

ACRES OF MERCY 2010 ANNUAL REPORT



Management Report

It is the responsibility of the Board of Directors to prepare financial statements which give a true and fair view of Acres of Mercy's state of affairs and of its work within the community. In preparing the financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the organization will continue with its activities.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Acres of Mercy, Kenya.

It is also responsible for safeguarding the assets of Acres of Mercy, Kenya and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor's Report

Report on the financial statements

We have audited the Organisation financial statements of the ACRES OF MERCY-KENYA, set out on pages 6 - 11 which comprise the balance sheet as at 31 JANUARY 2011, the income statement, statement of changes in fund and statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Board Members' responsibility for the financial statements

The Board Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and the presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the Organization financial statements give a true and fair view of the state of the financial affairs of the Organization as at 31 JANUARY 2011 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard.

Report on other legal requirements

As required, we report to you, based on our audit, that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion proper books of account have been kept by the Organisation, so far as appears from our examination of those books; and
- (iii) The Organisation's balance sheet and profit and loss account are in agreement with the books of account.

Daniel and Daniels B.C
Certified Public Accountants
Nairobi

Notes to the Financial Statements

1. General information

ACRES OF MERCY-KENYA is registered and regulated in Kenya under the NGOs Co-ordination Act No. 19 of 1990, NGOs Co-ordination Regulations 1992, and NGOs Co-ordination (Amendment) Regulations 2010. The address of its registered and principal place of business is set out on page 1. The principal activities of the Organization are set out on page 2.

2. Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting issued by the International Accounting Standards Board. They are presented in Kenya Shillings (KShs), rounded to the nearest thousand. The measurement used is the historical cost basis except where otherwise stated in the accounting policies below.

Revenue recognition

Revenue from donations is recognized on upon receiving the donation.

Income tax

The organization being a charitable organization is tax exempt. [The organization has however not applied to the Revenue authority \(KRA\) for official tax exemption status.](#)

Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the balance sheet date are translated using the closing rate. All exchange differences arising on settlement or translation are recognized in profit or loss.

Financial liabilities

Financial liabilities are initially recognized at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.

Currency

The financial statements are presented in Kenya Shillings (Kshs.).

Cash and cash equivalents

For purposes of cash flow statement, cash and cash equivalents represent cash at hand and cash deposits held at the bank.

Management Discussion

1.0 Background

Acres of Mercy was started 2005 as an NGO to work with single teenage mothers who had no one to comfort them, to show them God's mercies and to help them realize restoration. The organization has since evolved to working within the community to alleviate the problems of child abuse, HIV/AIDS and low literacy levels. The organization has intermittently worked in capacity building local women groups as well as mentoring and guiding youth to become active participants and contributors to community development.

Mission

With Jesus Christ as the foundation and by His mercies, to provide relevant interventions in the areas of Health, Education and Economic and Social Development for a free, healthy and economically vibrant community

Vision

Free, Vibrant and Healthy Communities

Values

Our values at Acres of Mercy are:-

1. Love

we love because God, who called us to this work first loved us (1 John 4:19). He who loves God must love his brother also. We love because we realize the following truths according to 1 Corinthians 13. We believe that love is a command, that love is a choice, love is a conduct and that love is a commitment. We believe that no matter what we say, it is noise unless we live a life of love; whatever we know would be nothing; whatever we believe in, would amount to nothing; whatever we give would not matter and whatever we accomplish will not matter unless we exemplify in all these things a life of love. 1 Corinthians 13:13:"...but the greatest of these is love

2. Christ-centered

we believe God is the foundation of all wisdom and knowledge. Through Christ we find merciful forgiveness and an invitation to a daily, personal walk empowered by the Holy Spirit. We are led by Christ in our obedience to the truth revealed in the Holy Bible and in our work. *1 Corinthians 3:11: "For no one can lay any foundation other than the one that has been laid; that foundation is Jesus Christ."*

