



Happy Watoto

Tanzanian Homes & Schools

Annual report 2022

June 2023



Table of contents

Report of the Board	page 3
Our strategy	page 6
Our work	page 8
Corporate governance	page 13
Financial report	page 18
Notes to Financial Report	page 23
Audit Committee report	page 28
Fundraising	page 30
General information	page 31





Report

of the

Board



Report of the Board

More than 400 children were helped by Happy Watoto in 2022.

The corona stress caused us to completely forget to celebrate our 20th anniversary!

Our home in Kikatiti started in 2002 and in (over) 20 years, we have developed from a small children's home to a proud organisation with 65 staff providing education to more than 400 children in a safe environment.

Tanzania

Tourism is very important for the part of Tanzania in which we operate. Early 2022 marked the end of corona and tourists are back! Employment and prosperity are increasing again as a result.

We see an active government really working to develop its country by investing in infrastructure and education. At the same time, we see pressure building on the many NGOs operating in Tanzania with well-intentioned projects. The government subjects these NGOs to strict laws and regulations and sets high standards for financial accountability and governance. We amply comply with these. The past few years, for instance, have been marked by the transfer of powers to the local team. After all, they can respond to changing circumstances like no other. The local management team determines strategy and policy, supported by a supervisory board also based in Tanzania. Remarkably, the supervisory board consists entirely of Tanzanian women, while the management team has a more balanced composition. The chair of the Dutch board has a short monthly teams meeting with Madam Lorna Shuma, the non-executive chair of the local NGO. Our treasurer is in monthly contact with Mathew, our general manager. Once a year, we visit the project to set the budget for the coming year. Financially, we keep a finger on the pulse, but strategy, policy and its implementation is the full responsibility of the local two-tier board.

Secondary education

A good example of local clout is the plan launched in 2021 to give support in a different way to pupils who move on to secondary education after their (own) primary school. It was no longer considered expedient to select (expensive) public schools; the standard of government schools has developed to the point where sufficient quality is guaranteed. Happy Watoto pays board & lodging, travel expenses and the teaching materials. School fees are paid by the government. Family members are expected to contribute towards any pocket money and other personal items. Upon completion of the four-year O(rdinary)-level programme, students can avail of a vocational further education programme of up to 6 months, which is fully paid for by Happy Watoto. If there is a need for further theoretical training (A-level), parents or other family members prove to be very willing and able to pay for it. The number of students opting for A-level education has not decreased in the past two years. For a continuation at a university, a government scholarship can be applied for.

After completing O-level, various vocational courses are offered, including Hotel food production, Early childhood development, Tour guide principles, Motor vehicle mechanics, Electrical installation and Computer applications. All courses are offered by the same institution, which has been extremely carefully selected by the team. The outlook for most students is good.

Children's home or orphanage?

Just under 50 children live at Kikatiti, and almost 100 at Ngorika Home. Children have come to us so that we can offer them a better future than in the home situation. However, thinking about children in children's homes is not standing still. The Tanzanian government has recently passed new legislation to ensure that orphanages are closed down and foster care is opted for based on the idea that every child has the right to grow up in a family.

Tanzania is not alone in this. Meanwhile, a global movement to stop the institutionalised care of children ("pledge: every child a family") has gained momentum. In a formal sense, our houses do not fall under the definition of an orphanage and count as children's homes. We maintain close contacts with the children's families, facilitate visiting arrangements and allow the children to go to their closest relatives all holidays. Not infrequently, these are also fathers and/or mothers of the children.

However, the coming period will be dominated by exploring other options of helping families as an alternative to being placed in our homes.

As a first step, from 2023, the minimum age of children in Kikatiti will be raised and intake will be limited. The space this will make available will be used for day care.

Lerai

For years, we have grown much of our own food in the gardens of Kikatiti and Ngorika. With our own gardeners, this operation is becoming increasingly professional. The purchase of additional land at Ngorika even enables us to set up a full-fledged farm with a wider food supply. The aim is not only to cover our own needs, but also to have a revenue model here. Equally important, we will be able to teach our children a trade here.

In conclusion

As a (Dutch) board, we are proud of the development of Happy Watoto and the choices made by the local team to provide future-oriented help to children who need it. Our involvement is mainly financial, but we express our expectation that a time will come when our support will no longer be needed. We are not that far yet, so the support of our sponsors remains vital. We are very grateful to our sponsors for this.

Asante sana, or thank you very much, on behalf of the entire board of the Happy Watoto Foundation ("Happy Watoto"),



Paul Nielen
Chairman Happy Watoto Foundation



Our strategy





Strategy

Happy Watoto



Mission

To enable underprivileged Tanzanian children to **build an independent** life and make a **valuable contribution** to Tanzania's future



Goals



Safe & Healthy environment



High-quality education



Life skills and employment prospects



Our vision

We believe **quality education and eradication of poverty** will enable Tanzania to become an African success story.



