



HUNGER RELIEF AFRICA

“Feeding Vulnerable Communities”



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FINANCIAL STATEMENTS

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

Independent Auditor's Report

To The Board of Directors
Hunger Relief Africa,
Kampala, Uganda.

Opinion

We have audited the financial statements of Hunger Relief Africa, which comprise the statement of financial position as at 31 December 2023, the statement of activities, statement of changes in net assets, functional expenses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Hunger Relief Africa as at 31 December 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Companies Act, 2012.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Company's internal control.

⊗ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

⊗ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

⊗ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2012, we report to you based on our audit, that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books; and
3. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

HUNGER RELIEF AFRICA

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023

	2023
ASSETS	
Cash and cash equivalents:	
Headquarters	UGX 9,239,000
Field offices	-
Total cash and cash equivalents	<u>9,239,000</u>
Grants receivable, net	
Travel advances and other receivables	
Prepaid expenses and other assets	
Furniture, equipment, vehicles and leasehold improvements, net	
Right-of-use assets, net	
Accumulated depreciation	
TOTAL ASSETS	UGX <u>9,239,000</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	UGX
Due to donors	-
Provision for unanticipated loss	-
Due to Network	-
Operating lease obligations	-
Total Liabilities	<u>-</u>
NET ASSETS	
Without donor restrictions:	
Undesignated	9,239,000
Designated	-
Total net assets without donor restrictions	<u>9,239,000</u>
With donor restrictions	<u>-</u>
Total net assets	<u>9,239,000</u>
TOTAL LIABILITIES AND NET ASSETS	UGX <u>9,239,000</u>

HUNGER RELIEF AFRICA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE				
Contributions	UGX	75,000,000	-	75,000,000
Grants:		-	-	-
Ugandan Government		-	-	-
Non-Ugandan Government		-	-	-
Contributed services and materials		-	-	-
Other loss		-	-	-
Net assets released from donor restrictions		-	-	-
Total revenue		<u>75,000,000</u>	<u>-</u>	<u>75,000,000</u>
EXPENSES				
Program Services:				
Nile Union Star-HRA Program		30,806,000	-	30,806,000
Other countries and strategic programs		-	-	-
Total program services		<u>30,806,000</u>	<u>-</u>	<u>30,806,000</u>
Supporting services:				
Program support		-	-	-
Management and General		34,955,000	-	34,955,000
Fundraising		-	-	-
Total supporting services		<u>34,955,000</u>	<u>-</u>	<u>34,955,000</u>
Total expenses		<u>65,761,000</u>	<u>-</u>	<u>65,761,000</u>
Changes in net assets before other items		9,239,000	-	9,239,000
OTHER ITEMS				
Exchange loss		-	-	-
De-obligated awards and funds returned to donors		-	-	-
CHANGE IN NET ASSETS	UGX	<u>9,239,000</u>	<u>-</u>	<u>9,239,000</u>

HUNGER RELIEF AFRICA
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions											
	Management Designated		Board Designated		Total Designated		Total Without Donor Restrictions		With Donor Restrictions			
	Undesignated	Program Development	Emergency Fund	Total	Total	Total	Total	Total	Total			
Net assets at December 31, 2022	UGX	-	UGX	-	UGX	-	UGX	-	UGX	-	UGX	-
Changes in net assets		9,239,000		-		-		9,239,000		-		9,239,000
Net assets at December 31, 2023	UGX	<u>9,239,000</u>	UGX	-	UGX	-	UGX	<u>9,239,000</u>	UGX	-	UGX	<u>9,239,000</u>

HUNGER RELIEF AFRICA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services				Total Expenses								
	Nile Union Star-HRA Program	Other countries and strategic programs	Total Program Services	Program Support	Management and General	Fundraising	Total Supporting Services									
Personnel:																
Ugandan Staff	UGX	-	-		13,300,000		13,300,000	13,300,000								
Other Ugandan payroll			-				-	-								
Fringe Benefits			-				-	-								
National field staff			-				-	-								
Finance expenses:																
Audit fees					1,000,000											
Office running expenses:																
Insurance			-				-	-								
Rent and utilities			-				-	-								
Professional fees			-		4,100,000		4,100,000	4,100,000								
Travel			-		320,000		320,000	320,000								
Telecommunications	10,000,000		10,000,000		300,000		300,000	10,300,000								
Postage and custom fees			-				-	-								
Finance charges			-		200,000		200,000	200,000								
Meeting expenses			-		75,000		75,000	75,000								
Human resources			-		150,000		150,000	150,000								
Office equipment and supplies:																
Offices supplies			-		2,000,000		2,000,000	2,000,000								
Depreciation and ammortization			-				-	-								
Equipment rental and maintenance			-		160,000		160,000	160,000								
Public awareness expenses:																
External relations			-				-	-								
Public information and membership dues			-		2,750,000		2,750,000	2,750,000								
Project logistics:																
Vehicles			-				-	-								
Radios			-				-	-								
Warehouse			-				-	-								
Electrical systems			-				-	-								
Freight			-				-	-								
Security			-				-	-								
Project expenses:																
Food	1,000,000		1,000,000				-	1,000,000								
Labour	3,000,000		3,000,000				-	3,000,000								
Inputs	8,806,000		8,806,000				-	8,806,000								
Work in progress			-		10,000,000		10,000,000	10,000,000								
Food security			-				-	-								
Non consumables			-				-	-								
Training	8,000,000		8,000,000		600,000		600,000	8,600,000								
Subcontracts:																
Subcontracts to partners			-				-	-								
	UGX	30,806,000	UGX	-	UGX	30,806,000	UGX	-	UGX	34,955,000	UGX	-	UGX	33,955,000	UGX	64,761,000

HUNGER RELIEF AFRICA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING EXPENSES

	2023
Changes in net assets	UGX 9,239,000
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:	
Depreciation and amortization	-
Amortization of right-of-use assets	-
Change in discount on long term receivables	-
Forgiveness of debt	-
Increase/decrease in:	
Grants receivable, net	-
Travel advances and other receivables	-
Prepaid expenses and other assets	-
Increase/decrease in:	
Accounts payable and accrued expenses	-
Due to donors	-
Due to Network	-
Operating lease obligations	-
Net cash (used) provided by operating expenses	<u>9,239,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of furniture, equipment, vehicles, and leasehold improvements	<u>-</u>
Net cash used by investing activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	-
Payments on line of credit	-
Net cash provided by financing activities	<u>-</u>

Net decrease/increase in cash and cash equivalent	9,239,000
Cash and cash equivalents at beginning of the year	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>9,239,000</u>

SUPPLEMENTAL INFORMATION

Interest paid	UGX <u> </u>
Right-of-Use Asset	UGX <u> </u>
Operating lease liability for Right-of-Use Asset	UGX <u> </u>