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INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF TOUCH FOUNDATION TANZANIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Touch Foundation Tanzania ("Touch TZ" or "the Organisation") set out on pages 14 to 35, which comprise the statement of financial position as at 30 September 2022, the statement of financial performance and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Touch Foundation Tanzania as at 30 September 2022, and of its financial performance and its cash flows for the year then ended in accordance with Accrual Basis International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board

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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 1(e) to the financial statements which describes that the Organization changed its basis of accounting from IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) to IPSASs and did not make retrospective adjustments to comparative information in the accompanying financial statements. Our opinion is not modified in respect of this matter.

Other Matter

We draw attention to the fact that the supplementary information (memorandum figures) presented in Tanzanian Shillings (TZS) does not form part of the audited financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the *Touch Foundation Tanzania Report and Financial Statements for the year ended 30 September 2022*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IPSASs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF TOUCH FOUNDATION TANZANIA (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Directors for the financial statements (Continued)

In preparing the financial statements, the Directors are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

KPMG
Certified Public Accountants (T)

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Signed by: CPA Vincent Onjala (TACPA 2722)
Dar es Salaam

Date: ......11/08/...... 2023

TOUCH FOUNDATION TANZANIA

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 USD	2021 USD	Memorandum 2022 TZS '000	Memorandum 2021 TZS '000
Assets					
Current assets					
Cash and cash equivalents	6	23,796	39,387	55,156	90,984
Receivable Grand Challenges Canada	8 (b)	420,747	21,637	975,233	49,981
Receivables	5 (a)	-	2,211	-	5,108
Prepayments	5 (b)	17,451	17,881	40,449	41,305
Other current assets	5 (c)	220,700	193,194	511,552	446,276
Total Current assets		**682,694**	**274,310**	**1,582,390**	**633,654**
Non-Current assets					
Property and equipment	7	7,304	1,965	16,930	4,539
Total Non-current assets		**7,304**	**1,965**	**16,930**	**4,554**
Total assets		**689,998**	**276,275**	**1,599,320**	**638,193**
Liabilities					
Current Liabilities					
Payables	9	510,410	16,210	1,183,061	37,445
Refundable Advances	8 (a)	179,588	260,065	416,259	600,748
Total Current Liabilities		**689,998**	**276,275**	**1,599,320**	**638,193**
Total Liabilities		**689,998**	**276,275**	**1,599,320**	**638,193**
Net Assets		-	-	-	-
NET ASSETS/EQUITY					
Accumulated surpluses /(deficit)		-	-	-	-
Total net assets / equity		-	-	-	-

The financial statements set out on pages 14 to 35 were approved by the Board of Directors on July 19, 2023 and signed on its behalf by:

Celia A Felsher

Celia Felsher
Chair

Notes and related statements forming part of these financial statements appear on pages 19 to 35.
Report of the Auditor – pages 12 to 13.

TOUCH FOUNDATION TANZANIA

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2022

				Memorandum	
		2022	2021	2022	2021
	Notes	USD	USD	TZS '000	TZS '000
Revenue					
Revenue from Non-Govt Grants	10(a)	1,599,148	1,104,260	3,634,527	2,549,415
Other revenues	10(b)	151	(210)	344	(484)
Total Revenue		**1,599,299**	**1,104,050**	**3,634,871**	**2,548,931**
Expenses					
Heath – Program Expenses	11	(1,591,048)	(1,098,529)	(3,616,117)	(2,536,184)
Total Expenses		**(1,591,048)**	**(1,098,529)**	**(3,616,117)**	**(2,536,184)**
Surplus before alternative minimum tax		**8,251**	**5,521**	**18,754**	**12,747**
Alternative minimum tax / Penalties	2 (g)	(8,251)	(5,521)	**(18,754)**	(12,747)
Surplus/(deficit) for the period		-	-	-	-

Notes and related statements forming part of these financial statements appear on pages 19 to 35.
Report of the Auditor – pages 12 to 13.