3. Servant Leaders

we believe that servant leadership is reflected perfectly in the life and person of Jesus Christ. We humbly set aside self-interest for the interests of others, because love for others builds up God's community. By following Christ's example, we create a culture characterized by joyful service. As a Christian organization it is important for us that the directors, staff and long term volunteers at Acres of Mercy must be believers in Jesus Christ alone. Non-believers are welcome to work with us but they must respect the values that we hold and the application of Biblical principles in all our work. *Matthew 20:26-28: "But whoever wishes to be great among you must be your servant, and whoever wishes to be first among you must be your slave; just as the Son of [God] came not to be served but to serve, and to give his life as a ransom for many."*

4. Compassionate Peacemakers

As Christian peacemakers, we embrace “shalom” -the peace that God intends for humanity. We are committed to build the “peaceable kingdom” by practicing loving kindness, restoring justice, practicing anti-tribalism, loving our enemies and advocating for the dispossessed. We renounce the oppressive, violent destructive powers of this world – and are willing to live our lives as examples and instruments of God’s peace.

Matthew 5:9: “Blessed are the peacemakers, for they will be called children of God.”

5. Global citizens

As responsible global citizens, we see, encourage and celebrate the image of God in others. We welcome and include the ‘stranger’ in our midst – respecting differences in world views while seeking common ground. We go into the world offering our gifts and lives in service to others.

II Corinthians 5:18-20: “All this is from God, who reconciled us to himself through Christ, and has given us the ministry of reconciliation; that is, in Christ God was reconciling the world to himself, not counting their trespasses against them, and entrusting the message of reconciliation to us. So we are ambassadors for Christ, since God is making his appeal through us; we entreat you on behalf of Christ, be reconciled to God.”

6. Relationships

we believe that lost people matter to God; therefore, they matter to us. We exist to build relationships with lost people outside the church and will use every available Christ-honoring means to pursue, win, and disciple them. We desire for the body of Christ to grow numerically only by faithfully, lovingly, and urgently proclaiming the pure and whole Gospel of Jesus Christ to a lost world even as we engage in development work as a Non-Profit Organization. *I Corinthians 9:19-23: “For though I am free from all men, I have made myself a servant to all, that I might win the more...Now this I do for the gospel’s sake, that I may be a partaker of it with you.”*

7. Non-Discrimination Policy

We help all those that are in need of our services without discriminating on the basis of faith. We do not and shall not force or coerce those in need of our services into believing in the deity of Christ as we do (This is a matter of free will, John 3:16). However, in the course of our work we are always prepared to give a reason for the undeniable and blessed hope that we have in Christ Jesus while exercising gentleness and respect.(1st Peter 3:15)

2.0 Progress Report on Programs for the Year Ending January 31st 2010

During the period 2009-2010 we saw the grace of God in expanding the activities of the organization. We continued however to focus on three main areas.

1. Education Intervention
2. Health Intervention
3. Community Mobilization & Empowerment

In pursuing the above mentioned, we had the following core areas of focus:-

- a. MSINGI BORA LEARNING AND EDUCATION CENTRE
- b. AMREF MAANISHA PROJECT

- c. SPECIAL PROGRAMS & PROJECTS
- d. BOARD GOVERNANCE

2.1 MSINGI BORA LEARNING AND EDUCATION CENTRE

School Description

Msingi Bora Learning and Education Centre provide Early Childhood and lower primary education to vulnerable children. This means that the center's main target are Orphans, children from single parent led families, children from families with absentee parents, children from homes with abusive parents, children exposed to families engaging in selling illicit brews, children from very poor families with incomes of less than 1 dollar a day. In the year ended 2010 the school was in its fourth year of operation having started as a day care center.

The Centre had a Nursery & Baby Class, Pre-Unit, Class 1, Class Two and Class Three, in total five classes.

The centre has separate yet congruent vision and mission with Acres of Mercy as an organization.

The Center's Vision- To give children a foundation on which to build their lives

The Centre's Mission- To provide spiritual and faith formation, health and nutrition interventions, education, skill and talent development to enable vulnerable children develop the capacity to live out to their potential in light of the Word of God

The centre's strategy to achieve the above also involves engaging parent as and other adults from the community through an Adult Literacy Program. The Centre realizes that education is founded upon good health and that its teachers are two times teachers, in the classroom with the children and in the community teaching the parents.

