement of financial performance.

#### **(d) Property and equipment**

All property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organization and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.



## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets are depreciated starting in the month they are put into use. Depreciation on assets is calculated using the straight-line method to write down the cost of each asset to its residual values over its estimated useful life using the following annual rates:

Asset class	Useful life	Rate (%)
Land	-	0
Buildings	20 years	5
Equipment	8 years	12.5
Furniture and Fittings	8 years	12.5
Water reservoir system	8 years	12.5
Computers	4 years	25
Motor Vehicles	4 years	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of financial performance within other income.

#### (d) Revenue

##### Revenue from exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the organization and the revenue can be reliably measured. Other income includes interest income, VAT refund, disposal of assets and other miscellaneous income.

##### Revenue from non-exchange transactions

Revenue from non-exchange transactions is governed by IPSAS 23 and mainly comprises grants from donors. Revenue from non-exchange transaction is recognized when an inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow. When ENCO satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

#### (h) Financial instruments

##### Financial assets

##### Initial recognition and measurements

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The organization determines the classification of its financial assets at initial recognition.

## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the organization commits to purchase or sell the asset.

The organization's financial assets include cash and cash equivalents, short term deposits, trade and other receivables.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

#### Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the organization has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

#### Derecognition

The organization derecognizes a financial asset, or, where applicable, a part of a financial asset or part of a group of similar financial assets, when:

- The rights to receive cash flows from the asset have expired or is waived
- The organization has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:
  - The organization has transferred substantially all the risks and rewards of the asset.

Or

- The organization has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

#### Impairment of financial assets

The organization assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an

## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- Debtors or a group of debtors are experiencing significant financial difficulty.
- Observable data indicates a measurable decrease in estimated future cash flows.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, or loans and borrowings, as appropriate. The organization determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs. The organization's financial liabilities include trade and other payables.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification.

##### Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the statement of financial performance.

##### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

##### (i) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or service rendered in the ordinary course of business. Other receivables comprise of prepayments made to suppliers and advances to sub awardees and staff in the normal course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

##### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

## **ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **(k) Deferred capital grants**

Assets purchased using donor funds are capitalised and credited to capital grant. Capital grants are amortised in the Statement of financial performance over the estimated useful lives of the assets concerned. Donations received in the form of fixed assets are recognised at nominal value.

#### **(l) Deferred revenue**

Deferred revenue represents an obligation to conduct donor funded activities per contractual commitments made between donors and the organization/the recipient, where funds have been transferred in advance and such activities have not yet occurred.

The deferred revenue is a liability and represents a performance obligation. The deferred amount recorded on the recipient's statement of financial position generally represents the cash received in advance less the amount amortized for services performed to date.

#### **(m) Accounts payable**

Accounts payable are obligations to pay for goods and services provided to the organization in the ordinary course of business from suppliers. The obligations are unsecured and are usually paid within 30 days of recognition. Accounts payable are presented as current liabilities unless payment is not due within 12 months after year end.

#### **(n) Employee benefits**

The Organization and its employees contribute to the National Social Security Fund (NSSF) which is a defined contribution scheme. The organization contributions to the defined contribution schemes are charged to the statement of financial performance in the period to which they relate.

#### **(p) Provisions**

Provisions are recognised when the organization has a present legal or constructive obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits and/or service potential will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation.

#### **(q) General reserve**

General reserve represents unrestricted funds arising from accumulated other income that are available for use at the discretion of the directors in furtherance of the objectives of the organisation.

#### **(s) Newly standards issued but not yet effective**

The new and amended standards issued but not effective to the date of issuance of ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)'s financial statements are not expected to have material impact on the financial statements of the organisation and have not been applied in preparing these financial statements. Those which may be relevant to the organisation are set out below. ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO) does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

- **IPSAS 46 - Measurement**– The IPSASB approved IPSAS 46, Measurement, which brings measurement guidance together in a single standard, and introduces a public sector specific current value measurement basis for assets held for their operational capacity and provides additional generic guidance on fair value. This completes the initial phase of the measurement project, now the IPSASB will consider the broader

## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

impact of this new guidance across IPSAS in the ongoing Measurement – Application Phase project. IPSAS 46 will be effective for periods beginning on or after January 1, 2025.