TOUCH FOUNDATION TANZANIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

				Memorandum	
		2022	2021	2022	2021
	Note	USD	USD	TZS '000	TZS '000
Cash flows from operating activities					
Surplus for the year		-	-	-	-
Depreciation	7	587	155	1,333	357
Changes in:					
- Receivables	5 &8	(424,405)	(35,528)	(964,583)	(82,024)
- Prepaid expenses	5	430	(1,545)	977	(3,567)
- Refundable advance	8	(80,477)	(46,282)	(182,907)	(106,851)
- Payables	9	494,200	(1,844)	1,123,213	(4,256)
Cash (used in)/generated from operating activities		**(9,665)**	**(85,044)**	**(21,967)**	**(196,341)**
Purchase of equipment	7	(5,926)	(2,120)	(13,468)	(4,894)
Cash used in investing activities		**(5,926)**	**(2,120)**	**(13,468)**	**(4,894)**
Net (decrease)/increase in cash and cash equivalents		**(15,591)**	**(87,164)**	**(35,435)**	**(201,235)**
Cash and cash equivalents at 1 October		39,387	126,551	90,984	292,080
Translation difference		-	-	(393)	139
Cash and cash equivalents at 30 September		**23,796**	**39,387**	**55,156**	**90,984**

Notes and related statements forming part of these financial statements appear on pages 19 to 35.
Report of the Auditor – pages 12 to 13.

TOUCH FOUNDATION TANZANIA

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Contributed Capital	Revaluation Reserve	Translation Reserve	Accumulated Surpluses / (Deficits)	Total
	USD	USD	USD	USD	USD
Balance at 1 October 2020	-	-	-	-	-
Net surplus/deficit for the period					
Balance at 30 September 2021	-	-	-	-	-
Net deficit for the period					
Balance at 30 September 2022	-	-	-	-	-

Notes and related statements forming part of these financial statements appear on pages 19 to 35.
Report of the Auditor – pages 12 to 13.

TOUCH FOUNDATION TANZANIA

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

				Memorandum	
	Contributed Capital	**Revaluation Reserve**	**Translation Reserve**	**Accumulated Surpluses / (Deficits)**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
Balance at 1 October 2020	-	-	-	-	-
Net surplus for the period					-
Balance at 30 September 2021	-	-	-	-	-
Net deficit/surplus for the period					
Balance at 30 September 2022	-	-	-	-	-

Notes and related statements forming part of these financial statements appear on pages 19 to 35.
Report of the Auditor – pages 12 to 13.

1. BASIS OF PREPARATION

(a) Reporting entity

Touch Foundation Tanzania was registered on 25 May 2012 as a Non-Governmental Organisation ("NGO") under the Non-Governmental Organisations Act of 2002, as amended from time to time, under the name Touch Foundation Tanzania ("Touch TZ" or "the Organisation") with Certificate of Compliance number 00001468. The financial statements of the Organisation are for the year ended 30 September 2022.

(b) Statement of compliance

The Organisation's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs).

(c) Date of first adoption of IPSAS basis of accounting

The date of adoption of IPSAS accrual basis is the date that an entity adopts IPSAS for the first time. It is the start of the reporting period in which the first-time adopter adopts IPSAS and for which it presents its first transitional IPSAS financial statements.

The date of first adoption of IPSAS for Organisation is 1 October 2021; the beginning of the earliest period for which Organisation presents its first IPSAS financial statements.

(d) Basis of accounting and preparation

The financial statements are prepared on the historical cost basis, except where fair value measurements have been applied and specified as such in the accounting policies. The financial statements are presented in US Dollars ("USD").

(e) Change in the basis of accounting

This is the Organization's first set of IPSAS financial statements upon transition from the previous financial statements prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards). The transition had no significant impact in the financial statements.

(f) Going concern

The Organisation has net current liability of USD 7,304 as at 30 September 2022 (2021: net current liability of USD 1,965). As of that date, the Organisation had a net surplus of USD nil (2021: Nil).

Management's plan to mitigate the identified event is to rely on the support from Touch US whenever the entity faces cashflow problems since Touch TZ operates as a tool for Touch US to implement programs in Tanzania.

Management has made an assessment of the ability of the organisation to continue as going concern and have no reason to believe that the organisation will not be a going concern at least for the next twelve months from the date of approval of these financial statements. Management assessment revealed that material uncertainty does not exist as such, and the financial statements have been prepared on a going concern basis.

(g) Functional and presentation currency and memorandum figures

These financial statements are presented in USD, which is Touch TZ's functional currency.

Memorandum financial information is presented in thousands of Tanzanian Shillings (TZS '000). The exchange rates used to translate USD figures into TZS memorandum were as follows:

- Income and expenses were translated at the year-end date using a closing reporting date of TZS 2,272.79 to USD 1 (obtained from the investing.com website); and
- All resulting exchange differences are recognised in the statement of profit or loss and other comprehensive income.

