

GIRLS ACTIVIST YOUTH ORGANIZATION

MANAGEMENT LETTER

For the Period Ended 31 December 2023

Chaula & Associates

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10th March 2024

The Executive Director
Girls Activist Youth Organisation
P O Box 208
Mchinji

Dear Sir,

REPORT TO MANAGEMENT OF GIRLS ACTIVIST YOUTH ORGANISATION FOR THE PERIOD ENDED 31 DECEMBER 2023.

We have completed our audit of financial reports for Girls Activist Youth Organisation, for the period ended 31st December 2022 and 31st December 2023 and we wish to record our appreciation for the assistance given to us by your management and staff of Girls Activist Youth Organisation.

The primary purpose of our audit was to enable us to express an opinion as to whether or not the financial statement was fairly present, in all material respects, in accordance with the funding agreement.

We reviewed and evaluated the system of internal accounting control only to the extent we considered necessary, in order to establish the nature, timing, and extent of auditing procedures necessary for expressing an opinion on the financial report.

Our audit of the firm's financial report for the period ended 31st December 2022 and 31st December 2023 would not necessarily disclose all weaknesses in the system because it is based on selective tests of accounting records.

This report summarizes certain observations and recommendations that resulted from our audit. The implementation of these recommendations should assist management in improving project and financial management.

Grading

Significant deficiency

A significant deficiency in internal control is a deficiency or combination of deficiencies in internal control that, in our professional judgment, is of sufficient importance to merit the attention of those charged with governance

Control deficiency

A deficiency in internal control exists when:
a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

Partner B.M. Chaula

Other Matter

Any other matter is a deficiency in administrative processes that, in our professional judgment, does not meet the definition of a significant deficiency or control deficiency.

Finally, we shall be pleased to discuss and explain these recommendations and to provide the assistance you may require to put them into effect. This report is provided on the basis that it is for your information only and that it will not be copied or disclosed to any third party or otherwise quoted or referred to, in whole or in part, without our prior written consent.

Chaula & Associates

Chartered Accountants and Business Advisors

Blantyre

Malawi

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1.0 Auditor's study of and management responsibility for Internal accounting control

As part of an examination of financial statements, we perform a study and evaluation of the Programme's system of internal accounting control to the extent we consider necessary to evaluate as required by generally accepted auditing standards. The purpose of our study and evaluation is to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on a company's financial statements. Our study and evaluation are more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. The Programme's management is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates, and judgments made by management are required to assess the expected benefits and related costs of control procedures.

The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, the projection of any evaluation of the system for future periods is subject to the risk that procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

SECTION 2

2.0 GENERAL OBSERVATION

2.1 Project ICT not accounted for

Finding category: Significant deficiency

Priority: High

Observation

During our audit exercise we noted that the organization didn't account for Computers, shelves and plastic chairs valued at K21,400,000, donated by Fair Info Tech Denmark in 2015, has not been properly accounted for in the organization's financial statements. This includes 22 desktop computers, CPUs, keyboards, and pointing devices. Furthermore, there is no evidence of depreciation being recorded for these assets.

The desktop computers are being utilized for educational purposes, facilitating learning and teaching activities for students. They are equipped with e-library books catering to all classes, providing valuable resources to learners in primary and secondary schools. Furthermore, the building is utilized for providing essential services such as HIV, STI, and VCT counseling, due to its private nature. The project incurs expenditure in the form of electricity bills. This project meets the criteria of being recognized as one of GAYO's projects.

Risks

- This can lead to financial mismanagement, potentially resulting in budget deficits, inefficiencies, and the inability to fulfill the organization's objectives.
- Inadequate accounting practices can erode donor's trust by failing to provide transparency regarding how donated assets are used and the impact of specific projects
- not tagging assets for the project ICT can result in theft or fraud

Recommendation

Management should Establish Clear Accounting Policies and Procedures: Develop clear and comprehensive accounting policies and procedures that outline how financial transactions, including those related to projects, should be recorded, tracked, and reported.

Assign Responsibility: Designate specific individuals or teams responsible for overseeing project activities, including tracking expenses, allocating funds, and reporting on project outcomes.

Training and Education: Provide training and guidance to staff and volunteers involved in project management and activities to ensure they understand the organization's accounting and activity processes and their responsibilities.

Management comment

1. GAYO has clear accounting policies and procedures just needs to orient ICT staff and other staff on how to follow the policies in terms of ICT projects. The training of ICT project staff and volunteers will be done.
2. This is true, GAYO is planning to employ a permanent ICT officer special for the FAIR Denmark project which will report directly to the program manager. This ICT staff will be trained together with project staff. This will be done by 30th September 2024.
3. GAYO will develop a special inventory, Narrative, and financial Reports for the ICT project to account for all transactions of the project by 30th December 2024.

2.2 UNTAGGED ASSETS

Finding category: Control deficiency

Priority: high

Observation

During our recent audit, it was identified that some of the company's assets had not been appropriately tagged or labeled. Asset tagging is a crucial control measure to track, safeguard, and manage assets effectively. This finding indicates a deficiency in the asset management system, posing risks to the accuracy of asset records and potential loss or misplacement of valuable company assets. All assets belonging to the project ICT are not tagged.

Risks

- The lack of asset tagging increases the risk of asset misplacement, loss, or theft.
- Inaccurate or incomplete asset records may lead to financial misstatements and impact the overall reliability of the company's financial reporting.

Recommendations

- We recommend implementing a comprehensive asset tagging system for all company assets.
- Assign responsibility to a designated individual or team for the systematic tagging of assets, ensuring alignment with the asset register and company's asset management policy.

Management comment

- The organization will employ stores and office assistant who will be given a job description of ensuring that assets are tagged and depreciation policy for asserts. This will happen by 30th August 2024.

2.3 SHORTAGE OF WORKFORCE

Finding category: Control deficiency

Priority: High

Observation: During our recent audit we noted that there are only five full-time employees and there is no Human Resources personnel or IT personnel.

Risk: Lack of adequate workforce may lead to work overload for the existing employees. As part of control, there will be little or no segregation of duties therefore work will not be handled in an effective manner.