Principles Enablers



Clear purpose



Local leadership



Accountability / Governance



Partnerships



Long term financing



Our work



Our work

Kikatiti is our kindergarten and care home for children aged between 3 and 6 years old.

Kikatiti

As in previous years, we again had the maximum number of children of 14 entering in 2022. A total of 53 children are now staying at Kikatiti. For next year, it was decided to raise the minimum age to 4 years, also to create capacity for a day-care centre. Total number of permanent staff was 22 at Kikatiti. We thus comply with government regulations regarding number of supervisors per child.

Furthermore, expenses for Kikatiti remained roughly the same and, thanks to the sale proceeds of a Ford, costs were over €4,000 lower than budgeted. The impact this investment has had on our results is included in the [financial section](#) of this report.

Another important development is increasing the involvement of parents and carers in the care of the children. Caregivers receive parenting assistance at Happy Watoto so that the children can safely return to their caregivers during holiday periods. Maintaining ties with the caregivers is very important, so that the children can have a home even after the Happy Watoto period.

Twice a year, the government's social services department satisfies an inspection of all children's homes. Their reports, which found no problems, helped us renew all our licences. So we are up to date with all legal requirements.



Besides regular education, children at Happy Watoto also learn necessary 'life skills'. Last year, there was an extra focus on hygiene and food. Children learn how important healthy food is, and learn to grow their own food. They are also often in the kitchen themselves.

Children learn to cook Goulash

Ngorika

Ngorika is our primary education and care home for children aged between 7 and 12 years old. In a total of 264 children attend education here.

We provide primary education from Ngorika, where we also have the shelter for 7-12 year olds. Peter Claver is home manager here. The number of children in Ngorika has remained about the same at 96, of which 14 children have entered from Kikatiti. In addition, 168 local village children attend the Ngorika school.

Given the high quality of education, children from nearby villages like to come to Ngorika. In total, as also mentioned above, this concerns 168 children. For these children, school fees are paid by the parents. This formed another important source of income for us in 2022.

We are convinced that the quality of education largely depends on the quality of teachers. To ensure the high quality of education at Ngorika for years to come, we therefore continue to invest in good teachers. We also pay constant attention to the maintenance of our building and important facilities. With the help of sponsors and local fundraisers, plans are in place for a library and larger classroom, which can also function as an examination room during exams.

In 2020, the Education Inspectorate conducted an inspection at Ngorika School. The Education Inspectorate's report on the quality of our education was positive. Points requiring action were: purchase of school bus and investment in a library. Investment in the purchase of a used second school bus was made as early as 2021.

Next item on the agenda is the library. To save costs, we try to collect books as much as possible through acquaintances and friends. However, an investment like this shows once again how badly donations are needed to make this necessary investment like this.

We intend to organise targeted sponsorships in the coming years to fund this type of specific investment. For more information on our fundraising, please refer to the [fundraising](#) section.

Secondary school

Even after Ngorika, we remain committed to the 'home children' by taking them to external secondary boarding schools. Our new education policy had been implemented in 2021, and stipulates that our students will be academically sponsored up to form four, following this up with a Skill Based Short Course of at least five to six months. During this Short Course, those students are going to learn practical skills with the aim of getting a job in their chosen skill area. By 2022, nine students will have successfully completed this course.

140 Children went from Ngorika home to a secondary or tertiary school in 2022.

In 2022, about 140 pupils were attending secondary or tertiary schools. Through our new education policy, we are mentoring 15 pupils until they go on to complete the Skill Based Short Course. They will take this course at the Mto Wambe Fold Development College (a Vocation Training Colleges (VTC)) in Mto wa Mbu.

Given the growth in the number of children attending secondary school and increased school fees, we have been faced with substantially higher secondary school costs. With the arrival of Anne Gilder, we have made a start on tightening the policy on secondary education. This issue will continue to be high on our strategic agenda in 2023. When choosing the right schooling, the child's interests and future prospects are the starting point, but affordability remains an issue.

Affordable further education, with a clear perspective is a strategic point in 2022.



The Form 4 graduates met to prepare for the Short Course of Life Skills

Vocational training

Happy Watoto's mission is to help its children build an independent life. After graduation, an important next step towards independence is having a job or their own business.

Part of the new policy is a six-month Vocation Training Colleges (VTC) course. The policy states that our students will be academically sponsored up to and including form four, followed up hereafter with a Skill Based Short Course of at least five to six months. During this Short Course, those students are going to learn practical skills with the aim of getting a job in their chosen skill area. This step is supervised by a parent/carer. Our preference is for parents/carers to be there when children attend high school or college. Completing the Skill Based Short Course represents the final step of our support and so it is important that parents or carers are the first point of contact.

