

EXCERPTS FROM RHINO ARK CHARITABLE TRUST ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

RHINO ARK KENYA CHARITABLE TRUST STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 KES	2018 KES
INCOME		227,162,460	179,074,538
EXPENDITURE			
Aberdare expenses	8	73,203,637	46,740,267
Mau Eburu expenses	9	15,620,172	12,233,737
Mt Kenya expenses	10	45,448,560	22,453,744
South West Mau expenses	11	16,845,954	6,684,081
Fund-raising expenses	12	44,314,663	24,481,915
Administrative and general expenses	13	44,226,328	38,425,945
		<u>239,659,314</u>	<u>151,019,689</u>
(DEFICIT) / SURPLUS FOR THE YEAR		<u>(12,496,854)</u>	<u>28,054,849</u>

RHINO ARK KENYA CHARITABLE TRUST STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2018 KES	2017 KES
ASSETS			
NON CURRENT ASSETS			
Property and equipment	2	12,259,262	11,679,130
CURRENT ASSETS			
Investments	3	1,824,746	1,681,267
Trade and other receivables	4	8,495,233	9,069,431
Bank balances and cash	14	104,020,123	95,039,632
		<u>114,340,102</u>	<u>105,790,330</u>
TOTAL ASSETS		<u>126,599,364</u>	<u>117,469,460</u>
CURRENT LIABILITIES			
Trade and other payables	5	24,182,098	2,555,340
NET ASSETS		<u>102,417,266</u>	<u>114,914,120</u>
FINANCED BY:			
General fund		102,417,266	114,914,120

RHINO ARK KENYA CHARITABLE TRUST NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements summarise the transactions of the Trust and deal with the net assets at the disposal of the Directors. The financial statements are presented in Kenya Shillings (KES), which is the Trust's functional and presentation currency.

The financial statements are prepared under the historical cost basis of accounting except where otherwise stated in the accounting policies below.

(b) Income recognition

Donations and Rhino Charge collections are recognised on receipt.

Investment income is recognised on accrual basis.

(c) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation. Depreciation is charged on the straight line basis over the estimated useful lives of the assets.

The annual depreciation rates in use are:

Motor vehicles	25.0%
Furniture and fittings	12.5%
Computers	33.3%
Office equipment	12.5%

(d) Foreign currency transactions

Transactions during the year are converted into Kenya Shillings at the rates ruling at the transaction dates. Assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated at the rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account.

(e) Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. The financial instruments held by the Trust are investments in the money market, trade and other receivables, bank balances and cash and trade and other payables.

All the financial instruments held by the Trust are accounted for on amortised cost basis.

(f) Receivables

Receivables are stated at nominal value, less provision for any amounts considered irrecoverable.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

(h) Use of estimates

The preparation of financial statements requires that management makes estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The more significant estimation process is related to the determination of provision for doubtful debts. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

(i) Investments

Investments are held in the money market with Old Mutual and Britam asset managers. Interest is earned on a monthly basis from these placements and rolled over as principal.

(j) Payables

Payables are stated at nominal value.

2. PROPERTY & EQUIPMENT

	Motor Vehicles KES	Furniture, fittings and equipment KES	Computers KES	Total KES
2019				
COST				
At 1 April 2018	37,581,230	33,707,956	3,371,040	74,660,226
Additions	2,682,677	1,387,750	1,245,574	5,316,001
Disposals	(1,199,000)	-	-	(1,199,000)
At 31 March 2019	<u>39,064,907</u>	<u>35,095,706</u>	<u>4,616,614</u>	<u>78,777,227</u>
ACCUMULATED DEPRECIATION				
At 1 April 2018	37,156,229	22,570,862	3,254,005	62,981,096
Disposal	(1,199,000)	-	-	(1,199,000)
Charge for the year	1,095,669	3,108,388	531,812	4,735,869
At 31 March 2019	<u>37,052,898</u>	<u>25,679,250</u>	<u>3,785,817</u>	<u>66,517,965</u>
NET CARRYING AMOUNT				
At 31 March 2019	<u>2,012,009</u>	<u>9,416,456</u>	<u>830,797</u>	<u>12,259,262</u>
2018				
COST				
At 1 April 2017	37,581,230	28,832,330	3,371,040	69,784,600
Additions	-	4,875,626	-	4,875,626
At 31 March 2018	<u>37,581,230</u>	<u>33,707,956</u>	<u>3,371,040</u>	<u>74,660,226</u>
ACCUMULATED DEPRECIATION				
At 1 April 2017	36,378,870	19,424,979	2,999,244	58,803,093
Charge for the year	777,358	3,145,884	254,761	4,178,003
At 31 March 2018	<u>37,156,228</u>	<u>22,570,863</u>	<u>3,254,005</u>	<u>62,981,096</u>
NET CARRYING AMOUNT				
At 31 March 2018	425,002	11,137,093	117,035	11,679,130