Recommendations:

- we recommend the entity to recruit adequate workforce for effective operations
- vacancies should be properly advertised, suitable candidates should be interviewed, and shortlisted and qualified personnel must be recruited

Management Comment

- This is true, however, few staff in GAYO were due to limited resources because of the few projects that GAYO had. With the coming of 2 new projects, GAYO will employ new staff.
- GAYO has released an advert for a project coordinator, finance officer, project officer, Human Resource and administration officer, MEAL officer, and Driver. Human Resources and administration will fill the gap in HR. This will be done by 30th August 2024 according to the New Norad project and amplifying change project.
- As of now GAYO has no permanent IT officer due to limited funding since the time FAIR DENMARK phased out, However, GAYO has volunteer IT personnel who manage IT issues. Plans are underway to have a new ICT project which will support ICT officers.

2.4 High Key staff turnover

Finding category: Control deficiency

Priority: High

Observation: During the course of our audit, we observed a concerning trend of high turnover among key staff members within the finance department of the organization. This turnover has notably impacted the stability and continuity of financial operations, as well as the effectiveness of financial reporting and internal controls.

Risk:

Loss of Institutional Knowledge and Expertise: The departure of experienced finance personnel has resulted in the loss of valuable institutional knowledge and expertise. This loss has hindered the organization's ability to maintain continuity in financial operations, implement best practices, and address complex financial issues effectively.

Increased Risk of Errors: The frequent turnover in key finance positions has heightened the risk of errors and omissions within financial processes, controls, and inadequate segregation of duties.

Recommendation:

Retention Strategies: Develop and implement targeted retention strategies to attract and retain qualified finance professionals. This may include competitive compensation packages, professional development opportunities, and a supportive work environment.

Succession Planning: Establish a formal succession planning process to identify and develop internal talent for key finance positions. Proactively grooming potential successors can help mitigate the impact of future staff turnover and ensure continuity in financial leadership.

Management comment:

- The staff's high turnover was due to low salaries resulting from a few projects. With the coming of new projects, the board met and agreed to revise the salary structure by August 2024. The board also has agreed to develop a new and effective resource mobilization plan.

2.5 Non-compliance with Pension

Finding category: Control deficiency & non-compliance with regulations

Priority: High

Observation: During our audit, it came to our attention that the organization does not offer any pension schemes. In case of any legal matters, the organization will face major consequences and might have to pay more to its employees.

Recommendation: the organization should register with the applicable pension schemes.

Management comment:

- The organization has consulted NICO and Old Mutual to assess the possibility of a pension scheme application. The pension scheme will be instituted by 30th July 2024.

2.6 Non remittance of PAYE

Finding category: Control deficiency & non-compliance with regulations

Priority: High

Observation: during our audit, we noticed that there is no document to support that PAYE was paid for. This is a significant area as failure to do so might result in penalties, fines, and legal actions.

Recommendation: there is a requirement to comply with all tax obligations in order to avoid serious consequences of non-remittance of PAYE.

Management comment:

- The organization was remitting the PAYE however, there were technical challenges caused during depositing which the organization has communicated to MRA and MRA said that it will rectify the issue. Attached to this document is evidence.

2.7 Non-review of Depreciation Policy

Finding Category: Control deficiency and non-compliance with accounting standards

Priority: High

Observation: During our audit, we identified that the organization has uniformly applied a depreciation method that assigns a fixed useful life of three years to all its assets, including computers, printers, tables, and chairs. This approach may not accurately reflect the varying useful lives of different asset types and could result in inappropriate depreciation expense recognition and carrying values on the organization's financial statements since the purchase dates of assets differ.

Risk:

Overstated Depreciation Expense: Using a uniform depreciation method with a fixed three-year useful life for all assets may result in an overstatement of depreciation expense, particularly for assets with longer useful lives. This could lead to artificially reduced net income and misrepresentation of the organization's financial performance.

Inaccurate Asset Valuation: Assigning a uniform useful life to all assets may lead to inaccurate asset valuation on the balance sheet. Assets with longer useful lives may be depreciated too quickly, leading to understated carrying values and potential impairment issues in subsequent periods.

Compliance Concerns: Incorrectly applying depreciation methods may result in non-compliance with accounting standards and regulatory requirements. This could lead to audit issues, financial restatements, and reputational damage for the organization.

Recommendation:

Asset Classification and Assessment: Conduct a thorough review of all assets to accurately classify them into appropriate categories based on their nature, intended use, and estimated useful life. Consider factors such as technological obsolescence, wear and tear, and industry standards when determining useful lives.

Depreciation Policy Review: Review and update the organization's depreciation policy to ensure it reflects the varying useful lives of different asset types. Consider implementing a more appropriate depreciation schedule that aligns with the organization's best practices and accounting standards.

Depreciation Method Selection: Select depreciation methods that best match the expected pattern of asset consumption over their useful lives. For example, consider using straight-line depreciation for assets with predictable usage patterns and reducing the balance method of depreciation for assets whose usage varies over time.

Documentation and Disclosure: Document the rationale behind the selection of depreciation methods and useful lives for different asset categories. Ensure transparent disclosure in the organization's financial statements regarding the depreciation policy applied and any significant assumptions or estimates made.

Management Comment

- The organization will conduct a board of director meeting which will guide on Asset Classification, Assessment, and depreciation methods. The board will also review the depreciation policy. This will be in practice by 30th September 2024.

2.8 Non-inclusion of banners in the records of GAYO

Finding category: Control Deficiency

Priority: high

Observation: During the audit, we noted that 6 banners of GAYO were not included in the list of recorded assets. Banners are tangible assets that may have been acquired or produced by the organization for promotional or marketing purposes. However, they have not been appropriately accounted for in the assets of the organization, indicating a potential oversight or lack of control over these assets.

Risk:

Asset Mismanagement: Failure to include the banners increases the risk of mismanagement and loss of these assets. Without proper tracking and documentation, the organization may be unaware of the quantity, location, and condition of its banners, leading to potential misuse, theft, or damage.

Financial Misstatement: Non-inclusion of banners in the asset records may result in an understatement of the organization's total asset value on the statement of financial position. This can misrepresent financial status.

Recommendation:

Asset Inventory Assessment: Conduct a comprehensive assessment of all tangible assets owned or used by the organization, including banners. Identify and document the location, quantity, condition, and value of each banner to ensure complete and accurate asset records.

Update Asset Register: Update the organization's asset register to include all identified banners and their relevant details, such as description, acquisition date, cost, and depreciation method (if applicable). Ensure consistency and accuracy of data entry to facilitate effective asset tracking and management.

Staff Training and Awareness: Provide training and awareness programs to staff members responsible for asset management to ensure they understand the importance of maintaining accurate asset records and following established procedures. Emphasize the significance of including all relevant assets, including banners, in the asset register.

