

INDEPTH NETWORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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GENERAL INFORMATION

INDEPTH Network is an international organisation for the demographic evaluation of populations and their health in developing countries. It is a not-for-profit organisation that currently consists of 42 Health and Demographic Surveillance System (HDSS) member centres in 19 countries in Africa, Asia and Oceania. It was established in 1998 and incorporated in Ghana as a company limited by guarantee in 2002 under the Companies Code, 1963 (Act 179).

Board of Trustees	Dr. Kayla Laserson	Chair (Effective Oct 2010)
	Dr. Seth Owusu-Agyei	Chair (Tenure of office ended in September 2010)
	Dr. Sanjay Juvekar	Vice Chair
	Dr. Osman Sankoh	Executive Director
	Prof. Peter Aaby	Member
	Dr. Andreas Heddini	Member
	Dr. Ali Sie	Member
	Dr. Honorati Masanja	Member
	Dr. Margaret Gyapong	Member
	Mr. Marcel Tanner	Member
Dr. Kofi Baku	Board Secretary (Effective Oct 2010)	

Auditor

PricewaterhouseCoopers (PwC)
Chartered Accountants
No. 12 Airport City
Una Home 3rd Floor
PMB CT42
Cantonments
Accra

Registered Office

INDEPTH Network
No. 11 Mensah Wood Street
East Legon
P.O.Box KD 213, Kanda
Accra, Ghana

Bankers

Barclays Bank of Ghana Limited
Ghana Commercial Bank Limited
Standard Chartered Bank Ghana Limited
UBS International, USA
Stanbic Bank Ghana Limited
Guaranty Trust Bank Ghana Limited

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees has the pleasure in submitting the report and the audited financial statements of INDEPTH Network for the financial year ended 31 December 2010.

Statement of the Board of Trustees' responsibilities

The Board of Trustees is responsible for the preparation of financial statements for each financial year, which give a true and fair view of the state of affairs of the Organisation and of the surplus or deficit and cash flows for that period. In preparing those financial statements, the Executive Board has selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed International Public Sector Accounting Standards (IPSAS).

The Board of Trustees is responsible for ensuring that the Organisation keeps proper books of account and accounting records that disclose with reasonable accuracy at any time the financial position of the Organisation. The Board is also responsible for safeguarding the assets of the Organisation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The main activities of the Organisation are to conduct longitudinal health and demographic evaluation of populations in low- and middle-income countries, strengthen global capacity for HDSS, co-ordinate and mount cross-national research, and disseminate health information based on up-to-date scientific evidence from different health research centres across the developing world.

Results

The Statement of Financial Performance on page 5 shows a deficit for the year of **US\$4,264,229** for the INDEPTH Network activities (2009 deficit: US\$4,533,414), whilst the statement of financial position on page 6 shows that **US\$6,542,338** (2009: US\$10,806,567) was carried forward as accumulated fund at the end of the period.

Auditor

PricewaterhouseCoopers (PwC) has expressed willingness to continue in office as auditor of the Organisation in accordance with Section 134 (5) of the Companies Code, 1963 (Act 179).

BY ORDER OF THE BOARD

Executive Director:



Board Chair:



 May 2011

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF TRUSTEES OF INDEPTH NETWORK

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of INDEPTH Network set out on pages 5 to 18. These financial statements comprise the statement of financial position as at 31 December 2010, the statement of financial performance, the cash flow statement and the statement of changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Trustees' responsibility for the financial statements

The Board of Trustees is responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards and with the requirements of the Companies Code, 1963 (Act 179) and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Trustees, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of INDEPTH Network as at 31 December 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and in the manner required by the Companies Code, 1963 (Act 179).

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF TRUSTEES OF INDEPTH NETWORK (CONTINUED)

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Code, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the organisation, so far as appears from our examination of those books; and
- iii) the organisation's statement of financial performance and statement of financial position are in agreement with the books of account.

Priscilla Akpan

Chartered Accountants



14th
.....June 2011

Accra, Ghana

Mark Appleby (101193)

STATEMENT OF FINANCIAL PERFORMANCE

(All amounts are expressed in US\$)

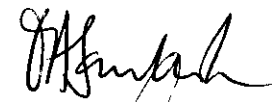
	Notes	<u>Year ended 31 December</u>	
		2010	2009
Operating revenue			
Grants	2a	3,985,539	8,450,197
Other income	2b	<u>242,730</u>	<u>396,786</u>
Total operating revenue (a)		<u>4,228,269</u>	<u>8,846,983</u>
Meeting expenses	3	403,040	555,222
Scientific workshop and coordination expenses	4	2,139,158	1,790,000
Capacity strengthening workshop expenses	5	892,749	1,099,235
Annual General and Scientific Meetings	6	305,116	349,354
Sub grants	7	3,285,328	8,182,799
General Secretariat running cost	8	<u>1,469,155</u>	<u>1,438,196</u>
Total expenditure (b)		<u>8,494,546</u>	<u>13,414,806</u>
Financial income	9	80,724	128,294
Financial expense	10	<u>(78,676)</u>	<u>(93,885)</u>
Net financial income (c)		<u>2,048</u>	<u>34,409</u>
(Deficit) (a+c-b)		<u>(4,264,229)</u>	<u>(4,533,414)</u>


STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in US\$)