3. INVESTMENTS	2019 KES	2018 KES
Old Mutual Money Market Fund	145,267	137,447
British American Money Market Fund	1,679,479	1,543,820
	<u>1,824,746</u>	<u>1,681,267</u>
Movement		
At 1 April	1,681,267	1,555,428
Add: Interest earned	143,479	125,839
At 31 March	<u>1,824,746</u>	<u>1,681,267</u>

4. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,660,025	1,074,140
Prepayments	1,073,012	4,440,406
Other receivables	5,762,198	3,554,885
Rhino Ark USA	456,013	-
	<u>8,951,246</u>	<u>9,069,431</u>
Less: Provision for bad debts	<u>(456,013)</u>	<u>-</u>
	<u>8,495,233</u>	<u>9,069,431</u>

5. TRADE AND OTHER PAYABLES		
Trade payables	19,075,649	-
Other payables	5,106,449	2,555,340
	<u>24,182,098</u>	<u>2,555,340</u>

6. RELATED PARTY TRANSACTIONS		
Key management compensation:		
Salaries	15,709,662	14,328,135
Pension	2,411,000	2,409
	<u>15,850,662</u>	<u>14,330,535</u>

7. INCOME		
Rhino Charge collections	177,497,937	141,242,320
Other income	16,554,978	11,339,891
Other donations	23,969,811	20,199,273
Interest income	9,139,734	6,293,054
	<u>227,162,460</u>	<u>179,074,538</u>

RHINO CHARGE COLLECTIONS

Rhino Charge 2019	17,598,978	16,042,597
Rhino Charge 2018	159,898,959	125,199,723
	<u>177,497,937</u>	<u>141,242,320</u>

Donations for the Rhino Charge (RC) are booked in the financial year that they were received. As the RC is held in the month of June each year, total RC donations will therefore be booked in two financial years, that is, the total 2017 RC donations are reflected in 2018 and 2019 financial years.

OTHER INCOME

Bongo surveillance project	5,701,622	5,160,237
Operations base - Aberdare	2,787,737	2,545,339
Miscellaneous income	8,065,819	3,634,315
	<u>16,554,978</u>	<u>11,339,891</u>

OTHER DONATIONS

Other donations are monies received from various donors for projects specific to Rhino Ark. In the current year, there were donations received from MPESA Foundation and IDH for South West Mau project, Eburu Rafiki for conservation of Mau Eburu and from Mount Kenya Trust for the conservation of Mt. Kenya.

8. ABERDARE EXPENSES

Fence Maintenance		
Staff costs	9,301,043	7,481,833
Other costs	10,788,628	3,982,439
Fuel	1,696,441	1,447,119
Motor vehicles costs	1,239,708	1,086,976
Tools & materials	35,746,865	21,578,573
Elephant Grid	-	197,560
Community support	4,251,348	3,296,324
	<u>63,024,033</u>	<u>39,070,824</u>
Bongo surveillance project	10,179,604	7,669,443
	<u>73,203,637</u>	<u>46,740,267</u>

9. MAU EBURU EXPENSES

Staff costs	5,238,930	4,166,459
Allowances	185,909	152,817
Community conservation	398,304	890,600
Tree nurseries project	1,751,184	1,180,511
Eburu Rafiki	1,010,077	607,889
Fence costs	3,429,262	2,310,207
Public relations	628,761	1,113,280
Other costs	2,507,443	1,124,636
Motor vehicle costs	470,296	687,338
	<u>15,620,172</u>	<u>12,233,737</u>

10. MT. KENYA EXPENSES

Staff costs	9,120,026	7,102,898
Allowances	10,465,420	8,275,508
Fence costs	8,039,849	3,779,443
Fire fighting	15,238,511	-
Depreciation on property and equipment	-	352,358
Motor vehicle costs	763,039	1,069,474
Other costs	1,821,715	1,874,063
	<u>45,448,560</u>	<u>22,453,744</u>