Internal Controls Review: Review and strengthen internal controls related to asset management, including segregation of duties, authorization procedures, and physical security measures. Regularly assess the effectiveness of controls and make necessary improvements to mitigate risks associated with asset mismanagement.

Management comment:

- GAYO will conduct asset assessment and add banners and other inventory to the asset registers. This will be done on 30th July 2024. GAYO will train its staff on Asset and inventory management by 30th September 2024.

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR)

STATEMENT OF RECEIPTS AND PAYMENTS

**For the period ended
31 December 2022**

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
STATEMENT OF RECEIPTS AND PAYMENTS
For the period ended 31 December 2022

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**GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
STATEMENT OF RECEIPTS AND PAYMENTS**

For the period ended 31 December 2022

**DIRECTORS RESPONSIBILITY FOR THE RECEIPTS AND PAYMENTS
For the period ended 31 December 2022**

The Malawi Trustees Incorporation Act, 1962, Cap 5:03 require the Directors to prepare the statement of receipts and payments for the period, which give a true and fair view of the state of affairs of the organisation as at the end of the period.

The Act also requires the directors to ensure that the organisation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation.

In preparing the statement of receipts and payments, the directors accept responsibility for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgment and estimates that are reasonable and prudent;
- compliance with applicable accounting standards, when preparing statement of receipts and payments, subject to any material departures being disclosed and explained in the statement of receipts and payments;
- preparation of the statement of receipts and payments on a going concern basis unless it is inappropriate to presume that the organisation will continue in operations.

The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation.

Board Chairperson:

Executive Director:

Date: 12/06/2024

Chaula & Associates

Chartered Accountants

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REPORT OF THE INDEPENDENT AUDITORS'

To the Directors of

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT

Opinion

We have audited the statement of receipts and payments of Girls Activist Youth Organisation (GAYO), Girls Education Advocacy in the Region (GEAR) project, which comprise the statement of receipts, and payment as at 31 December 2022, and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 10.

In our opinion, the statement of receipts and payments give a true and fair view of the financial position of Girls Activist Youth Organisation (GAYO), Girls Education Advocacy in the Region (GEAR) project as at 31 December 2022, in accordance with accounting policies described in note 2 and the Trustees Incorporation Act, 1962, Cap 5:03.

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 Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 Directors and those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of statement of receipts and payments that give a true and fair view in accordance with accounting policies described in note 2 and the Trustees Incorporation Act, 1962, Cap 5:03 and for such internal control as the trustees determine is necessary to enable the preparation of statement of receipts and payments that are free from material misstatement, whether due to fraud or error.

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 skepticism throughout the audit. We also:

Partner B.M. Chaula

INDEPENDENT AUDITORS' REPORT

To the Directors of

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT

- 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 commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the trustees, among other matters, planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during and audit.

Chaula & Associates

Chaula & Associates
Chartered Accountants
Bentry Chaula
Partner
Lilongwe.

25 March 2024

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
STATEMENT OF RECEIPTS AND PAYMENTS
For the period ended 31 December 2022

	<u>Note</u>	<u>2022</u> <u>MK</u>
Receipts		
Donor income designated for projects	3	89,513,015
		<u>89,513,015</u>
Payments		
Programs and Administrative salaries		3,717,241
Program Overheads Cost		8,868,033
Education budget cycle meeting		2,369,097
Capacity Building		5,644,097
Education Right Commemoration		9,883,500
Education Policy meetings		8,242,581
Orientation meetings		1,287,704
Theory of change review meetings		224,651
Assessment Review meetings		1,125,000
Training and partners with education champions		1,720,000
Documentation of human interest of girls in rural and farming communities		436,000
Country Baseline on Education		1,230,174
SGDs Forum meetings		1,252,000
GEAR Alliance meetings		3,172,946
VNR Tracking meetings		4,944,940
SDGS TV and Radio talk shows		5,934,033
Social media campaign		20,881,660
		<u>80,933,657</u>
Surplus for the period		<u>8,579,358</u>

REPRESENTED BY:

Cash at Bank	8,585,218
Less: cash at the beginning	5,860
	<u>8,579,358</u>

The statement of receipts and payments was approved by the Board of directors on
and was signed on their behalf by:



Chairperson



Executive Director

Date: 2024

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
Notes to the Statement of Receipts and Payments for the period ended 30 June 2023

1. Background and objectives of the project

Girls Activist Youth Organisation (GAYO) is a non-profit making organisation established in 2007, registered in 2016 as a legally operating Non-Governmental Organization (NGO) in Malawi under the Trustees Incorporation Act. It is also affiliated with the National Youth Council of Malawi as a youth organization. GAYO puts particular emphasis on the uniqueness of every girl child, and the complexity of issues concerning their welfare in Malawi, especially in the face of the growing poverty, HIV/AIDS and early marriages, high illiteracy rates, child labour, the plight of street children, and many other social ills affecting children.

2. Significant accounting policies and basis of preparation

The following is a summary of the significant accounting policies, adopted in the preparation of the financial statements.

a) Basis of preparation

These receipts and payments have been prepared in accordance with accounting policies described below and are in Malawi Kwacha. They are prepared on a historical cost basis.

b) Accounting for Receipts and Payments

Receipt are accounted for on a receipt basis. Payment is accounted for when incurred.

c) Donor funds

Designated funds are utilized only for the individual projects specified in the donor agreement. These are recognised in the project account when received from the donor (Girls Education Advocacy in the Region (GEAR) project).

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT**Notes to the Statement of Receipts and Payments for the period ended 31 December 2022 (cont..)****d) Use of estimates and judgments**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e) Function and reporting currency

The statement of receipts and payments is presented in Malawi kwacha as it is the organization's functional currency.

f) Foreign currency transactions

Transactions in other currencies are translated into Malawi Kwacha at the rate ruling at the date of the transaction.

g) Related project activities

Transactions relating to the project not reflected in the above bank account do not form part of this statement of receipts and payments.

h) Bank and Cash balances

These represent the funds remaining in the bank accounts as at the reporting period end.

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT

Notes to the Statement of Receipts and Payments for the period ended 31 December 2022 (cont..)