This course is conducted at Mto Wambe Fold Development College, and was chosen considering the school is a government institution, demands good management and leadership, gives flexibility for individual courses, track record, high-quality workshops and training facilities and experienced and well-trained trainers.

After completing the training, students have to present their projects during an exhibition to which parents, mentors and friends were invited. From this training, young adults are prepared for the job market. An alumni network has been set up to encourage mutual contacts.

Finding a job, or even setting up their own business, taking out a loan, with a repayment obligation, requires a lot from the children. They have to learn to communicate on a business level, to make commitments and to make and stick to a longer-term plan.

Investing in general skills is therefore essential and will receive even more attention in 2023 through mentoring.

*Peter Claver,
head Ngorika
home and
mentor.*





Corporate governance



Corporate governance

People & Organisation

Happy Watoto's total staff consists of 73 people.

Working with orphans and children from underprivileged families means working with an extremely vulnerable target group. A target group that must be worked with care. This is why we also updated our integrity policy this year. The latest policy can be found on our website. This policy includes our guiding principles, which must be read and signed by the new employee when he or she joins the company. The integrity policy is also on the local board's annual agenda. In this way, we ensure compliance with our principles, which provides stability and security in our dealings with the children. Happy Watoto has a flat organisational structure, with a Dutch and Tanzanian board that has frequent contact. Short lines of communication, enabling us to switch quickly when necessary.

In this section, you will find an overview of our organisational structure and the persons holding management, or board, roles here.

Board

The Dutch board is responsible for fundraising, monitoring and drawing up the foundation's long-term strategy. This, of course, in close cooperation with the local NGO board.

The board at the end of 2022:

Paul Nielen President

Fred Arp Treasurer

Katharina Stenger Secretary

Elise Lufing General member

*The Dutch board l to r:
Paul, Fred, Elise and
Katharina*



The board is not paid for its work and receives no compensation for costs incurred.

Finance Committee

This year, the audit committee consists of Maarten Hagenaar and Frans Bosch. Frans and Maarten receive no compensation for their expenses and no payment for their work.

Local NGO governance

The local NGO board is the main point of contact for the Dutch board. In cooperation with the Dutch board, the NGO board determines the foundation's long-term strategy. They are also responsible for managing and supporting the Tanzanian management team.

Since 2020, the NGO board has been formed entirely by Tanzanians, in line with the new legal provisions. Happy Watoto values local leadership. Strengthening local governance and management aligns with this. Anne Gilder took over from Grace Chwezi last year. We thank Grace for her commitment and loyalty and warmly welcome Anne. Anne has gained experience at our partner organisation Watoto and a background in change and financial management.

The local NGO board by the end of 2022:

Lorna Shuma President
Anne Gilder General member
Grace Geffi General member
Joyce Sagala General member

Management Team

Our organisation in Tanzania consists of 73 staff members, who are managed by the [management team below](#):

Mathew Massawe Managing Director and Chief Financial Officer
Peter Claver mushi Head of Ngorika home
Athanas Temba Principal of Ngorika school
Martha Jonathan Head of Kikatiti home
Mary Kasale Head of social work



Management Team from left to right: Mary Kasale, Anastacia (adviser), Martha Jonathan (foreground), Walther de Nijs (adviser - background), Peter Claver, Mathew Massawe

Volunteers

Due to travel restrictions associated with the COVID-19 outbreak, only 1 volunteer worked at Happy Watoto last year. This volunteer contributed greatly to the 'education effectiveness programme' which is described further in the 'Ngorika' section.

Now that travel restrictions have all but disappeared, we expect more applicants, who want to volunteer for a period of time.

Happy Watoto ensures that our volunteers make a valuable contribution to the foundation by selecting them on a number of conditions. Given the nature of the work, volunteers should be at least 21 years old, be available for a minimum of 3 months and have experience/affinity on a specific topic related to our strategy.

To stimulate employment for the local population, we always work with volunteers with specific expertise that is lacking in Tanzania. Think of (almost) graduated students in the field of social work and sports, people with a background in coaching, training or education. This way, we preserve jobs for the people who need it most.

Volunteers pay for their own travel and related documentation. They also pay an appropriate contribution for board and lodging.