11. SOUTH WEST MAU EXPENSES

Allowances	279,822	572,868
Depreciation on property and equipment	670,670	-
Public relation	355,708	79,307
Staff costs	5,240,326	3,012,098
Fence and other costs	10,299,428	3,019,808
	<u>16,845,954</u>	<u>6,684,081</u>

12. FUND RAISING EXPENSES

General fund raising	35,363,710	16,269,011
Rhino charge raffle and event costs	6,963,529	6,830,664
Rhino charge filming	1,987,424	1,382,240
	<u>44,314,663</u>	<u>24,481,915</u>

13. ADMINISTRATIVE AND GENERAL EXPENSES

Depreciation on property and equipment	4,065,199	3,825,645
Bank charges	409,499	311,395
Office management and administration	34,098,437	28,375,012
Auditors remuneration	850,000	1,505,410
Public relations and press	3,641,706	2,928,660
Foreign exchange (gain) / loss	(392,631)	241,930
Provision for bad debts	456,013	-
Vehicle running expenses	1,098,105	1,237,893
	<u>44,226,328</u>	<u>38,425,945</u>

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following statement of financial position amounts:

Cash and bank balances	23,524,620	24,956,918
Call deposits	80,495,503	70,082,714
	<u>104,020,123</u>	<u>95,039,632</u>

15. CONTINGENT LIABILITY

No contingent liabilities have arisen from the activities of the Trust.

16. LEGAL FORM

Rhino Ark Kenya Charitable Trust was established in 1991 under an irrevocable trust in accordance with the Laws of Kenya.

17. TAXATION

The Trust has been granted exemption from taxation under the First Schedule to the Kenyan Income Tax Act (Cap 470) under Certificate number 20170214/11869 dated 14 February 2017 valid for 5 years.

19. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any material events or circumstances that have arisen between the accounting date and the date of this report that would require adjustment to, or disclosure in, these financial statements.

20. CURRENCY

The financial statements have been presented in Kenya Shillings (KES).

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2019



The year 2018 was marked by celebrating 30 years of Rhino Ark Kenya Charitable Trust (Rhino Ark) and the annual Rhino Charge. Rhino Ark not only owes its success to the Rhino Ark team, but also to a large number of supporters who through Rhino Charge are a key part of the Trust, its strategic partners, forest-adjacent communities, schools and the general public for their continued and unwavering support.

Rhino Ark continues to make an invaluable contribution to securing the ecological integrity and sustainability of Kenya's mountain forests and other threatened wildlife habitats, in line with its core mandate. This role was seen during the support for fighting wildfires in Mt Kenya and Aberdares earlier this year.

To date, over 620 kilometres (kms) of electric fence has been completed. This includes a 400 km long fence around the Aberdares and a 43 km long perimeter fence around Eburu Forest. It also includes a 185 km of the ongoing Mt Kenya Electric Fence which will be about 450 km long when completed – the longest in Kenya, and possibly the longest conservation electric fence in the world.

These fences are protecting some 80,000 households from the threat of human/wildlife conflict. They have resulted in improved farmland security and safer living conditions. Today, along those fences, forest-adjacent communities can live in harmony with the forests and their wildlife, and the forests are better protected from illegal activities.

Overall funds 2018/19

The total funds raised during the financial year under review were KES 383.44 million. This included in-cash donations amounting to KES 227.16 million (KES 179.07 in 2018) from Rhino Charge, corporates, individuals and other donors and in-kind donations amounting to KES 156.28 million, from the Government, various corporates and individuals.

The 2018 Rhino Charge exceeded all expectations and raised a total of KES 181.4 million or approximately USD 1.81 million.

The top ten fund raisers were Peter Kinyua, Car 23 (KES 24,770,681); McKittrick / Knight / Ray / Smith / Bouvard / Car 5 (KES 21,030,381); Adil Khawaja / AK44 (KES 16,217,000); Stanley Kinyanjui / Magnate Chargers (KES 10,540,500); Tim Carstens / Team Aussie Rules KES 6,970,800; Mark Tilbury / Hog Charge Team (KES 4,363,847); Glen / Llewellyn / Team 48 (KES 4,110,063); Don White / Team One (KES 3,359,976); Jaspal Matharu / Fat Rhinos (KES 3,055,000); Peter Francombe / Shaun Miller / Team 40 Roving Rogues (KES 2,825,142).

The National Treasury through Kenya Wildlife Service (KWS) was a major donor providing KES 58 million for fence materials. As those funds were not channelled through our accounts, they are not reflected in our balance sheets, although they are earmarked in support of our fence projects in Mt. Kenya.