2023
MK

3 Donor fund designated for project

- 04/03/2022	14,725,200
- 10/06/2022	37,254,353
- 22/09/2022	37,527,602
	<u>89,507,155</u>

4 Going concern

The statement of receipts and payments have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities which is subject to the financing agreement

5 Commitments

There were no commitments during the period requiring disclosure in the statement of receipts and payments

6 Exchange rates and inflation

The average exchange rates at year-end and at date of signing of the statement of receipts and payments of the major foreign currencies affecting the performance of the project including inflation rates are stated below:

	<u>At signing, date</u>	<u>At 30 December 2022</u>
Malawi Kwacha to Dollar (US\$)	1,700.99	998.45
Inflation rate	22.6%	22.6%

The exchange rate used for translation purposes to the United States Dollar for reporting purposes is MK1,700.99 to 1 USD being the average exchange rate on the dates the funds were received.

7 Subsequent events

There is no significant events that have occurred after period end that necessitates adjustments to or disclosure in the statement of receipts and payments.

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR)

STATEMENT OF RECEIPTS AND PAYMENTS

**For the period ended
31 December 2022**

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
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Board Chairperson: 

Executive Director: 

Date:

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

Partner B.M. Chaula

INDEPENDENT AUDITORS' REPORT

To the Directors of

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT

- 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 commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the trustees, among other matters, planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during and audit.

Chaula & Associates

Chaula & Associates

Chartered Accountants

Bentry Chaula

Partner

Lilongwe.

25 March 2024

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
STATEMENT OF RECEIPTS AND PAYMENTS
For the period ended 31 December 2022

	<u>Note</u>	<u>2022</u> <u>MK</u>
Receipts		
Donor income designated for projects	3	89,513,015
		<u>89,513,015</u>
Payments		
Programs and Administrative salaries		3,717,241
Program Overheads Cost		8,868,033
Education budget cycle meeting		2,369,097
Capacity Building		5,644,097
Education Right Commemoration		9,883,500
Education Policy meetings		8,242,581
Orientation meetings		1,287,704
Theory of change review meetings		224,651
Assessment Review meetings		1,125,000
Training and partners with education champions		1,720,000
Documentation of human interest of girls in rural and farming communities		436,000
Country Baseline on Education		1,230,174
SGDs Forum meetings		1,252,000
GEAR Alliance meetings		3,172,946
VNR Tracking meetings		4,944,940
SDGS TV and Radio talk shows		5,934,033
Social media campaign		20,881,660
		<u>80,933,657</u>
Surplus for the period		<u>8,579,358</u>

REPRESENTED BY:

Cash at Bank	8,585,218
Less: cash at the beginning	5,860
	<u>8,579,358</u>

The statement of receipts and payments was approved by the Board of directors on
and was signed on their behalf by:

Chairperson

Date: 12/06/2024

Executive Director

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT
Notes to the Statement of Receipts and Payments for the period ended 30 June 2023

1. Background and objectives of the project

Girls Activist Youth Organisation (GAYO) is a non-profit making organisation established in 2007, registered in 2016 as a legally operating Non-Governmental Organization (NGO) in Malawi under the Trustees Incorporation Act. It is also affiliated with the National Youth Council of Malawi as a youth organization. GAYO puts particular emphasis on the uniqueness of every girl child, and the complexity of issues concerning their welfare in Malawi, especially in the face of the growing poverty, HIV/AIDS and early marriages, high illiteracy rates, child labour, the plight of street children, and many other social ills affecting children.

2. Significant accounting policies and basis of preparation

The following is a summary of the significant accounting policies, adopted in the preparation of the financial statements.

a) Basis of preparation

These receipts and payments have been prepared in accordance with accounting policies described below and are in Malawi Kwacha. They are prepared on a historical cost basis.

b) Accounting for Receipts and Payments

Receipt are accounted for on a receipt basis. Payment is accounted for when incurred.

c) Donor funds

Designated funds are utilized only for the individual projects specified in the donor agreement. These are recognised in the project account when received from the donor (Girls Education Advocacy in the Region (GEAR) project).

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT**Notes to the Statement of Receipts and Payments for the period ended 31 December 2022 (cont..)****d) Use of estimates and judgments**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e) Function and reporting currency

The statement of receipts and payments is presented in Malawi kwacha as it is the organization's functional currency.

f) Foreign currency transactions

Transactions in other currencies are translated into Malawi Kwacha at the rate ruling at the date of the transaction.

g) Related project activities

Transactions relating to the project not reflected in the above bank account do not form part of this statement of receipts and payments.

h) Bank and Cash balances

These represent the funds remaining in the bank accounts as at the reporting period end.

GIRLS EDUCATION ADVOCACY IN THE REGION (GEAR) PROJECT

Notes to the Statement of Receipts and Payments for the period ended 31 December 2022 (cont..)

2023
MK

3 Donor fund designated for project

- 04/03/2022	14,725,200
- 10/06/2022	37,254,353
- 22/09/2022	37,527,602

	<u>89,507,155</u>

4 Going concern

The statement of receipts and payments have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities which is subject to the financing agreement

5 Commitments

There were no commitments during the period requiring disclosure in the statement of receipts and payments

6 Exchange rates and inflation

The average exchange rates at year-end and at date of signing of the statement of receipts and payments of the major foreign currencies affecting the performance of the project including inflation rates are stated below:

	<u>At signing, date</u>	<u>At 30 December 2022</u>
Malawi Kwacha to Dollar (US\$)	1,700.99	998.45
Inflation rate	22,6%	22.6%

The exchange rate used for translation purposes to the United States Dollar for reporting purposes is MK1,700.99 to 1 USD being the average exchange rate on the dates the funds were received.

7 Subsequent events

There is no significant events that have occurred after period end that necessitates adjustments to or disclosure in the statement of receipts and payments.

Girls Activist Youth Organisation (GAYO)

Financial Statements

31 December 2023

Girls Activist Youth Organisation (GAYO)
Financial Statements for the year ended 31 December 2023

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Girls Activist Youth Organisation (GAYO)
Management Responsibility for the Financial Statements
For the year ended 31 December 2023

The Malawi Trustees Incorporation Act, 1962, Cap 5:03 require the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation as at the end of the financial year.

The Act also requires the trustees ensure that the trust keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation.

In preparing the financial statements the trustees accept responsibility for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgment and estimates that are reasonable and prudent;
- compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements;
- preparation of financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue in operations.

The trustees also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation.

Board Chairperson:


Executive Director:


Date: 12 June 2024

Chaula & Associates

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REPORT OF THE INDEPENDENT AUDITORS'

To the Trustees of

Girls Activist Youth Organisation (GAYO)

Opinion

We have audited the financial statements of Girls Activist Youth Organization (GAYO), which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 16.