Girls in uniform in Kikatiti

Accountability & Certification



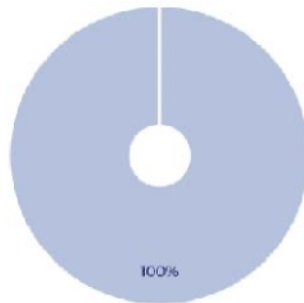
Certification

The CBF tests whether charities meet strict quality requirements. This way, you can be sure that Happy Watoto actually contributes to a better world, handles every Euro with care, is accountable and is audited. For more information on the CBF, click on the logo to the left.

Happy Watoto Foundation has been CBF registered since 2017. The foundation has also received the recognition for the year 2022. The annual report, which details our financial situation and plans for the coming year, is shared with the CBF for review.

These were our revenues in 2021

€ 247.573 € 270.476



■ (Directe) dienst- en hulpverlening

100%

Expenditure in 2021 was 100% spent on (direct) service and assistance.



Revenues in 2021 were 100% from individuals.

Financial data from the CBF's 2021 accreditation passport. Available at www.cbf.nl

Accountability

The Happy Watoto board accounts for the policies pursued and the achievement of annual plans and goals in the annual report. The annual report is published by 1 July in the following year. We share the report via our website, among others. We also send a newsletter to our stakeholders three to four times a year in which interim updates are shared. The [website](#) contains the most important information about our foundation, its origins and the way we work.



Financial Report



Profit and loss account 2022

Bedragen in Euro's	Begroot 2022	Werkelijk 2022	Werkelijk 2021
			v
Baten:			
Baten van particulieren	€ 50.000	€ 58.821	€ 74.617
Baten van bedrijven	€ 70.000	€ 86.500	€ 130.600
Baten van Loterijorganisaties	€ -	€ -	€ -
Baten van subsidies en overheden	€ -	€ -	€ -
Baten van verbonden (international) organisaties	€ -	€ -	€ -
Baten van andere organisaties zonder winststreven	€ 40.000	€ 40.679	€ 32.500
	€ 160.000	€ 186.000	€ 237.717
Som van de geworven baten	€ -	€ -	€ 9.856
Overige baten	€ -	€ -	€ 9.856
Som van de baten	€ 160.000	€ 186.000	€ 247.573
Lasten:			
Per saldo uitgegeven aan doelstellingen:			
Kikatiti	€ 103.533	€ 98.574	€ 97.752
Ngorika school	€ 28.579	€ 24.759	€ 43.509
Idem, aanschaf schoolbus	€ -	€ -	€ 30.120
Overige projecten	€ 155.547	€ 110.367	€ 99.095
	€ 287.659	€ 233.700	€ 270.476
Wervingskosten	€ -	€ -	€ -
Kosten beheer en administratie	€ 4.915	€ 4.590	€ 9.276
Som van de lasten	€ 292.574	€ 238.290	€ 279.752
Saldo vóór financiële baten en lasten	€ -132.574	€ -52.290	€ -32.179
Vrijval van voorziening	€ -	€ 25.000	v
Saldo financiële baten en lasten (per saldo baten)	€ -	€ 760	v € 2.914
Saldo van baten en lasten	€ -132.574	€ -26.530	€ -29.265
Bestemming saldo van baten en lasten:			
overige reserves	€ -132.574	v € -26.530	€ -29.265

Balance sheet 31 December 2022 - assets

<i>Bedragen in Euro's</i>				
	31 december 2022		31 december 2021	
Activa				
Immateriële vaste activa	€	-	€	-
Materiele vaste activa		pm		pm
Financiële vaste activa	€	-	€	-
		pm		pm
Voorraden		0		0
Vorderingen en overlopende activa	€	17.656	€	33.886
Effecten	€	-	€	-
Liquide middelen	€	586.441	€	621.741
		€ 604.097		€ 655.627
Totaal		€ 604.097		€ 655.627

Balance sheet 31 December 2022 - liabilities

<i>Bedragen in Euro's</i>				
	31 december 2022		31 december 2021	
Passiva				
Reserves en fondsen:				
	reserves:			
Bestemmingsreserve	€	500.000	€	600.000
Overige reserves	€	79.097	€	5.627
		€ 579.097		€ 605.627
fondsen:				
Bestemmingsfonds		€ -		€ -
		€ 579.097		€ 605.627
Voorzieningen	€	25.000	€	50.000
Langlopende schulden	€	-	€	-
Kortlopende schulden	€	-	€	-
Totaal		€ 604.097		€ 655.627