1. BASIS OF PREPARATION (CONTINUED)

(h) Use of estimates and judgements

The preparation of the financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Touch TZ and the income can be reliably measured.

Revenue from exchange transaction are Grants that impose specific future performance or time conditions that are recognised as revenue only when the performance conditions are met, or such time has elapsed.

Revenue from non-exchange transaction are unconditional grants that are recognised as revenue when they are awarded.

Capital grants relating to property, plant and equipment are included in non-current liabilities and are credited to the statement of the financial performance on a straight-line basis over the expected lives of the related assets. Unspent funds are included in the current liabilities as deferred revenue until when utilized.

In 2022, revenue recorded by Touch TZ came in the form of grants from its affiliate, Touch US, and Grand Challenges Canada, a Canadian non-governmental organization ("NGO").

(b) Foreign currencies

Transactions in foreign currencies are translated to the functional currency (USD) using exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(c) Financial instruments

i) Recognition and initial measurement

Receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Organization becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: either amortised cost, fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment, or FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

ii) Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless Touch TZ changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

A financial asset is measured at amortized costs if it meets both of the following conditions and is not designated as at FVTPL;

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

- All financial assets not classified as measured at amortized costs or FVOCI as described above are measured at FVTPL. On initial recognition, Touch TZ may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized costs or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii) Financial assets – business model assessment

Touch TZ makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of these policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to Touch TZ's management;
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- How managers of the business are compensated, e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair basis value are measured at FVTPL.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Touch TZ considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, Touch TZ considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that may limit Touch TZ's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits required prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Touch TZ classifies its financial assets into receivables and cash and cash equivalents. These are measured at amortised costs using the effective interest method.

iv) Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

v) De-recognition

Financial assets

Touch TZ recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Touch TZ neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Touch TZ enters into transactions whereby it transfers assets recognised in its statement of financial position, but it retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognised.

Financial liabilities

Touch TZ de-recognises a financial liability when its contractual obligations are discharged, are cancelled or expire. Touch TZ also de-recognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On de-recognition of a liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

vi) Offsetting

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, Touch TZ currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(d) Property and equipment

Property and equipment purchased by Touch TZ are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Where an asset is acquired for nil or nominal consideration the asset is initially recognized at fair value, where fair value can be reliably determined, and a credit recognized as income in the statement of financial performance.

i) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment (continued)

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Touch TZ.

iii) Depreciation

Depreciation on assets is charged on a straight-line basis at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life

The estimated useful lives of equipment for current and comparative periods is 4 years (25%) for equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv) Impairment and de-recognition

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial position in the year the asset is de-recognised.

(e) Employee benefits

Touch TZ ensures that statutory contributions to the National Social Security Fund (NSSF), Parastatal Pension Fund (PPF), Local Authority Pensions Fund (LAPF) and Government Employees Provident Fund (GEPF) are made for all relevant workers. The obligations in respect of contributions to such funds are approximately 10% of the employees' gross emoluments. Contributions to these pension funds are recognised as an expense in the period the workers render the related services. Employees additionally are provided with subsidized health insurance by Touch TZ.

(f) Provisions

A provision is recognised if, as a result of a past event, Touch TZ has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

Organisation acting as a lessee

At commencement or on modification of a contract that contains a lease component, Touch TZ allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

Organisation acting as a lessee (Continued)

Touch TZ recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Touch TZ's incremental borrowing rate. Touch TZ uses its incremental borrowing rate as the discount rate.

Touch TZ determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Organisation acting as a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Touch TZ is reasonably certain to exercise, lease payments in an optional renewal period if Touch TZ is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Touch TZ is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Touch TZ's estimate of the amount expected to be payable under a residual value guarantee, if Touch TZ changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Organisation applies judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Organisation is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognized.

Touch TZ presents right-of-use assets in property and equipment and lease liabilities in other liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

Touch TZ has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Touch TZ recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

As a lessee

Touch TZ did not have any lease arrangements as a lessee.

Assets held under other leases were classified as operating leases and were not recognised in Touch TZ's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

(h) Taxation

Touch TZ was subject to Tanzania's Alternative Minimum Tax ("AMT"). Accordingly, Touch TZ's AMT obligation was calculated and accrued at 30 September as follows:

			Memorandum	
	2022	**2021**	**2022**	**2021**
	USD	**USD**	**TZS'000**	**TZS'000**
Annual Turnover	1,599,148	1,104,260	3,634,527	2,549,415
AMT (0.5% of annual income) and Penalties	8,251	5,521	18,754	12,747

Tax expense comprises current tax and deferred tax. Current tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Income Tax Act, 2004.