In our opinion, the financial statements give a true and fair view of the financial position of Girls Activist Youth Organization (GAYO) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting policies described in note 2 and the Trustees Incorporation Act, 1962, Cap 5:03.

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 Statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 Trustees and those Charged with Governance for the Financial Statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with accounting policies described in note 2 and the Trustees Incorporation Act, 1962, Cap 5:03 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Partner B.M. Chaula

INDEPENDENT AUDITORS' REPORT

To the Trustees of

Girls Activist Youth Organisation (GAYO) (Continued)

- As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the 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.
- 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 the trustees, among other matters, planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during and audit.

Chaula & Associates

Chaula & Associates
Chartered Accountants

Bentry Chaula
Partner
Blantyre

12 June 2024

Girls Activist Youth Organisation (GAYO)
Statement of Income and Expenditure for the year ended 31 December 2023

	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
Income			
Donor income designated for projects	3	130,379,478	89,513,015
Other income	4	13,542,099	1,079,520
		<u>143,921,577</u>	<u>90,592,535</u>
Expenditure			
Staff costs	5	23,644,725	3,717,241
Overheads expenses	6	17,262,069	8,715,043
Finance Cost	7	493,274	152,990
Program delivery expenses	8	80,907,329	68,348,383
		<u>122,307,397</u>	<u>80,933,657</u>
Deficit for the year		<u><u>21,614,180</u></u>	<u><u>9,658,878</u></u>

Girls Activist Youth Organisation (GAYO)
Statement of Financial Position as at 31 December 2023

	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
ASSETS			
Non – current assets			
Plant and equipment	9	7,732,000	10,531,000
		-----	-----
Current assets			
Bank balances	10	31,278,918	9,664,738
		-----	-----
Total assets		<u>39,010,918</u>	<u>20,195,738</u>
FUNDS			
Funds			
Capital fund	11	7,732,000	10,531,000
Accumulated fund	12	31,278,918	9,664,738
		-----	-----
		<u>39,010,918</u>	<u>20,195,738</u>
Total funds		<u>39,010,918</u>	<u>20,195,738</u>



Executive Director



Board Chairperson

Date: 12 June 2024

Girls Activist Youth Organisation (GAYO)**Statement of Changes in Funds for the year ended 31 December 2023**

	Capital <u>Fund</u> K	Accumulated <u>Fund</u> K	<u>Total</u> K
O/Balance /Acquisition of PPE	13,330,000	5,860	13,335,860
Depreciation for the year	(2,799,000)	-	(2,799,000)
Surplus for the year	-	9,658,878	9,658,878
	-----	-----	-----
Balance at 31 December 2022	10,531,000	9,664,738	20,195,738
Depreciation for the year	(2,799,000)	-	(2,799,000)
Surplus for the year	-	21,614,180	21,614,180
	-----	-----	-----
Balance at 31 December 2023	<u><u>7,732,000</u></u>	<u><u>31,278,918</u></u>	<u><u>39,010,918</u></u>

Girls Activist Youth Organisation (GAYO)
Statement of Cash Flows for the year ended 31 December 2023

	<u>2023</u> K	<u>2022</u> K
Cash flows from operating activities		
Cash receipts from donors and others	143,921,577	90,952,535
Cash payments to projects and employees	(122,307,397)	(81,293,657)
	-----	-----
Cash flows from operating activities	21,614,180	9,658,878
Cash flows from investing activities		
Cash and cash equivalents at beginning of year	9,664,738	5,860
	-----	-----
Cash and cash equivalents at end of year	<u><u>31,278,918</u></u>	<u><u>9,664,738</u></u>

Girls Activist Youth Organisation (GAYO)

Notes to the Financial Statements

For the year ended 31 December 2023

1. Nature of the programme

Girls Activist Youth Organization (GAYO) is non-political and non-profit making, non-governmental organisation registered under the Trustees Incorporation Act of Malawi 1962, Cap 5:03. It is also affiliated with the National Youth Council of Malawi as a youth organization. GAYO puts particular emphasis on the uniqueness of every girl child, and the complexity of issues concerning their welfare in Malawi, especially in the face of the growing poverty, HIV/AIDS and early marriages, high illiteracy rates, child labour, the plight of street children, and many other social ills affecting children.

2. Significant accounting policies and basis of preparation

The following is a summary of the significant accounting policies, adopted in the preparation of the financial statements.

a) Basis of preparation

These financial statements have been prepared in accordance with accounting policies described below and are in Malawi Kwacha. They are prepared on a historical cost basis.

b) Accounting for Income and Expenditure

Income is accounted for on a receipt basis. Expenditure is accounted for when incurred.

i) Donor funds

Designated funds are utilized only for the individual projects specified in the donor agreement. These are recognised in the respective project account when received from prospective donors.

ii) Bank interest

This comprises interest received from funds deposited with the bank. Interest income is recognised in the income and expenditure account of the respective project when it is received.

iii) Other income

This comprises of income received from various income generating activities undertaken by the organisation

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023****c) Going concern**

The statement of receipts and payments have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities which is subject to the financing agreement

d) Commitments

There were no commitments during the period requiring disclosure in the statement of receipts and payments

e) Plant and equipment

Plant and equipment procured for the purposes of the project are capitalized through Capital Fund.

Items of plant and equipment are written off over their anticipated economic useful life of four years.

f) Accruals

No provision is made for unpaid liabilities at the end of the year.

g) Other receivables

Other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method less impairment losses.

h) Foreign currency transactions

Transactions in other currencies are translated into Malawi Kwacha at the rate ruling at the date of the transaction.

i) Accumulated Fund

The projects' surpluses and deficits are accounted through the Accumulated Fund.

j) Capital Fund

All projects funds used for the acquisition of capital items are accounted through Capital Fund.

k) Subsequent events

There is no significant events that have occurred after period end that necessitates adjustments to or disclosure in the statement of receipts and payments.