Cashflow account 2022

Bedragen in Euro's	Werkelijk		Begroot	
	2021	2022	2022	2023
Omrekenkoers Tzsh. per €	2.656	2.500	2.460	2.500
Uitgaven aan doelstellingen:				
Kikatiti				
Salarissen	€ 35.501	€ 39.730	€ 37.329	€ 41.704
Maaltijden	€ 13.253	€ 14.585	€ 16.832	€ 16.732
Inventaris en onderhoud	€ 4.187	€ 3.112	€ 2.568	€ 2.912
Overig (medisch, kleding, energie, etc.)	€ 13.630	€ 14.645	€ 13.090	€ 15.799
Doorbelaste managementkosten (incl. Leraar)	€ 22.675	€ 23.061	€ 23.452	€ 23.299
Verkoopopbrengst Ford	€ -		€ -2.652	
Schoolgeld Ngorika school	€ 7.380	€ 8.400	€ 7.955	€ 8.960
Groot onderhoud	€ 1.126	€ -	€ -	€ -
	€ 97.752	€ 103.533	€ 98.574 v	€ 109.406
Ngorika school				
Salarissen	€ 64.029	€ 62.210	€ 65.030	€ 70.723
Maaltijden	€ 7.907	€ 9.589	€ 9.745	€ 10.088
Schoolkleding	€ 12.368	€ 12.262	€ 17.612	€ 14.844
Boeken, examens, lesmateriaal etc.	€ 9.588	€ 10.616	€ 8.809	€ 10.441
Overig (medisch, inventaris, onderhoud, schoonmaak etc.)	€ 16.318	€ 17.819	€ 17.208	€ 17.426
Verkoop schoolbus	€ -	€ -	€ -7.724	€ -
Doorbelaste managementkosten (incl. Leraar)	€ 44.584	€ 46.128	€ 47.393	€ 56.391
Investeringen	€ 40.365	€ -	€ -	€ 8.000
Inkomsten schoolgelden	€ -121.530	€ -130.045	€ -133.314	€ -139.902
	€ 73.629	€ 28.579	€ 24.759 v	€ 48.011
Ngorika huis				
Salarissen	€ 26.444	€ 29.085	€ 29.940	€ 31.912
Maaltijden	€ 21.747	€ 22.374	€ 27.605	€ 23.540
Inventaris, reparaties en onderhoud	€ 410	€ 600	€ 1.280	€ 1.920
Investeringen diversen	€ -	€ 3.200	€ -	€ 4.000
Investering verbouwingen/renovatie	€ -	€ -	€ -	€ -
Overig (kleding, medisch, energie, etc.)	€ 26.350	€ 5	€ 31.082	€ 36.269
Doorbelaste Managementkosten (incl. Leraar)	€ 45.419	€ 46.794	€ 50.241	€ 52.649
Opantadi school and VTC	€ -	€ -	€ -	€ 640
Schoolkosten	€ 53.050	€ 55.760	€ 56.476	€ 61.440
	€ 173.420	€ 157.818	€ 196.624 v	€ 212.370
Af: doorberekend aan Good Hope	€ -173.420	€ -157.818	€ -196.624	€ -212.370
	€ -	€ -	€ -	€ -
Transport naar volgende pagina	€ 171.381	€ 132.112	€ 123.333 v	€ 157.417

continued on next page

Cashflow account 2022

Bedragen in Euro's	Werkelijk	Begroot	Werkelijk	Begroot
Omrekenkoers Tzsh. per €	2021	2022	2022	2023
	2.656	2.500	2.460	2.500
Transport van vorige pagina	€ 171.381	€ 132.112	€ 123.333 v	€ 157.417
Management				
Salarissen staf	€ 43.448	€ 47.052	€ 47.477	€ 49.573
Transport	€ 25.450	€ 24.000	€ 29.840	€ 29.200
Water	€ 1.608	€ 1.400	€ 1.759	€ 1.600
Inventaris en onderhoud	€ 2.090	€ 1.120	€ -	€ 2.880
Maatschappelijk werk	€ 6.837	€ 10.160	€ 7.079	€ 7.856
Overig (verzekeringen, permits, medisch, etc.)	€ 23.346	€ 20.643	€ 26.510	€ 28.035
Overig (eenmalige juridische kosten)	€ 6.691	€ -	€ -	€ -
Doorbelaste managementkosten	€ -109.470	€ -104.375 v	€ -112.665	€ -119.144
Totaal excl AWSG en sec. boardingfees	€ -	€ -	€ - v	€ -
Lerai				
Exploitatie moestuin en sportveld	€ 9.456	€ 12.822 v	€ 14.953	€ 15.064
Investerings (aankoop grond)	€ 60	€ -	€ -	€ -
Doorbelasting (Ngorika school, huis en Kikatifi)	€ -9.516	€ -12.822 v	€ -14.953	€ -15.064
	€ -	€ - v	€ - v	€ -
Overige projecten				
Middelbare scholen	€ 92.005	€ 146.240 v	€ 104.456 v	€ 108.089
AWSG	€ 1.694	€ -	€ - v	€ -
Overige projecten	€ 5.396	€ 9.307 v	€ 5.911 v	€ 800
	€ 99.095	€ 155.547 v	€ 110.367	€ 108.889
Kosten beheer en administratie:				
Kosten Nederland (excl. bankkosten en rente)	€ 6.288	€ 615 v	€ 954 v	€ 1.200
Locale adviseurs	€ 2.988	€ 3.300 v	€ 3.636 v	€ 5.000
	€ 9.276	€ 3.915 v	€ 4.590	€ 6.200
Som van de lasten	€ 279.752	€ 291.574	€ 238.290	€ 272.506
Saldo financiële baten en lasten				
Bankkosten en negatieve rente	€ 1.062	€ 1.000	€ 1.075	€ 500
Voordelig koersverschillen	€ -3.976	€ -	€ -1.835	€ -
Totaal	€ -2.914	€ 1.000	€ -760	€ 500