In addition, the Kenya Rural Road Authority has committed approximately KES 12 million towards the construction of four animal grids along the Mt. Kenya Electric Fence in the Imeniti Forest.

In addition, KWS covered the costs of the personnel maintaining the 400 km Aberdare Fence and the 185 km Mt. Kenya Fence already built whilst Kenya Forest Service covered such costs for the 43.3 km Eburu Fence. These contributions amounted to KES 25.8 million.

Corporate / conservation bodies support

Corporate and consensual grant supporters continued positively.

I would like to acknowledge the following organisations that have made generous cash contributions:

- IDH Sustainable Trade Initiative for donating Euros 11,930 for the activities of the Bongo Surveillance Programme (BSP).
- Safaricom Foundation for donating KES 10 million and Mount Kenya Trust donating KES 6 million for combatting the fires at Mt. Kenya and Aberdares.
- Rare Species Conservatory Foundation (RSCF) for donating USD 56,000 in support of the conservation of the Mountain Bongo antelope.

Eburu Rafiki for donating KES 4,332,500 in support of grassroots education outreach. This includes funds from African Fund for Endangered Wildlife (AFEW) amounting to KES 4 million.

Wider Mau Eburu conservation well underway

The on-going model schools tree nurseries project, an initiative supported by the MPESA Foundation continues to grow. The two additional schools that established the tree nurseries in the year 2018 are Munanda and Tangi Tano Primary schools in Kiambogo location.

The grassroots educational outreach work is still on-going. The funding support for the outreach series was provided by Eburu Rafiki, in partnership with Rhino Ark.

Implementation of conservation education in 32 Eburu forest-adjacent schools has been on-going since 2014. The ultimate goal is to cultivate positive behaviour change among young generation towards the protection and sustainable management of Eburu forest. Some of the key outcomes of the initiative were: increased tree covers in schools, enhanced pupils' performance in environmental related subjects, growth in income generating projects in schools such as tree nurseries and bee keeping and emergence of community conservation champions among others.

Rhino Ark has worked to facilitate exposure of the forest-adjacent communities to biogas as an alternative source of energy and to encourage its adoption. This initiative is aimed at reducing the reliance of the forest-adjacent communities on forest-derived fuel-wood, hence propagating sustainable conservation of Eburu forest. Biogas is a cleaner, more efficient and renewable energy source.

Mt Kenya fencing project

A coordinated response was put in place to fight the wildfire on the south eastern moorlands of Mt. Kenya where over 20,000 acres of moorlands were burnt.

Private institutions, including the Mount Kenya Trust, Rhino Ark Kenya Charitable Trust, David Sheldrick Wildlife Trust, Mount Kenya Safari Club and Tropicair mobilised their resources from the first day of the fire to help KWS, Kenya Forest Service (KFS) and the local communities in tackling the fire. The amount spent on firefighting was KES 15.2 million.

The success in combating the fires is largely due to the close collaboration between private institutions and government agencies in pulling their respective strengths together in a coordinated manner.

Many lessons were learnt that will help entrench future responses.

A total of 185 kms of the Mount Kenya Electric Fence has been completed. The built fence covers Kirinyaga, Embu and Tharaka Nithi counties and the team is currently working in Meru County. The fence-line within Meru County is anticipated to cover close to a half of the entire 450 kms Mt Kenya fence.

Rhino Ark has received confirmation from the Upper Tana Natural Resources Management Project (UTaNRMP) that the board of International Fund for Agricultural Development (IFAD) will contribute USD 1.4 million to the building of 60 kms of the Mount Kenya Electric Fence. This is the second major contribution that IFAD has made to the project.

The fence building process is constructed under a public-private partnership, involving KWS, KFS, Rhino Ark, the Upper Tana Natural Resources Management Project, Mount Kenya Trust, National Government, County Governments and Community Forest Associations (CFAs).

Aberdare ecosystem

The rehabilitation of Phase I continues, with 30.8 kms completed. As part of the rehabilitation work, Rhino Ark is replacing the gates that are in poor condition. The Phase II rehabilitation continues with 18 kms of the 40 kms rehabilitated.

South Western Mau ecosystem

Under the Initiative for Sustainable Landscape (ISLA), and with funding support from Safaricom Foundation, Rhino Ark is undertaking forest rehabilitation in collaboration with KFS.

An initial 20 hectares at Kipkoris in Ndoinet Forest Station has been rehabilitated.