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023**

		<u>2023</u>	<u>2022</u>
	<u>Note</u>	<u>MK</u>	<u>MK</u>
3	Donor income designated for projects		
SET	13	25,035,785	-
GEAR	14	49,392,889	89,513,015
World Vision	15	33,437,884	-
Segal Foundation	16	22,512,920	-
		<u>130,379,478</u>	<u>89,513,015</u>
4	Other Income		
SET	13	-	41,200
GEAR	14	-	-
World Vision	15	-	160,673
Segal Foundation	16	13,542,099	877,647
		<u>13,542,099</u>	<u>1,079,520</u>
5	Staff costs		
SET	13	5,124,720	-
GEAR	14	2,458,246	3,717,241
World Vision	15	1,761,984	-
Segal Foundation	16	14,299,775	-
		<u>23,644,725</u>	<u>3,717,241</u>

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023**

	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
6	Overheads expenses		
SET	13	624,000	-
GEAR	14	2,348,408	8,715,043
World Vision	15	2,060,992	-
Segal Foundation	16	12,228,669	-
		<u>17,262,069</u>	<u>8,715,043</u>
7	Finance Cost		
SET	13	160,385	-
GEAR	14	49,980	152,990
World Vision	15	156,781	-
Segal Foundation	16	126,128	-
		<u>493,274</u>	<u>152,990</u>
8	Program delivery expenses		
SET	13	12,323,428	-
GEAR	14	41,433,606	68,348,383
World Vision	15	27,150,295	-
Segal Foundation	16	-	-
		<u>80,907,329</u>	<u>68,348,383</u>

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023****9 Plant and equipment**

	<u>Computers</u>	<u>Furniture and equipment</u>	<u>Total</u>
<u>Cost</u>	<u>K</u>	<u>K</u>	<u>K</u>
At 1 January 2023	7,330,000	6,000,000	13,330,000
At 31 December 2023	7,330,000	6,000,000	13,330,000
 <u>Depreciation</u>			
At 1 January 2023	2,199,000	600,000	2,799,000
Charge for the year	2,199,000	600,000	2,799,000
At 31 December 2023	4,398,000	1,200,000	5,598,000
 <u>Net book value</u>			
At 31 December 2023	2,932,000	4,800,000	7,732,000
At 31 December 2022	5,131,000	5,400,000	10,531,000

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023**

	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
10 Bank balances			
SET	13	6,844,452	41,200
GEAR	14	11,687,867	8,585,218
World Vision	15	2,468,505	160,673
Segal Foundation	16	10,278,094	877,647
		<u>31,278,918</u>	<u>9,664,738</u>
11 Capital Fund			
Analysed as:			
GAYO		<u>7,732,000</u>	<u>10,531,000</u>
Represented by:			
Plant and equipment		<u>7,732,000</u>	<u>10,531,000</u>
12 Accumulated Fund			
Analysed as:			
SET	13	6,844,452	41,200
GEAR	14	11,687,867	8,585,218
World Vision	15	2,468,505	160,673
Segal Foundation	16	10,278,094	877,647
		<u>31,278,918</u>	<u>9,664,738</u>
Represented by:			
Bank balances		<u>31,278,918</u>	<u>9,664,738</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
	<u>MK</u>	<u>MK</u>
13 Sexual Education for Transformation project (SET)		
Income		
Grant and Donation	25,035,785	-
Other income	-	41,200
	-----	-----
	-	41,200
	-----	-----
Expenditure		
Staff costs	5,124,720	-
Overhead expenses	624,000	-
Finance cost	160,385	-
Programme delivery expenses	12,323,428	-
	-----	-----
	18,232,533	-
	-----	-----
Surplus for the year	6,803,252	41,200
Surplus brought forward	41,200	-
	-----	-----
Surplus carried forward	<u><u>6,844,452</u></u>	<u><u>41,200</u></u>
Represented by:		
Bank – National Bank of Malawi current account	6,844,452	41,200
	-----	-----
	<u><u>6,844,452</u></u>	<u><u>41,200</u></u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
	<u>MK</u>	<u>MK</u>
14 Girls Education Advocacy in the Region (GEAR)		
Income		
Grant and Donation	49,392,889	89,513,015
	-----	-----
Expenditure		
Staff costs	2,458,246	3,717,241
Overheads expenses	2,348,408	8,715,043
Finance cost	49,980	152,990
Programme delivery expenses	41,433,606	68,348,383
	-----	-----
	46,290,240	80,933,657
	-----	-----
Surplus for the year	3,102,649	8,579,358
Surplus brought forward	8,585,218	5,860
	-----	-----
Surplus carried forward	<u>11,687,867</u>	<u>8,585,218</u>
 Represented by:		
Bank – National Bank of Malawi current account	<u>11,687,867</u>	<u>8,585,218</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
15 World Vision – Community Engagement and Sponsorship Plan	<u>MK</u>	<u>MK</u>
Income		
Donation	33,437,884	-
Other Income	-	160,673
	<u>33,437,884</u>	<u>160,673</u>
Expenditure		
Staff cost	1,761,984	-
Overheads expenses	2,060,992	-
Finance cost	156,781	-
Programme delivery expenses	27,150,295	-
	<u>31,130,052</u>	<u>-</u>
Surplus for the year	2,307,832	160,673
Surplus brought forward	160,673	-
	<u>2,468,505</u>	<u>160,673</u>
Surplus carried forward	<u>2,468,505</u>	<u>160,673</u>
Represented by:		
Bank-National Bank of Malawi current account	2,468,505	160,673
	<u>2,468,505</u>	<u>160,673</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
	<u>MK</u>	<u>MK</u>
16 Segal Family Foundation Project		
Income		
Grant (Segal Foundation)	22,512,920	-
Other income	13,542,099	877,647
	<u>36,055,019</u>	<u>877,647</u>
Expenditure		
Staff cost	14,299,775	-
Overheads expenses	12,228,669	-
Finance cost	126,128	-
	<u>26,654,572</u>	<u>-</u>
Surplus for the year	9,400,447	877,647
Surplus brought forward	877,647	-
	<u>10,278,094</u>	<u>877,647</u>
Surplus carried forward	<u>10,278,094</u>	<u>877,647</u>
Represented by:		
Bank-National Bank of Malawi current account	10,278,094	877,647
	<u>10,278,094</u>	<u>877,647</u>

Girls Activist Youth Organisation (GAYO)

Financial Statements

31 December 2023

Girls Activist Youth Organisation (GAYO)
Financial Statements for the year ended 31 December 2023

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REPORT OF THE INDEPENDENT AUDITORS'

To the Trustees of

Girls Activist Youth Organisation (GAYO)

Opinion

We have audited the financial statements of Girls Activist Youth Organization (GAYO), which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 16.

In our opinion, the financial statements give a true and fair view of the financial position of Girls Activist Youth Organization (GAYO) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting policies described in note 2 and the Trustees Incorporation Act, 1962, Cap 5:03.