Notes financial report 2022

General

The year 2022 closed with a deficit of €26,530 against a deficit of €29,265 over 2021. However, the composition was different: income fell by over €60,000, mainly due to lower sponsorship contributions from companies influenced by the Corona epidemic. This was offset by savings in secondary school costs of €42,000 and sales proceeds of about €10,000 from a school bus and the Ford Pickup truck.

In total, over €238,000 was spent on the objectives in 2022, of which over €123,000 to the operation of the two schools, €104,000 to secondary school education of our children, €6,000 to other projects €5,000 to management and administration costs and as further specified in the notes to the income and expenditure account . At the end of 2020, due to the sharply rising cost of secondary school education, it was decided to use the cheaper government schools as much as possible for those children who are educated at College and University level: the cost in 2022 was thus approximately €42,000 under budget. Sponsorship funds totalled over €186,000; €26,000 more than budgeted. Thanks to a lower year-end exchange rate of the Tanzanian shilling, a favourable exchange rate difference of approximately €2,000 remained. On balance, as reported above, this resulted in a deficit from operations of approximately €52,000 compared to a budgeted deficit of over €132,000. In 2022, a first part of the claim on the bankrupt Merubank was paid out, which meant that of the provision made for this purpose, €1,000 was paid out. 25,000 could be released. On balance, this left a deficit of about €26,000.

An income and expenditure account is included alongside the balance sheet. This is the account of the organisation's income and expenses in the Netherlands. The preparation of the Income and Expenditure Account and Balance Sheet complies with the design requirements of the CBF (Central Bureau on Fundraising). The audit committee has audited and approved the income and expenditure of the activities in the Netherlands; the report is attached.

The reporting of activities in Tanzania is subject to audit. At the time of issuing this report, the figures in Tanzania t/ m the 2021 financial year have been audited and approved. The audit for 2022 will be completed during 2023.



Lesson at Ngorika school

The reporting of activities in Tanzania is subject to audit. At the time of issuing this report, the figures in Tanzania up to financial year 2022 have been audited and approved. The audit for 2022 will be completed during 2023.

Notes to the statement of profit and loss 2022

Income from individuals includes donations based on 5-year contracts and one-off gifts. The costs of the Ngorika house belonging to the school complex are financed by our German partner Good Hope. For the years 2020 to 2022, an after-tax settlement of € 17,656 will still be received from Good Hope concerning post-calculation costs of management and Lerai and the 50% share in the costs of local advisors.

Of the income, all but the management fee of € 4,590 is spent on the objectives of our foundation or added to the earmarked or other reserve. The board takes care of all expenses related to the board functions, thus devoting almost 100% of the funds to the purpose. The 2022 management costs include the 50% share of the costs of local consultants (€3,636 used for our organisation to support local management).

The objectives include the costs associated with operating the kindergarten (Kikatiti), primary school (Ngorika school), management and Lerai (not directly attributable costs). These costs are detailed in the notes to the income and expenditure account.

Recruitment costs are not applicable as no use is made of external commercial recruitment agencies and the board bears the costs itself. Management and administration costs include, in addition to the consultants' costs already explained, CBF costs, direct collection costs, legal liability insurance costs and chamber of commerce costs.

Financial income and expenses include bank charges, transfer commission as well as exchange rate differences.

The 2022 deficit (€26,530) has been deducted from other reserves.

The notes to the income and expenditure account also include the budget for 2023.

Notes to the Balance Sheet as of 31 December 2022

Tangible fixed assets

This relates to the ownership of the school buildings and land and the volunteer house, all of which are accounted for in the Tanzanian NGO's annual reporting and are therefore excluded from the accounting here. The (last available) book value in Tanzania as at 31 December 2021 was approximately €350,000 compared to around €340,000 at the end of 2020.