Raising conservation awareness amongst the youth is a key goal of the South Western Mau Ecosystem Conservation Project. Towards achieving this goal, Rhino Ark has facilitated the development of a comprehensive conservation education curricula for 46 schools (both primary and secondary) found within 8 kms of the forest boundary. These schools lie within the crucial impact zone of forest adjacent communities that relate most closely with the South Western Mau Forest Reserve.

Implementation of teaching of the curricula content commenced in Term 2 of 2019, following completion of training of teachers in the schools and distribution of the curricula to schools. The roll out of this initiative will complement other conservation work by Rhino Ark, by equipping the learners with better understanding of their natural environment and encouraging them to interact sustainably with their habitat.

The Conservation Education programme is fully supported by the Safaricom Foundation and is a key component of the ISLA framework for South West Mau.

Under the ISLA, funding support for bioenterprise has been provided to Rhino Ark by the Safaricom Foundation to support the local communities to maximize on potential market opportunities in production and sale of honey and related products.

Comprehensive practical training for community groups on beekeeping and value addition for the communities was carried out. The training programme has now reached forest adjacent communities along the entire eastern boundary of the forest.

Surveillance flights above the SW Mau revealed improvement in livestock and illegal charcoal production. Rhino Ark, together with KFS and KWS and in partnership with IDH/ISLA and James Finlays Ltd, undertook quarterly aerial surveillance flights above the SW Mau and part of the adjacent Western Mau Forest Reserve.

Bongo Surveillance Programme (BSP) successes

The Aberdare Electric Fence, supported by Rhino Ark, has tremendously helped Kenya Wildlife Service in securing the bongo population in the Aberdare Salient. This population is now the largest in the world and continues to grow.

The Eburu Electric Fence, also supported by Rhino Ark, provides increased security for the small group of bongos residing in the 8,700 hectares forest. This forest will eventually become a Bongo Sanctuary, adding much value to the tourism potential of the ecosystem.

The engagement of the communities in the building and maintenance of the fences, in forest patrols (community scouts), through the development and implementation of conservation curricula, as well as through support to the establishment and running of bongo clubs in schools, is assisting in securing the support of the local communities in the conservation of the bongos and their habitats.

USD 56,000 was received during the year from Rare Species Conservatory Foundation and EUR 11,930 from IDH towards the Bongo Surveillance Programme (BSP). The funds go towards collecting vital information about the Bongo, patrols, removal of snares and spear traps, as well as to the dynamic Bongo wildlife school outreach programmes under BSP.

Other initiatives

Landowners in the proposed Mt Kenya - Aberdares Wildlife Corridor met at the Sangare Wildlife Conservation to discuss legal options to establish the corridor.

Kakamega Forest is the first project spearheaded by Rhino Ark to be implemented in Western Kenya. It is the only tropical rainforest in Kenya and hosts an incredible array of biodiversity. The County Government of Kakamega has made a commitment of KES 100 million and County Government of Vihiga KES 30 million over the next 3 years towards the conservation and protection of Kakamega forest. This will entail fencing Kakamega forest (117 kms), ecotourism development and community conservation education and livelihood improvement.

Thousands to thank

Rhino Ark has an enormous following both in Kenya and overseas as well. Most of the funds received is from the annual Rhino Charge where individual car entrants make substantial pledges and raise even more than their pledge each year. It is a grass roots conservation Trust within the Kenyan society that has now developed a deep foundation. Every donor knows that Rhino Ark's ventures are to secure the nation's precious 'water towers' and to work in partnership with the government to ensure good governance for maximum benefits. Several mountain forest ecosystem valuation studies have been undertaken in Kenya, including the 2011 study triggered by Rhino Ark and with support from UNEP and the Kenya Forests Working Group (KFWG). These studies indicate that each hectare of these mountain forests provides annually environmental good and services (water being the most important), amounting to an average of KES 530,000 per hectare per year. This would value the yearly good and services provided by the entire Aberdares ecosystem at KES 120 billion (USD 1.2 billion).

It is always difficult to single out individuals to give thanks to in a report like this. Rhino Ark has thousands of donors in Kenya and friends overseas who support our home grown and home driven conservation initiative.

I thank all of you for your generous support.

I wish to especially thank the Rhino Charge Committee and the huge band of volunteers who yearly give so much time, thought, ideas and energy to running this unique event.

I would also like to thank the Staff of Rhino Ark and the Board members who continue to provide day to day operational support to keep our organisation going forward.

Isaac Awuondo
Chairman, Board of Directors