Management and Staff

The centre is run by a head teacher and a deputy head teacher who report to the Acres of Mercy Executive Director who get advice on the direction of the school from the founder of the organization.

There were two major recruitments in the month of January 2010. This resulted in the school employing three new teachers and in the second term of school sessions the school recruited another three with the departure of three from the school.

The Centre had seven staff by the end of the year, six teachers and one support staff who run the school feeding program.

Staff Training & Development

The organization undertook to capacity build its staff members by offering opportunities to increase skills in a wide range of activities as well as to better the quality of services being provided to our beneficiary groups.

The organization sent two staff members to trainings organized by AMREF Maanisha.

The schools also organized internal informal trainings geared towards better teamwork, planning and delivery on learning and teaching goals.

Student Performance

Academic Activities

Reading ability of pre-unit, nursery and baby class is 50% population being able to form and read sounds and simple sentences.

Non Academic Activities

Students started a rabbit project with the aim of producing for the market. Even though the project did not take off due to various challenges the progress made in taking entrepreneurial initiative was the highlight.

The school's soccer team also participated in the Behavior Change Communication Tournament organized by the organization performing well among its peers as they curtain raised at the start of the tourney.

Discipline

General discipline among the students increased greatly and the teachers attribute this to the focus on spiritual and faith formation of the students. The school is increasingly being deliberate about instilling values into the students that will help develop man and women of good character.

2.2 AMREF MAANISHA PROJECT

Acres of Mercy had applied for a grant to intervene in HIV/AIDS within the community. The Funds were approved in January 2010 and work begun in February 2010. The project was successfully completed in December 2010.

Project Summary

- **Project Title:** Improving Psychosocial Support Among PLHIV and Care givers
- **Start date and end date:** January 2010- December 2010
- **Objectives of the project:**
 - Stigma reduction training for 30 community leaders; IGA training and IGA support for 30 PLHIV and caregivers;
 - Behavior Change Communication Soccer tournament during school holidays targeting over 600 youth with awareness and over 120 youth with VCT services;
 - Outreach and testing services targeting 5 areas within and around Matungulu District;
 - PLHIV referral transport support
- **Project budget:** Ksh. 500,000 (\$ 6410.30)
- **Amount of grant:** Ksh. 486,150 (\$ 6232.70)

Impact of the Project

The project had a great impact on both the organization and the community.

Organizational Impact

The organization's capacity steadily grew as the partner organization AMREF Maanisha engaged the organization in trainings to build and strengthen its systems and structures. The organization's staff acquired various skills that included:-

- | | |
|------------------------|---------------------------------------|
| - Financial management | - Timely Reporting |
| - Planning for Output | - Developing Accounting Systems |
| - Knowledge Management | - Documenting Policies and Strategies |

The organizations founder also had the opportunity to go for exchange an exchange program that created the basis for the organization to begin working on its sustainability plan.

The organization developed several networks within and without the area of operation due to its involvement with the AMREF Maanisha Project.

Community Impact

- Over 1000 youth were reached with Behavior Change Communication with many crediting the tournament with helping them steer away from idleness and lack of productivity
- Over 15 families were trained and helped to start Income Generating Activities through the Goat and Chicken Projects
- Members of the community were helped to get health interventions through the Transport Referral funds
- Over 15 community leaders were trained on how to deal with the problem of stigma within the community.
- Capacity building of community leaders in effective Community Development

Challenges

We realized that working with various partners offered many opportunities for conflict. Lack of transparency among many local partners given we are quite transparent in our work. Sending conflicting messaging by local government leaders whittles away the progress being made in the efforts being made to intervene in problems facing the community.

- Any variance from the original project proposal should be commented on at this point

Lessons Learned

The organization learned the following:-

- Meaningful ways of engaging and involving the community in community development initiatives (CDI's)
- Need to redefine the role of the local church and ways of engaging with them in the fight against HIV/AIDS
- Defining roles and responsibilities of local planning committees and staff for accountability
- The necessity to cover all aspects of due diligence before engaging with beneficiary groups
- Continuous clear and simple communication being key to effective community engagement
- There was need of clearly articulating our perspective of community service and ministry
- There was need for the community to know and fight for the rights of children and people living with HIV/AIDS

2.3 SPECIAL PROGRAMS & PROJECTS

Global Giving

In December 2010, Acres of Mercy applied for a fundraising spot on the online fundraising website GlobalGiving and was successful thanks to support from our major partner AMREF Maanisha who acted as a referee.