Receivables and accruals

To be settled with Good Hope:

Subsequent cost share in costs General /Lerai and 50% costs local consultants 2020 to 2022 € 17.656

Cash and cash equivalents

Bank balances in the Netherlands € 537.321

Bank balances Tanzania: Tzs. 122.801.000 € 49.120 *

Total € 586.441

*) of which Meru bank Tzs. 58,144,000 or €23,258.

Equity

To be explained as follows:

Special purpose reserves

Balance at 31 December 2021	€ 600.000
Movement 2022 release to other reserves	€ -100.000
Balance at 31 December 2022	<u>€ 500.000</u>

Other reserves

Balance at 31 December 2021.	€ 5,627
Add: release from earmarked reserve in 2022 € 100.000	
Less: operating deficit 2022 € 29.530	€ 73.470
Balance at 31 December 2022	<u>€ 79.097</u>

Total Equity as at 31 December 2021 **€ 579,097**

Notes:

Special purpose reserves

Reservation of secondary school funds '22/'24:	€ 400,000
Less: release due to lower costs	€ 100.000
Balance	<u>€ 300.000</u>
Continuity reserve	<u>€ 200.000</u>
Total:	<u>€ 500.000</u>

The reservation for school fees for secondary schools is based on commitments for the years 2023 to 2025.

The continuity reserve amounts to approximately 1.5 times the average annual operating costs of the projects in Tanzania excluding the costs of the secondary schools already reserved under the earmarked reserves. This reserve was formed because we consider it necessary to have a positive bank balance at the end of each financial year such that the operating costs of the kindergarten, primary school are covered for at least 1 to 1¹/₂ years, so that we can guarantee the continuity of our project even under unforeseen (financial) circumstances.

Provisions

As already reported in our 2017 annual report, Meru bank, where we maintained a bank account for depositing school fees and a deposit account, was closed by order of the government at the end of 2017 due to solvency problems. A first small repayment on the outstanding claim of now over €70,000 was received at the end of 2018. An amount of over €50,000 was received in 2022. A further settlement is expected to take place during 2024.

To be prudent, an amount of €25,000 of the €50,000 provision made for this purpose in the past has been released in favour of the result for 2022. Regular contact is maintained with the bank's trustees with a view to further settlement.

Notes to the profit and loss account 2022

Notes on expenditure.

General

The annual financial report is in Euros, with our expenses in Tanzanian Shillings converted to Euros at an annual average exchange rate. For 2022, this exchange rate was budgeted at Tzs.

2,500/€ ; the actual average price was Tzs. 2.460/€. For the balance sheet, it was valued at the year-end exchange rate: at the end of 2021, this was Tzs. 2,500/€, against Tzs. 2,622/€ at the end of 2021. The net favourable exchange rate difference of €1,835, has been recognised separately. On the other hand, the average transfer rate of payments made in 2022 to our projects could be settled at an average rate of 2,460 compared to a rate of 2,500 used in the budget, or a favourable exchange rate difference of 1.6%.

Kikatiti - actual versus budget 2022

Education was provided to 53 children in 2022 compared to 56 budgeted. This and thanks to the sale proceeds from the Ford, costs were over € 4,000 lower than budgeted.

Kikatiti - budget 2023 vs actual 2022

For 2023, 51 children are budgeted compared to 53 actually in 2022. Nevertheless, operating costs (excluding car proceeds in 2022) will increase by about €8,000 mainly due to about €5,000 higher staff costs and €1,000 higher food costs.

Ngorika school - actual versus budget 2022

Income from school fees was approximately €3,000 higher: the effects of better collection procedures compensated for lower occupancy (264 pupils in 2022 compared to 270 budgeted). On the cost side, the increase in staff costs (+€3,000) and the increase in clothing costs (+€5,000) were offset by the proceeds from the sale of the school bus (+€8,000)

Ngorika school - budget 2023 versus actual 2022

Income from school fees is expected to increase by about €6,000 due to higher occupancy (about 270 budgeted 2023) and an increase in the school fee. On the other hand, costs will increase mainly due to higher meal costs,

Ngorika house

These costs are entirely borne by Good Hope, our German partner who report on them themselves.

Management costs - actual versus budget 2022

Expenditure in 2022 was about €8,000 above budget due to, among other things, €6,000 higher transport costs and €6,000 higher other costs; on the other hand, social work costs (€6,000) and maintenance costs (-€2,000) decreased.

Management costs - budget 2023 versus actual 2022

Tanzania: Local management costs will increase by about €7,000 compared to 2022 due to higher staff costs (+€2,000), maintenance costs (+€3,000) and higher other costs (+€2,000)

Lerai

The costs of operating the vegetable gardens and sports field are settled (monthly) with the cost centres. The cultivation of its own vegetables continued to make progress in 2022, both in quality and volume, which allowed it to somewhat absorb the sharp increase in vegetable prices.