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 Statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 Trustees and those Charged with Governance for the Financial Statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with accounting policies described in note 2 and the Trustees Incorporation Act, 1962, Cap 5:03 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Partner B.M. Chaula

Girls Activist Youth Organisation (GAYO)
Management Responsibility for the Financial Statements
For the year ended 31 December 2023

The Malawi Trustees Incorporation Act, 1962, Cap 5:03 require the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation as at the end of the financial year.

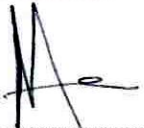
The Act also requires the trustees ensure that the trust keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation.

In preparing the financial statements the trustees accept responsibility for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgment and estimates that are reasonable and prudent;
- compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements;
- preparation of financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue in operations.

The trustees also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation.

Board Chairperson: 

Executive Director: 

Date: 12 June 2024

Girls Activist Youth Organisation (GAYO)
Notes to the Financial Statements for the year ended 31 December 2023
9 Plant and equipment

	<u>Computers</u>	<u>Furniture and equipment</u>	<u>Total</u>
<u>Cost</u>	<u>K</u>	<u>K</u>	<u>K</u>
At 1 January 2023	7,330,000	6,000,000	13,330,000
At 31 December 2023	7,330,000	6,000,000	13,330,000
 <u>Depreciation</u>			
At 1 January 2023	2,199,000	600,000	2,799,000
Charge for the year	2,199,000	600,000	2,799,000
At 31 December 2023	4,398,000	1,200,000	5,598,000
 <u>Net book value</u>			
At 31 December 2023	2,932,000	4,800,000	7,732,000
At 31 December 2022	5,131,000	5,400,000	10,531,000

INDEPENDENT AUDITORS' REPORT

To the Trustees of

Girls Activist Youth Organisation (GAYO) (Continued)

- As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the 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.
- 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 the trustees, among other matters, planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during and audit.

Chaula & Associates

Chaula & Associates
Chartered Accountants

Bentry Chaula
Partner
Blantyre

12 June 2024

Girls Activist Youth Organisation (GAYO)
Statement of Income and Expenditure for the year ended 31 December 2023

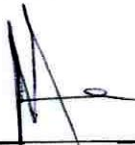
	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
Income			
Donor income designated for projects	3	130,379,478	89,513,015
Other income	4	13,542,099	1,079,520
		<u>143,921,577</u>	<u>90,592,535</u>
Expenditure			
Staff costs	5	23,644,725	3,717,241
Overheads expenses	6	17,262,069	8,715,043
Finance Cost	7	493,274	152,990
Program delivery expenses	8	80,907,329	68,348,383
		<u>122,307,397</u>	<u>80,933,657</u>
Deficit for the year		<u><u>21,614,180</u></u>	<u><u>9,658,878</u></u>

Girls Activist Youth Organisation (GAYO)
Statement of Financial Position as at 31 December 2023

	<u>Note</u>	<u>2023</u> MK	<u>2022</u> MK
ASSETS			
Non – current assets			
Plant and equipment	9	7,732,000	10,531,000
		-----	-----
Current assets			
Bank balances	10	31,278,918	9,664,738
		-----	-----
Total assets		<u>39,010,918</u>	<u>20,195,738</u>
FUNDS			
Funds			
Capital fund	11	7,732,000	10,531,000
Accumulated fund	12	31,278,918	9,664,738
		-----	-----
		<u>39,010,918</u>	<u>20,195,738</u>
Total funds		<u>39,010,918</u>	<u>20,195,738</u>



Executive Director



Board Chairperson

Date: 12 June 2024

Girls Activist Youth Organisation (GAYO)
Statement of Changes in Funds for the year ended 31 December 2023

	Capital Fund K	Accumulated Fund K	Total K
O/Balance /Acquisition of PPE	13,330,000	5,860	13,335,860
Depreciation for the year	(2,799,000)	-	(2,799,000)
Surplus for the year	-	9,658,878	9,658,878
	-----	-----	-----
Balance at 31 December 2022	10,531,000	9,664,738	20,195,738
Depreciation for the year	(2,799,000)	-	(2,799,000)
Surplus for the year	-	21,614,180	21,614,180
	-----	-----	-----
Balance at 31 December 2023	<u>7,732,000</u>	<u>31,278,918</u>	<u>39,010,918</u>

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023**

	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
10 Bank balances			
SET	13	6,844,452	41,200
GEAR	14	11,687,867	8,585,218
World Vision	15	2,468,505	160,673
Segal Foundation	16	10,278,094	877,647
		<u>31,278,918</u>	<u>9,664,738</u>
11 Capital Fund			
Analysed as:			
GAYO		<u>7,732,000</u>	<u>10,531,000</u>
Represented by:			
Plant and equipment		<u>7,732,000</u>	<u>10,531,000</u>
12 Accumulated Fund			
Analysed as:			
SET	13	6,844,452	41,200
GEAR	14	11,687,867	8,585,218
World Vision	15	2,468,505	160,673
Segal Foundation	16	10,278,094	877,647
		<u>31,278,918</u>	<u>9,664,738</u>
Represented by:			
Bank balances		<u>31,278,918</u>	<u>9,664,738</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
	<u>MK</u>	<u>MK</u>
13 Sexual Education for Transformation project (SET)		
Income		
Grant and Donation	25,035,785	-
Other income	-	41,200
	-----	-----
	-	41,200
	-----	-----
Expenditure		
Staff costs	5,124,720	-
Overhead expenses	624,000	-
Finance cost	160,385	-
Programme delivery expenses	12,323,428	-
	-----	-----
	18,232,533	-
	-----	-----
Surplus for the year	6,803,252	41,200
Surplus brought forward	41,200	-
	-----	-----
Surplus carried forward	6,844,452	41,200
	=====	=====
Represented by:		
Bank – National Bank of Malawi current account	6,844,452	41,200
	-----	-----
	6,844,452	41,200
	=====	=====

Girls Activist Youth Organisation (GAYO)
Statement of Cash Flows for the year ended 31 December 2023