Deferred tax is provided using the liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is calculated on the basis of the tax currently enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

(i) Relevant standards, amendments and interpretations issued but not yet effective and not early adopted.

The new and amended standards issued but not effective to the date of issuance of the Touch TZ financial statements that are not expected to have an impact on the financial statements of Touch TZ and have not been applied in preparing these financial statements.

Those which may be relevant to Touch TZ are set out below. The organization does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

S/No.	Approved Standard	Changes	Effective Date
i.	**IPSAS 41 – Financial instruments**	The new standard improves financial reporting for financial instruments by: a) Applying a single classification and measurement model for financial assets that consider the characteristics of the asset's cash flows and the objective for which the asset is held; b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and c) Applying an improved hedge accounting model that broadens the hedging arrangements in the scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.	**Effective for annual periods beginning on or after 1st January 2022.** Earlier application is permitted
ii.	**IPSAS 42:** Social Benefits	The objective of the standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: d) The nature of such social benefits provided by the entity. e) The key features of the operation of those social benefit schemes, and f) The impact of such social benefits provided on the entity's financial performance, financial position, and cash flows. To accomplish that, this IPSAS establishes principles and requirements for: a) Recognizing expenses and liabilities for social benefits b) Measuring expenses and liabilities for social benefits c) Presenting information about social benefits in financial statements and d) Determining what information to disclose to enable users of financial statements to evaluate the nature and financial effects of the social benefits provided by reporting entity.	**Effective for annual periods beginning on or after 1st January 2023.** Earlier application is permitted
iii.	**IPSAS 43** — Leases	This standard specifies the accounting for leases by an entity as a lessee and as a lessor. The standard requires the Organisation to recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Management is yet to establish the impact of the standard on its financial statements.	**The IPSASB approved IPSAS 43, Leases with an effective date of January 1, 2025.** Earlier application is permitted

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

iv.	**IPSAS 44:** Non-current Assets Held for Sale and Discontinued Operations.	This standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. IPSAS 44 includes additional public sector requirements, in particular, the disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value.	**Effective for annual periods beginning on or after 1st January 2025.** Earlier application is permitted

3. FINANCIAL RISK MANAGEMENT

Touch TZ has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk

This note presents information about Touch TZ's exposure to each of the above risks, Touch TZ's objectives, policies and processes for measuring and managing risk and Touch TZ's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Organisation's directors have overall responsibility of the establishment and oversight of Touch TZ's risk management framework.

Touch TZ's risk management policies are established to identify and analyse the risks faced by Touch TZ, to set appropriate risk limits and controls, and to monitor risk adherence to limits. Management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Touch TZ, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk is the risk that the Organisation will not be able to meet its financial obligations as they fall due. Touch TZ's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damaging Touch TZ's reputation.

Touch TZ monitors its exposure to liquidity risk using projected cash flows from operations. Touch TZ's exposure to liquidity risk is considered low due to existence of sufficient cash and bank balances with relatively low amounts payable and to the fact that the majority of funding is provided by its affiliate, Touch US, which ensures that it has ample liquidity for operations.

Touch TZ has a policy not to utilise debt or overdraft facilities.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity profile of non-derivative financial assets and liabilities based on the contractual cash flows is as follows:

			Memorandum	
	Less than 1 year 2022 USD	Less than 1 year 2021 USD	Less than 1 year 2022 TZS '000	Less than 1 year 2021 TZS '000
Financial Assets				
Receivables	420,747	21,758	975,233	50,263
Cash and cash equivalents	23,796	39,387	55,156	90,984
	444,543	**61,145**	**1,030,389**	**141,247**
Financial Liabilities				
Payables	(497,818)	(6,623)	(1,153,874)	(15,299)
Net liquidity	**(53,275)**	**54,522**	**(123,485)**	**125,948**

As at 30 September 2022, all financial assets and liabilities were contractually due within one year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect Touch TZ's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. Touch TZ's main foreign exchange exposure is Tanzania shillings (TZS) and Canadian dollars (CAD). The table below indicates the summary quantitative data (notional amounts) about Touch TZ's exposure to currency risk as at 30 September:

			Memorandum	
	2022 USD	2021 USD	2022 TZS '000	2021 TZS '000
Canadian Dollars				
Receivables	420,747	21,637	975,233	50,261
Tanzanian shillings				
Cash and cash equivalents	7,742	17,229	17,945	39,798
Payables	(4,324)	(6,623)	(10,023)	(15,299)
	424,165	**32,243**	**983,155**	**74,760**

	Year end	Average rate	Year end	Average rate
Tanzanian shillings to 1 USD	2,317,86	2,272.79	2,309.99	2,308.71
Canadian dollars to 1 USD	1,38	1,28	1.27	1.26

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risks (continued)

(i) *Foreign exchange risk (Continued)*

A sensitivity analysis in relation to net exposure for a 10% strengthening or weakening of the USD against TZS and CAD is as follows:

	2022	2021	Memorandum 2021	Memorandum 2020
	USD	USD	TZS '000	TZS '000
Strengthening				
Increase in surplus	42,416	3,224	98,315	7,476
Weakening				
Decrease in surplus	(42,416)	(3,224)	(98,315)	(7,476)

Credit risk

Credit risk is the risk of financial loss to the Organisation if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Touch TZ's receivables and money maintained in bank accounts.

Touch TZ has the following categories of receivables, as defined by IPSAS 41, and has analysed the carrying amounts – similar to their fair values at the reporting date – and maximum exposure to credit risk, if different from the carrying amount.

	2022		2021	
	USD	USD	USD	USD
	Amortised cost	Exposure to credit risk	Amortised cost	Exposure to credit risk
Receivables	420,747	420,747	21,758	21,758
Cash and cash equivalents*	23,734	23,734	38,919	38,919
	444,481	**444,481**	**60,677**	**60,677**
Impairment		-		-
Net of impairment		444,481		60,677

**Excludes petty cash*

Below is the aging profile of Touch TZ's debtors:

	2022	2021	Memorandum 2022	Memorandum 2021
	USD	USD	TZS '000	TZS '000
- by up to 30 days	420,747	21,758	975,233	50,261
	420,747	**21,758**	**975,233**	**50,261**

None of the receivables was past due.

4. FAIR VALUE MEASUREMENT

Touch TZ measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

(i) Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. Touch TZ does not have financial instruments under Level 1.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. This category includes cash and cash equivalents, due from related parties, trade and other receivables, trade and other payables and due to related parties, whose carrying values approximate their fair values due to their short-term nature.

(iii) Level 3: Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on their valuation. Touch TZ does not have financial instruments under this level.

The following table shows the carrying amounts of financial assets and financial liabilities which approximate their fair values at 30 September:

			Memorandum	
	2022	2021	2022	2021
	USD	USD	TZS '000	TZS '000
Receivables	420,747	21,758	975,233	50,261
Cash and cash equivalents	23,796	39,387	55,156	90,984
	444,543	**61,145**	**1,030,389**	**141,245**
Payables	497,818	6,623	1,153,874	15,299
	497,818	**6,623**	**1,153,874**	**15,299**

The balances are an approximate of their fair values due to their short term nature. The Account Receivables correspond to payments to be made by GCC and from the Accounts Payable $481,056 correspond to a Payable to Touch US. As soon as GCC makes the payments, these accounts will mostly be cleared.

5. RECEIVABLES AND PREPAID EXPENSES

			Memorandum	
(a) Receivables	2022	2021	2022	2021
	USD	USD	TZS '000	TZS '000
Accounts Receivable	-	2,211	-	5,108
	-	**2,211**	**-**	**5,108**
(b) Prepayments				
Prepaid Expenses	6,909	6,404	16,014	14,793
Prepaid Insurance	10,542	11,477	24,435	26,512
	17,451	**17,881**	**40,449**	**41,305**
(c) Other current assets				
Exchange Account	4,409	-	10,219	-
Receivable from Tanzania Revenue Authority	216,166	193,194	501,043	446,276
Withholding Tax Receivable	125	-	290	-
	220,700	**193,194**	**511,552**	**446,276**

6. CASH AND CASH EQUIVALENTS

			Memorandum	
	2022	**2021**	**2022**	**2021**
	USD	**USD**	**TZS '000**	**TZS '000**
Petty cash	61	468	141	1,081
M-Pesa balance	4,072	3,398	9,438	7,850
USD bank account	16,054	22,158	37,212	51,185
TZS bank account	3,609	13,363	8,365	30,868
	23,796	**39,387**	**55,156**	**90,984**