Other costs

Secondary schools: In 2022, the number of pupils was 114 and will decrease to 108 pupils during 2023. Costs have decreased since 2020 due to the measures mentioned earlier in this report.

Fred Arp, Treasurer, May 2023



Audit Committee report

Research Happy Watoto 2022 Foundation

Date, place of examination: 27 March 2023 at Zoeterwoude

Commissioners:

- Maarten Hagenaar
- Frans Bosch

In the presence of: Fred Arp, Treasurer of the Foundation

Scope: Examined are the cash flows and positions of the Happy Watoto Foundation in the Netherlands. Activities in Tanzania are audited by the auditor there.

Period: Financial year 2022, 1/1-31/12

Structure: Total cash flows in the Netherlands are through 2 bank accounts, viz:

- Board account NL95ABNA0592137678 | Balance 31/12: € 152,563.96
- Board savings account NL34ABNA0529432544 | Balance 31/12: € 90,000.00

In addition, to reduce 'penalty interest' payments, 3 new accounts were opened in 2021, viz:

- ING NL95INGB0006461323 | Balance 31/12: € 94,777.73*
 - ING bank X 73-30852 | Balance 31/12: € 100,000.00
 - Triodos bank NL90TRIO2300114992 | Balance 31/12: €99,978.61*
- *bank charges deducted from balances.

In Tanzania, the foundation still operates several local bank accounts. The work of the audit committee does not cover these local accounts, which are audited in Tanzania. The findings by account below:

Executive accounts:

- Sample medium and large entries in/out compared with bank statements
- Beginning/end balances match bank statements
- All verified payments were to Tanzania except:
 - Bank internet costs (Hosting)

Cost of liability insurance

- CBF recognition costs
- Consultancy fees A. Bolsafi
- Interest expenses

- These payments outside Tanzania in 2022 totalled over € 8.000,00.
- Bank statements reconcile with transactions in/out.

Board savings account:

A total of €60,000.00 was written off in 2022 due to transfers, otherwise no movements.

Tridos bank internet account:

IN 2022, only bank charges and interest income were debited from this account. (€13,39)

ING Corporate account:

All bank charges (€165.46) were debited in 2022 and a transfer of €5,000.00 to the ABN AMOR Board account took place on 18 November.

ING Savings Account:

No mutations.

Conclusion:

The cash flow records shown provide a conclusive and accurate account of the management of the Foundation's funds in the Netherlands. Thus confirmed with signature of the audit committee.

Recommendations:

- By opening a separate Rabo account in 2020, facilitating payment traffic for the Pamoja Nguvu Foundation is (almost) no longer part of Happy Watoto's cash flows in the Netherlands. As yet, it does not appear possible to separate collection batches for PN from the Watoto collection batches. (One-off €2,000.00) In time, this situation will resolve itself. Transfers on behalf of PN to Tanzania are still made via Watoto to the Lerai account of Happy Watoto in Tanzania. Incidentally, in 2021, a total of 3 transfers from & to Watoto took place for the benefit/charge of PN. As at 31.12.2022, there are mutually no outstanding items/claims. In 2023, the Board will need to propose a new member for the audit committee in addition to Frans Bosch.

**Aerdenhout dated 27 March
2023 Maarten Hagenaar**



**Amsterdam dated 28 March
2023 Frans Bosch**



Fundraising

Our foundation is supported by a broad group of donors. A number of them have committed themselves to us for a five-year term. We are pleased to note that people are happy to continue supporting our important work beyond this term, especially since our commitment to individual children continues for as many as 15 (!) years.

We have not been able to organise any meetings in 2022. For next year, however, we are working on further events. For example, we are going to invite our donors to join us on a trip to Tanzania. The board visits our facilities in Tanzania every year and in 2023 we will invite friends and donors to come along to see for themselves what their donations are spent on and the impact their support has for those Children.

We are also still striving to rejuvenate our fans. To achieve this, our efforts include a more active online presence. For instance, we have revamped our [website](#), and we have a '[Why-Donate](#)' account. Through Why-Donate, donations can easily be made online. Even small amounts can easily be transferred via this platform. In this way, we hope to make donating one more step more accessible.





General Information



Contact details

Happy Watoto Foundation, Tanzanian homes & schools Zonnegaarde 77, 2381 LK Zoeterwoude
info@happywatoto.nl
www.happywatoto.nl

Bank details

Account name Happy Watoto Foundation
IBAN NL95ABNA0592137678
BIC ABNANL2A

Other data

Founding date	26 December 2000
ANBI registration	18840
KVK	4149507
RSIN	810107247