With the successful application the organization was able to reach out to a wide base of partner support through friends of Acres of Mercy in Europe and in the United States of America.

Through this initiative the organization was able to fundraise over \$ 4,400 for its sustainability project. The project will be implemented in the 2011-2012 year and beyond and involves setting

up an integrated farm that will have a greenhouse, chicken farming, rabbit keeping, value addition to the produce and hosting of school study groups from within the community. Funds from this project will enable the organization finance especially school activities and keep its other activities running. More details on how the program works can be found on the website www.globalgiving.org/6922

Website/ Web Presence

The organization changed its website from the old one whose address was www.acresofmercy.org to the current one www.acresofmercy.webnode.com

The change was necessitated by the fact that we needed to have a frequently updated site that cost us less. The previous site was developed at Ksh. 15,000/= (\$192) and cost us Ksh. 6,000 (\$76) to maintain on an annual basis.

Given the scarcity of resources and the inflexibility of the previous site, we opted to forgo a paid domain name.

The organization hopes to upgrade once funds are readily available.

The organization also runs a facebook page www.facebook.com/acresofmercy and a Community page at www.facebook.com/pages/Acres-of-Mercy-Kenya to help us keep in touch with partners and friends both locally and internationally.

2.4 BOARD GOVERNANCE

The Board of Directors in its work and to ensure transparency and accountability in line with the values of the organization began the process of adopting policies that would enable it carry out its role well. In January 2011 the Board adopted the Evangelical Council for Financial Accountability (E.C.F.A) Seven Standards for Responsible Stewardship™. The organization is working to ensure these standards will pervade every part of the organization.

3.0 Letter to Stakeholders

On behalf of Acres of Mercy Board of Directors, I am pleased to present this report on AoM's 2010 programs, initiatives and activities. Here you will find numerous examples of how AoM effectively partners with its members, friends, community and donor partners and others to achieve tangible results focused on three areas that are crucial for healthy community: Education, Health and Mobilization and Empowerment.

I would draw your attention, in particular, to the Maisha Soccer Tournament targeting the youth under the AMREF Maanisha program —the multi-month campaign that Acres of Mercy kicked off in 2010 partnering with SIDA and DFID to better inform the public about the pivotal role that we in the community should play in the fight against HIV/AIDS. As leaders, we know that our youth add considerable and quantifiable strength to our local and regional economies, as well as contribute demonstrably to a high quality of life in our communities and, in aggregate, to the nation. This particular group faces the greatest risk from the debilitating effects of HIV/AIDS. However, the public including the youth does not have the right information and still finds reason to remain ignorant.

The Maisha Soccer Tournament campaign counters this and helps us convey the important message of what we are dealing with, and how to start the path of positive living so that together in our communities and the nation, we can find sustainable solutions to the most pressing and seemingly intractable problems facing our nation and workforce namely HIV/AIDS, poverty, Human rights abuses. The campaign should inspire us to embrace our roles more fully—to come down from our collective hilltops, work with the public, government and with business and community leaders, and engage society using methods and language that are easily understood.

At Acres of Mercy we will continue to play our role in the areas of educating our children, reaching out to the needy in community and ceaselessly working to mobilize and empower the community as God gives us ability and as opportunities opens up working with various stakeholders namely local community leaders, government, civil society, Community Based Organizations and international partners and friends to see the fruition of our vision- *Free, Vibrant and Healthy Communities*.

We will only be able to achieve this by forging strong teams, building communities and developing new and innovative approaches to seemingly intractable problems within the community. Lets join hands and thoughts and mind and work.

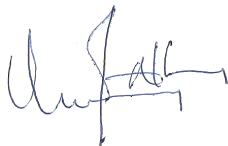
I thank those among us who have heeded this call and are actively participating with us. If you have not yet joined us, please do so by starting today wherever you are.