7. PROPERTY AND EQUIPMENT

	2022
	USD
Cost	
Balance as at 1 October 2021	1,965
Additions	5,926
Depreciation charge	(587)
Balance as at 30 September 2022	**7,304**
Accumulated depreciation	
Cost	8,046
Accumulated depreciation	(742)
Net book amount	**7,304**
Cost	
Balance as at 1 October 2020	-
Additions	2,120
Depreciation charge	(155)
Balance as at 30 September 2021	**1,965**
Accumulated depreciation	
Cost	2,120
Accumulated depreciation	(155)
Net book amount	**1,965**

The organisation's fixed assets relate to Equipment.

7. PROPERTY AND EQUIPMENT (CONTINUED)

Memorandum	**2022 Total TZS'000**
Cost	
As at 1 October 2021	
Opening net book value	4,539
Additions	13,468
Depreciation charge	(1,333)
Translation differences	256
As at 30 September 2022	**16,930**
Accumulated depreciation	
Cost	18,363
Accumulated depreciation	(1,689)
Translation differences	256
Net book amount	**16,930**

Memorandum	**2021 Total TZS'000**
Cost	
As at 1 October 2020	
Opening net book value	-
Additions	4,894
Depreciation charge	(357)
Translation differences	2
As at 30 September 2021	**4,539**
Accumulated depreciation	
Cost	4,894
Accumulated depreciation	(357)
Translation differences	2
Net book amount	**4,539**

8. REFUNDABLE ADVANCE AND GRANT RECEIVABLE

Touch TZ was formed to help Touch US meet its mission of improving healthcare in Africa, starting in Tanzania, by increasing and improving the quality and effectiveness of human resources for health and by improving healthcare facilities and healthcare delivery systems. To enhance efficiency of Touch US's programme operations, Touch TZ conducts certain activities previously conducted by Touch US in Tanzania, including making and administering grants to grantees, overseeing the performance by grantees, and providing technical assistance to grantees and others in Tanzania. Touch US has been providing bookkeeping and other services to Touch TZ. Touch US is the main source of funding to Touch TZ, and because its policy is to provide to Touch TZ only such grant funds as required to cover actual expenses, grant income has been recognised based on actual expenses for the period and unutilised funds have been reported as a refundable advance. Touch TZ is registered in the United Republic of Tanzania.

In October 2021, Touch TZ received a two-year grant of up to Canadian dollars (CAD) 1,199,449 from Grand Challenges Canada ("GCC"), a Canadian nonprofit organization, for the m-mama Programme. As of 30 September 2022, a total of USD 202,023 had been received from GCC for income recognized in the period 2022. Grant income has been recognised based on actual expenses for the period amounting to USD 622,771; and the remaining funds due from GCC amounting to USD 420,748 have been reported as receivable.

8. REFUNDABLE ADVANCE AND GRANT RECEIVABLE (CONTINUED)

(a) From Touch US

	2022 USD	2021 USD	Memorandum 2022 TZS '000	Memorandum 2021 TZS '000
Refundable advance as at 1 October	260,065	270,851	600,748	625,124
Grants received	895,900	866,524	2,036,193	2,000,552
Net programming expenses	(976,377)	(877,310)	(2,219,100)	(2,025,454)
Translation differences	-	-	(1,582)	526
Refundable advance as at 30 September	**179,588**	**260,065**	**416,259**	**600,748**

(b) From Grand Challenges Canada

	2022 USD	2021 USD	Memorandum 2022 TZS '000	Memorandum 2021 TZS '000
Refundable advance as at 1 October	(21,637)	35,496	(49,981)	81,925
Fund received applied to pay Receivables from previous years	21,637		49,176	
Actual grants received	202,022	169,817	459,154	392,056
Net programming expenses	(622,769)	(226,950)	(1,415,423)	(523,958)
Translation differences	-	-	(18,159)	(4)
(Grant receivable)/refundable advance as at 30 September	**(420,747)**	**(21,637)**	**(975,233)**	**(49,981)**
Net receivable from donors	**(241,159)**	**238,428**	**(558,974)**	**550,767**