	<u>2023</u> K	<u>2022</u> K
Cash flows from operating activities		
Cash receipts from donors and others	143,921,577	90,952,535
Cash payments to projects and employees	(122,307,397)	(81,293,657)
	-----	-----
Cash flows from operating activities	21,614,180	9,658,878
Cash flows from investing activities		
Cash and cash equivalents at beginning of year	9,664,738	5,860
	-----	-----
Cash and cash equivalents at end of year	<u>31,278,918</u>	<u>9,664,738</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
	<u>MK</u>	<u>MK</u>
14 Girls Education Advocacy in the Region (GEAR)		
Income		
Grant and Donation	49,392,889	89,513,015
	-----	-----
Expenditure		
Staff costs	2,458,246	3,717,241
Overheads expenses	2,348,408	8,715,043
Finance cost	49,980	152,990
Programme delivery expenses	41,433,606	68,348,383
	-----	-----
	46,290,240	80,933,657
	-----	-----
Surplus for the year	3,102,649	8,579,358
Surplus brought forward	8,585,218	5,860
	-----	-----
Surplus carried forward	<u>11,687,867</u>	<u>8,585,218</u>
 Represented by:		
Bank – National Bank of Malawi current account	<u>11,687,867</u>	<u>8,585,218</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
15 World Vision – Community Engagement and Sponsorship Plan	<u>MK</u>	<u>MK</u>
Income		
Donation	33,437,884	-
Other Income	-	160,673
	<u>33,437,884</u>	<u>160,673</u>
Expenditure		
Staff cost	1,761,984	-
Overheads expenses	2,060,992	-
Finance cost	156,781	-
Programme delivery expenses	27,150,295	-
	<u>31,130,052</u>	<u>-</u>
Surplus for the year	2,307,832	160,673
Surplus brought forward	160,673	-
	<u>2,468,505</u>	<u>160,673</u>
Surplus carried forward	<u>2,468,505</u>	<u>160,673</u>
Represented by:		
Bank-National Bank of Malawi current account	2,468,505	160,673
	<u>2,468,505</u>	<u>160,673</u>

Girls Activist Youth Organisation (GAYO)**Statement of Income and Expenditure for the year ended 31 December 2023**

	<u>2023</u>	<u>2022</u>
	<u>MK</u>	<u>MK</u>
16 Segal Family Foundation Project		
Income		
Grant (Segal Foundation)	22,512,920	-
Other income	13,542,099	877,647
	<u>36,055,019</u>	<u>877,647</u>
Expenditure		
Staff cost	14,299,775	-
Overheads expenses	12,228,669	-
Finance cost	126,128	-
	<u>26,654,572</u>	<u>-</u>
Surplus for the year	9,400,447	877,647
Surplus brought forward	877,647	-
	<u>10,278,094</u>	<u>877,647</u>
Surplus carried forward	<u>10,278,094</u>	<u>877,647</u>
Represented by:		
Bank-National Bank of Malawi current account	10,278,094	877,647
	<u>10,278,094</u>	<u>877,647</u>

Girls Activist Youth Organisation (GAYO)

Notes to the Financial Statements

For the year ended 31 December 2023

1. Nature of the programme

Girls Activist Youth Organization (GAYO) is non-political and non-profit making, non-governmental organisation registered under the Trustees Incorporation Act of Malawi 1962, Cap 5:03. It is also affiliated with the National Youth Council of Malawi as a youth organization. GAYO puts particular emphasis on the uniqueness of every girl child, and the complexity of issues concerning their welfare in Malawi, especially in the face of the growing poverty, HIV/AIDS and early marriages, high illiteracy rates, child labour, the plight of street children, and many other social ills affecting children.

2. Significant accounting policies and basis of preparation

The following is a summary of the significant accounting policies, adopted in the preparation of the financial statements.

a) Basis of preparation

These financial statements have been prepared in accordance with accounting policies described below and are in Malawi Kwacha. They are prepared on a historical cost basis.

b) Accounting for Income and Expenditure

Income is accounted for on a receipt basis. Expenditure is accounted for when incurred.

i) Donor funds

Designated funds are utilized only for the individual projects specified in the donor agreement. These are recognised in the respective project account when received from prospective donors.

ii) Bank interest

This comprises interest received from funds deposited with the bank. Interest income is recognised in the income and expenditure account of the respective project when it is received.

iii) Other income

This comprises of income received from various income generating activities undertaken by the organisation

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023****c) Going concern**

The statement of receipts and payments have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities which is subject to the financing agreement

d) Commitments

There were no commitments during the period requiring disclosure in the statement of receipts and payments

e) Plant and equipment

Plant and equipment procured for the purposes of the project are capitalized through Capital Fund.

Items of plant and equipment are written off over their anticipated economic useful life of four years.

f) Accruals

No provision is made for unpaid liabilities at the end of the year.

g) Other receivables

Other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method less impairment losses.

h) Foreign currency transactions

Transactions in other currencies are translated into Malawi Kwacha at the rate ruling at the date of the transaction.

i) Accumulated Fund

The projects' surpluses and deficits are accounted through the Accumulated Fund.

j) Capital Fund

All projects funds used for the acquisition of capital items are accounted through Capital Fund.

k) Subsequent events

There is no significant events that have occurred after period end that necessitates adjustments to or disclosure in the statement of receipts and payments.

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023**

		<u>2023</u>	<u>2022</u>
	<u>Note</u>	<u>MK</u>	<u>MK</u>
3	Donor income designated for projects		
SET	13	25,035,785	-
GEAR	14	49,392,889	89,513,015
World Vision	15	33,437,884	-
Segal Foundation	16	22,512,920	-
		<u>130,379,478</u>	<u>89,513,015</u>
4	Other Income		
SET	13	-	41,200
GEAR	14	-	-
World Vision	15	-	160,673
Segal Foundation	16	13,542,099	877,647
		<u>13,542,099</u>	<u>1,079,520</u>
5	Staff costs		
SET	13	5,124,720	-
GEAR	14	2,458,246	3,717,241
World Vision	15	1,761,984	-
Segal Foundation	16	14,299,775	-
		<u>23,644,725</u>	<u>3,717,241</u>

Girls Activist Youth Organisation (GAYO)**Notes to the Financial Statements for the year ended 31 December 2023**

	<u>Note</u>	<u>2023</u> <u>MK</u>	<u>2022</u> <u>MK</u>
6	Overheads expenses		
SET	13	624,000	-
GEAR	14	2,348,408	8,715,043
World Vision	15	2,060,992	-
Segal Foundation	16	12,228,669	-
		<u>17,262,069</u>	<u>8,715,043</u>
7	Finance Cost		
SET	13	160,385	-
GEAR	14	49,980	152,990
World Vision	15	156,781	-
Segal Foundation	16	126,128	-
		<u>493,274</u>	<u>152,990</u>
8	Program delivery expenses		
SET	13	12,323,428	-
GEAR	14	41,433,606	68,348,383
World Vision	15	27,150,295	-
Segal Foundation	16	-	-
		<u>80,907,329</u>	<u>68,348,383</u>