- IPSAS 47 - Revenue - The IPSASB approved IPSAS 47, Revenue, which is a single standard to account for revenue transactions in the public sector. IPSAS 47 replaces the existing three revenue standards and presents accounting models which will improve financial reporting and support effective public sector financial management. IPSAS 47 will be effective for periods beginning on or after January 1, 2026.
- IPSAS 48 - Transfer Expenses - The IPSASB approved IPSAS 48, Transfer Expenses, which provides guidance on a major area of expenditure for governments and other public sector entities. IPSAS 48 fills a gap which had previously led to ambiguity and inconsistency of accounting policies in the public sector. The IPSASB approved IPSAS 48, Transfer Expenses, which provides guidance on a major area of expenditure for governments and other public sector entities. IPSAS 48 fills a gap which had previously led to ambiguity and inconsistency of accounting policies in the public sector.
- IPSAS 43: Leases - Effective for annual periods beginning on or after 1<sup>st</sup> January 2025. Earlier application is permitted for entities that apply IPSAS 41 at or before the date of initial application of this standard.
- IPSAS 44: Non-current Assets Held for Sale and Discontinued Operations - Effective for annual periods beginning on or after 1<sup>st</sup> January 2025. Earlier application is permitted, and it is early applied entities shall disclose that fact and apply IPSAS 43 on leases at the same time.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (i) Impairment of accounts receivable

The organization reviews its debtor balances to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of financial performance, the organization makes judgements using estimates based on historical loss experience for its debtors. It is on this basis that management have determined the risk of recoverability based on days outstanding.

#### (ii) Useful lives and residual values of property and equipment

The organization tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

#### (iii) Impairment of inventories

The organization reviews its stock holdings and assesses for impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of financial performance, the organization assesses its inventory by assessing the month of stock and the expected expiry dates on its products.

## ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

#### 4 FINANCIAL RISK MANAGEMENT POLICIES

The organization's activities expose it to a variety of financial risks, namely market risk, credit risk and liquidity risk. The organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The organization does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Governing Board Members. The Governing Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk and capital management risk.

##### Market risk

##### Foreign exchange risk

The organization enters into contracts denominated in foreign currencies in United States Dollar (USD) mainly for payments made. In addition, the organization has liabilities and assets denominated in foreign currencies. As a result, the organization is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

Management's policy to manage foreign exchange risk is to maintain foreign currency bank accounts, which act as a natural hedge for payment.

As at 31 December 2024, if the Tanzanian shilling weakened/strengthened by 10% against the US dollar with all other variables held constant, change in loss for the year would have been TZS 0.20 million lower/higher mainly as a result of foreign exchange gains/losses on translation of US dollar denominated cash balances.

##### Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions.

##### Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from various development partners.

##### Capital risk management

The organization's objectives when managing capital is to safeguard its ability to continue as a going concern in order to; (i) ensure a continued support and reinvestment into the business operations in case of either shortage of funding or any expansion of the business activities; and (ii) to maintain an optimal capital structure to reduce the cost of capital.

#### 5 REVENUE GRANTS

	2024	2023
	TZS	TZS
Operational Income (Note 17)	634,177,332	389,867,792
	<b>634,177,332</b>	<b>389,867,792</b>

**ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>6</b>	<b>OTHER INCOME</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Interest income	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>7</b>	<b>SCHOOL PROJECT</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Food cost	133,196,801	82,443,405
	Teaching material	20,019,000	10,359,617
	Volunteer safari cost	22,471,097	-
	School supplies	15,458,627	2,830,350
	Student supplies	36,194,700	10,527,900
	Scholarships	-	1,555,500
	Charitable contributions	83,000	116,000
	Examination costs	720,000	
	Students' sports, art and games	1,532,800	
	Trainings	-	34,182,658
	<b>TOTAL SCHOOL PROJECT</b>	<b>229,676,026</b>	<b>142,015,431</b>
		<u><b>229,676,026</b></u>	<u><b>142,015,431</b></u>
<b>8</b>	<b>EMPOWER HER CLIMATE PROJECT</b>	<b>2024</b>	
		<b>TZS</b>	
	Administration cost	5,168,228	
	Project activities cost	27,649,000	
	<b>TOTAL</b>	<b>32,817,228</b>	
		<u><b>32,817,228</b></u>	
<b>9</b>	<b>EMPUAN PROJECT</b>	<b>2024</b>	
		<b>TZS</b>	
	Administration cost	5,880,000	
	Project activities cost	23,635,000	
	<b>TOTAL</b>	<b>29,515,000</b>	
		<u><b>29,515,000</b></u>	
<b>10</b>	<b>SUSTAINABLE AGRICULTURE PROJECT</b>	<b>2024</b>	
		<b>TZS</b>	
	Administration cost	9,167,133	
	Project activities cost	37,713,700	
	<b>TOTAL</b>	<b>46,880,833</b>	
		<u><b>46,880,833</b></u>	

# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

<b>11</b>	<b>STAFF COSTS</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Salary and wages	157,675,000	125,675,000
	Staff Allowance	22,890,000	22,285,000
	Social security funds	14,487,500	12,447,500
	Workers' compensation	847,375	978,525
	Volunteer's cost	13,550,000	10,265,000
	<b>TOTAL STAFF COSTS</b>	<b>209,449,875</b>	<b>171,651,025</b>
<b>12</b>	<b>SUPPORTING SERVICES</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Repair and maintenance	14,409,418	18,203,410
	Cultivation cost	26,253,500	20,365,571
	Firewood	-	1,260,000
	Internet and telephone	2,510,000	2,950,000
	Transport expense	5,088,280	7,095,408
	Licenses	1,590,439	632,200
	Medical charges	1,530,500	4,570,850
	Cleanness	5,389,600	17,359,700
	Office supplies	-	176,000
	Bank charges	695,359	311,198
	Accounting & Legal fee	1,010,500	950,000
	Utilities	1,230,000	1,485,000
	Environmental upkeep	15,992,507	-
	Kitchen ware	10,097,000	842,000
	<b>TOTAL SUPPORTING EXPENSES</b>	<b>85,797,103</b>	<b>76,201,337</b>



**ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**13 PROPERTY AND EQUIPMENT SCHEDULE FOR THE YEAR 2024**

DETAILS	Land	Buildings	Capital Work-in- progress	Furniture & Fixtures	Computers & Printers	Machine & Equipment	Water Reservoir System	Total
	0%	5%	0%	12.50%	25%	25%	12.50%	
DESCRIPTION	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Opening balance as at 1.1.2024	30,400,000	1,063,764,100	-	69,352,621	2,850,000	21,938,400	97,881,989	1,286,187,110
Additions	19,450,000	-	420,490,221	36,463,001	-	10,000,000	-	486,403,221
(Disposal/Transfers)	-	-	-	-	-	-	-	-
<b>Closing balance as at 31.12.2024</b>	<b>49,850,000</b>	<b>1,063,764,100</b>	<b>420,490,221</b>	<b>105,815,622</b>	<b>2,850,000</b>	<b>31,938,400</b>	<b>97,881,989</b>	<b>1,772,590,331</b>
<b>DEPRECIABLE ALLOWANCES</b>								
Opening balance as at 1.1.2024	-	169,238,269	-	19,069,733	2,549,414	18,696,517	22,941,091	232,495,024
Charge for the year	-	44,726,292	-	10,843,236	75,147	3,310,471	9,367,612	68,322,757
<b>Closing balance as at 31.12.2024</b>	<b>-</b>	<b>213,964,561</b>	<b>-</b>	<b>29,912,969</b>	<b>2,624,561</b>	<b>22,006,988</b>	<b>32,308,703</b>	<b>300,817,781</b>
<b>CARRYING VALUE</b>								
<b>NBV, as at 31.12.2024</b>	<b>49,850,000</b>	<b>849,799,539</b>	<b>420,490,221</b>	<b>75,902,652</b>	<b>225,440</b>	<b>9,931,412</b>	<b>65,573,286</b>	<b>1,471,772,550</b>
NBV, as at 31.12.2023	30,400,000	894,525,831	-	50,282,889	300,586	3,241,883	74,940,898	1,053,692,087

# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

<b>14</b>	<b>CASH &amp; CASH EQUIVALENTS</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	KCB TZS -3390080368	33,905,667	-
	KCB TZS -3390267468	1,164,000	685,000
	KCB USD -3390080376	63,694,910	94,144,862
	KCB USD -3390267433	15,853,416	1,428,663
	NMB TZS-42710067410	11,256,351	-
	NMB TZS -40810123409	2,869,811	7,402,322
	<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>128,744,155</b>	<b>103,660,847</b>
<b>15</b>	<b>ACCOUNTS RECEIVABLES</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Salary advances	-	1,780,600
	Purchase imprest	27,200,000	
	Trade receivables	-	9,605,000
	<b>TOTAL ACCOUNTS RECEIVABLES</b>	<b>27,200,000</b>	<b>11,385,600</b>
<b>16</b>	<b>ACCOUNTS PAYABLES</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Tax payable	-	-
	Short-term loan	-	-
	<b>TOTAL ACCOUNTS PAYABLES</b>	<b>-</b>	<b>-</b>
<b>17</b>	<b>DEFERRED INCOME GRANTS</b>	<b>2024</b>	<b>2023</b>
		<b>TZS</b>	<b>TZS</b>
	Balance as at 01.01. 2024	114,387,714	102,000,000
	Grants received during the year	1,161,436,994	455,953,176
	Transfer to capital Asset	(486,403,221)	(53,697,670)
	Grant income utilized during the year	(634,177,332)	(389,867,792)
	<b>TOTAL DEFERRED INCOME GRANTS</b>	<b>155,244,155</b>	<b>114,387,713</b>
	<b>Grant received during the year</b>		
	<b>Name of the donor</b>		
	Maasai Education Foundation	660,844,141	259,434,869
	Thomas Neils	13,338,270	46,629,950

# ENGARUKA COMMUNITY INITIATIVE ORGANIZATION (ENCO)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Service without Boarder's	107,664,371	59,949,631
Parent Contributions	102,435,000	67,062,873
Personal Travel	-	6,538,000
Bronwen Hills Rotary Club	28,982,740	11,667,854
Michele Pacquin	2,467,680	4,670,000
Global Green Grant	31,150,020	-
Linking Lives	32,170,520	-
Maasai Education Society	9,600,520	-
PWC/EMPUAN	40,000,000	-
WIPC	44,161,700	-
Construction Fundraising	88,622,033	-
Rikki	-	-
Maise Allan	-	-
S. W. B Trip Expenses	-	-
<b>Total Grant received during the year</b>	<b>1,161,436,994</b>	<b>455,953,176</b>

<b>18 GENERAL RESERVE</b>	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
Balance at the beginning of the year	658,733	658,733
Net surplus/(deficit) during the year	41,267	-
<b>TOTAL GENERAL RESERVE</b>	<b>700,000</b>	<b>658,733</b>

<b>19 DEFERRED CAPITAL GRANTS</b>	<b>2024</b>	<b>2023</b>
	<b>TZS</b>	<b>TZS</b>
Balance at the beginning of the year	1,053,692,087	1,066,144,659
Capital grants received	486,403,221	53,697,670
Amortization during the year	(68,322,757)	(66,150,242)
<b>TOTAL DEFERRED CAPITAL GRANTS</b>	<b>1,471,772,551</b>	<b>1,053,692,087</b>

## 20 RELATED PARTY TRANSACTIONS AND BALANCES

Related party relationships exist between Engaruka Community Initiative Organization (ENCO) and its key management personnel. No transactions and balances with related parties during the year.

## 21 GOING CONCERN

Based on this assessment and in accordance with the requirements of International Public Sector Accounting Standard (IPSAS) 1 – Presentation of Financial Statements, the organization continues to adopt the going concern basis of accounting in preparing its financial statements.