See (www.acresofmercy.webnode.com).

To learn more about other important Acres of Mercy initiatives, please read the [Our Work](#) section.

Thank you for your collaboration, time and commitment to Acres of Mercy. We would not have accomplishments to highlight without the support of our staff members, the local government, staff, and other organizations.

Jimmy Allan Oluoch

A handwritten signature in blue ink, appearing to read 'Jimmy Allan Oluoch', with a stylized flourish at the end.

C.E.O & Board Secretary
Acres of Mercy, Kenya

4.0 Organization Structure and Leadership

The organization is governed by a Board of Directors which is responsible for policy development. The Board consists of a Board Chair, Secretary and Treasurer and members. The Secretary to the Board is also the Chief executive Officer of the organization and is an Executive Director. The CEO oversees the daily management of the organization and in giving strategic direction and advice to the Board.

The Chief Executive appoints the Centre head/ head teacher who manage daily management of school affairs and is team leader of the other teachers and support staff.

The organization engages volunteers who join on short durations to support the organizations programs. These are both local and foreign volunteers.

During the period we engaged two foreign volunteers.

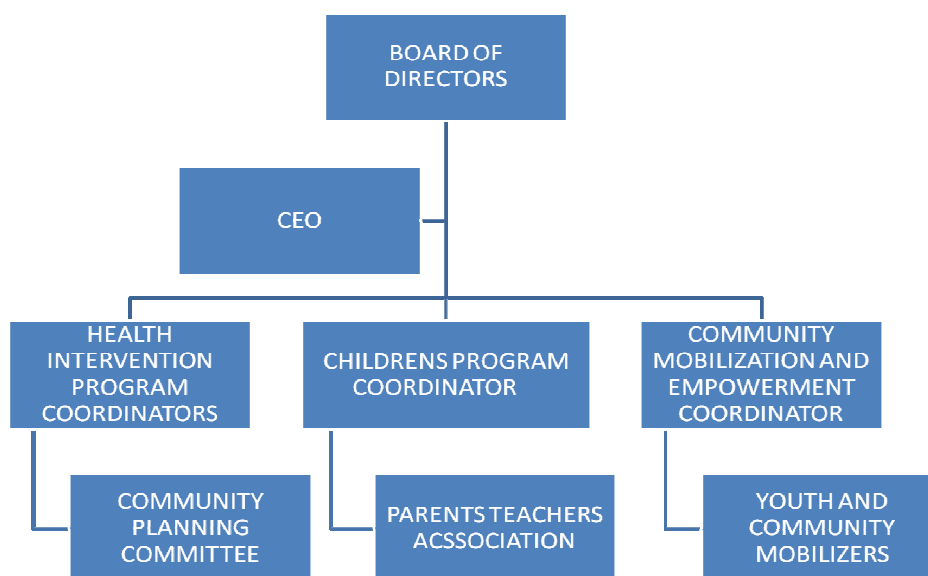


Table 1.1. Organization Structure

Board of Directors

1. Miss. Winnie Mutio Muoki (Board Chair)* – Health & Nursing
2. Jimmy Allan Oluoch* (Secretary, CEO)
3. George Ochogo Odhiambo* (Treasurer)
4. Mrs. Catherine Muteti-Oluoch (Founder/ Ex Officio Member)*
5. Mrs Jane Katinda Mbilo (Vice Chairperson)* - Education
6. Pastor (Mrs) Damaris Maluki (Member) – Faith Formation
7. Mrs. June Ndambuki Gichugi, (Member)* - Community Development

*Changes occurred within the Board membership through a Board resolution on 16th January 2011

Staff

1. Immaculate Nzuki (Head Teacher/ Team Leader/ Class 4)
2. Hellen Kavue (Nursery)
3. Celestine Kiio (Pre-Unit)
4. Agnes Muoti (Class 1)
5. Tabitha Njeri (Class 2)
6. Faith Wambua (Feeding Program/Class 3)
7. Aida Ndinda (Class 4)
8. Teresia Kanini (Kitchen Staff)