9. PAYABLES

	2022 USD	2021 USD	Memorandum 2022 TZS '000	Memorandum 2021 TZS '000
Accounts Payable	485,381	6623	1,125,045	15,299
AMT Taxes	8251	5,521	19,124	12,753
Accrued Expenses	12,437	-	28,829	-
Accrued Payroll Taxes	1,854	1,815	4,298	4,192
Employee Withholdings Payable	2,487	1,632	5,765	3,771
Withholding Tax Payable	-	619	-	1,430
	510,410	**16,210**	**1,183,061**	**37,445**

10. REVENUE

(a) Revenue from Non-Govt Grants	2022	2021	Memorandum 2022	Memorandum 2021
	USD	USD	TZS '000	TZS '000
Grant from Touch US	976,379	877,310	2,219,061	2,025,457
Grant from GCC	622,769	226,950	1,415,466	523,958
	1,599,148	**1,104,260**	**3,634,527**	**2,549,415**

(b) Other revenues				
Foreign Currency Gain / Loss	151	(210)	343	(484)
	151	**(210)**	**343**	**(484)**

11. HEALTH PROGRAM EXPENSES

m-mama Programme	1,023,760	652,707	2,326,794	1,506,911
HRH and Deployment & Retention Policy Programme	246,224	110,000	559,615	253,958
Health Technology Management Programme	9,978	45,106	22,677	104,137
Rheumatic Heart Disease Programme	-	11,800	-	27,243
Other Programme Expenses	225,514	278,916	512,545	643,935
FBO Network Tanzania	27,903	-	63,417	-
COVID TA Tanzania	57,669	-	131,069	-
	1,591,048	**1,098,529**	**3,616,117**	**2,536,184**

The program activities are as described below;

m-mama Programme
A four-year public-private partnership to reduce maternal mortality and morbidity in Tanzania through a combination of health system improvements and innovative mobile solutions in the entire country.

Human Resources for Health (HRH) and Deployment & Retention Policy Programme
Partnership with the government of Tanzania, USAID and other partners to develop national solutions to increase the number of health workers, deploy them to where they are needed most and retain them there.

Health Technology Management Programme
An effort to develop the Bugando Medical Centre ("BMC") engineering department into a center of excellence by employing best practices in engineering, operations and management.

FBO Network Programme
Touch in collaboration with the Tanzanian Episcopal Conference (TEC), Christian Social Services Commission (CSSC) and hospital leadership kick started the implementation of key initiatives to improve the sustainability of Sengerema Council Designated Hospital (SCDH). The main areas of focus for the implementation were: i) optimize pricing for existing services, ii) improve revenue capture from patients, iii) introduce targeted premium services such as Fast track services at OPD, and iv) cost effective Tele-Consultation services

11. HEALTH PROGRAM EXPENSES (CONTINUED)

Emergency COVID Response Programme
Touch Foundation supported the PORALG national team to accelerate the COVID19 vaccination rates in the country and at the same time built stronger project management and implementation capabilities within the PORALG team.

Other Programme Expenses
Costs associated with the development of new programmes, disseminating lessons learned from existing programmes and general programme costs such as office expenses, contract management costs and telecom that support all programmes undertaken together by Touch TZ and Touch US.

12. RELATED PARTY BALANCES AND TRANSACTIONS

Touch TZ had the following balances and transactions with related parties as at year end:

Related party balances

			Memorandum	
	2022	**2021**	**2022**	**2021**
	USD	**USD**	**TZS '000**	**TZS '000**
Refundable advance to Touch US	179,588	260,065	416,259	600,748
	179,588	**260,065**	**416,259**	**600,748**

Related party transactions

	2022 USD	2021 USD	2022 TZS '000	2021 TZS '000
Grants received	895,900	866,524	2,036,193	2,000,552
Expenses incurred by Touch TZ on behalf of Touch US	-	65,704	-	151,691
Expenses incurred by Touch US on behalf of Touch TZ	(481,056)	(9,180)	(1,093,339)	(21,194)
	414,844	**923,048**	**942,854**	**2,131,049**

During this fiscal year, the salaries and wages corresponding to the CEO and CFO were included as expenses according to the time allocations corresponding to the programs carried out by Touch Foundation Tanzania. The corresponding amounts were $46,705 and $5,250 respectively.

13. CONTINGENT LIABILITIES

The Directors confirm that there are no contingent liabilities against Touch TZ as at the date of this report.

14. SUBSEQUENT EVENTS

The Directors confirm that there were no events subsequent to the year-end up to the date of this report that require either a disclosure or an adjustment in the financial statements.