		<u>At 31 December</u>	
	Notes	2010	2009
Non-current assets			
Property, plant and equipment	11	<u>121,076</u>	<u>121,605</u>
Current assets			
Cash and cash equivalents	12	6,173,381	10,432,396
Recoverables from non exchange transactions	13	217,785	135,973
Receivables from exchange transactions	14	35,963	39,433
Prepayment	15	46,224	<u>91,880</u>
		6,473,353	<u>10,699,682</u>
Total assets		6,594,429	10,821,287
Current liabilities			
Accounts payable and accrued expenses	16	<u>(52,091)</u>	<u>(14,720)</u>
Net assets		6,542,338	<u>10,806,567</u>
Represented by:			
Accumulated fund (page 8)		6,542,338	<u>10,806,567</u>

The financial statements and accompanying notes on pages 5 to 18 were approved by the Board of Trustees on²⁸.....May 2011 and signed on their behalf by:

Executive Director: 

Board Chair: 

CASH FLOW STATEMENT

(All amounts are expressed in US\$)

		<u>Year ended 31 December</u>	
	Notes	2010	2009
Net cash flows used in operating activities	17	<u>(4,202,656)</u>	<u>(4,557,526)</u>
Cash flows used in investing activities			
Acquisition of property, plant and equipment	11	<u>(56,359)</u>	<u>(94,060)</u>
Decrease in cash and cash equivalents		<u>(4,259,015)</u>	<u>(4,651,586)</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		10,432,396	15,083,982
Decrease in cash and cash equivalents		<u>(4,259,015)</u>	<u>(4,651,586)</u>
Cash and cash equivalents at end of the year	12	<u>6,173,381</u>	<u>10,432,396</u>

STATEMENT OF CHANGES IN NET ASSETS
(All amounts are expressed in US\$)

	Accumulated fund
Balance at 31 December 2008	15,339,981
Deficit for the year 2009	<u>(4,533,414)</u>
Balance at 31 December 2009	10,806,567
Deficit for the year 2010	<u>(4,264,229)</u>
Balance at 31 December 2010	<u>6,542,338</u>

NOTES

(All amounts in the notes are expressed in US\$ unless otherwise stated)

1. Accounting policies

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

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with International Public Sector Accounting Standards (IPSAS).

In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management uses its judgment in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users so that the financial statements:

- (i) represent faithfully the financial position, financial performance and cash flows of the entity;
- (ii) reflect the economic substance of transactions, other events and conditions and not merely the legal form;
- (iii) are neutral, i.e., free from bias;
- (iv) are prudent; and
- (v) are complete in all material respects.

Standards and interpretations issued but not yet effective for period ended 31 December 2010 and early adopted by the Entity:

IPSAS 25 Employee Benefits would be applied by an employer in accounting for all employee benefits, except share based payments. This standard is effective for financial periods beginning from 1 January 2011.

In December 2009, the International Public Sector Accounting Standards Board (IPSASB) issued the following new standards on Financial Instruments to replace the previous IPSAS 15 - Financial Instruments: Disclosure and Presentation.

- IPSAS 28, "Financial Instruments: Presentation"; (effective for annual financial statements covering periods beginning on or after 1 January 2013).
- IPSAS 29, Financial Instruments: "Recognition and Measurement" (effective for annual financial statements covering periods beginning on or after 1 January 2013).

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

1. Accounting policies (continued)

(a) Basis of accounting (continued)

- IPSAS 30 “Financial Instruments and Disclosure” (effective for annual financial statements covering periods beginning on or after 1 April 2013).

(b) Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis at rates estimated to write off the cost of each asset over the estimated term of its useful life. No depreciation is charged in the year of disposal. The annual rates used for this purpose are as follows:

Computers	33.33%
Furniture and Fittings	20%
Office equipment	20%
Motor vehicles	25%

(c) Financial Instruments

INDEPTH Network uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, certificates of deposit, accounts receivable and accounts payable.

(d) Foreign currency and functional currency

Most transactions were made in US\$ which is both the functional and reporting currency of the entity. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated into US Dollars at the rates of exchange ruling as at that date.

(e) Grants

Grants received are recognized at their fair value over the period necessary to match them with the costs that they are intended to compensate, and when there is reasonable assurance that the organization will comply with the conditions attached to the grants, but not prior to the formal grant approval. These grants are separately presented in the statement of financial performance as revenue.

(f) Accounts receivable

Accounts receivable represent receivables from exchange transactions and recoverables from non-exchange transactions.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

1. Accounting policies (continued)

(f) Account receivable (continued)

Disbursements to sub grantees are treated as advances in the statement of financial position until submission of financial reports by sub grantees. Accounts receivable are recorded at their estimated realizable value after providing for doubtful and uncollectible debts.

(g) Cash and cash equivalents

INDEPTH Network considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents.

(h) Employee Benefits

Employee benefits are recognized when the employee services are rendered. INDEPTH Network ensures the employee pension benefits (defined contributions) are paid to the National Pension Scheme and the Provident Fund. Both benefits qualify as defined contribution plans. INDEPTH Network has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

2. Operating revenue

INDEPTH's revenue represents funds received and/or receivable from the donors and development partners and sundry income during the year as shown below:

a Grants received/receivable	2010	2009
Core support		
Sida/GLOBFORSK	1,355,400	1,279,700
William and Flora Hewlett Foundation	500,000	1,000,000
Rockefeller Foundation	200,000	200,000
Bill and Melinda Gates Foundation (BMGF)	-	100,000
Wellcome Trust	192,600	-
Sub-total (i)	<u>2,248,000</u>	<u>2,579,700</u>

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

2. Operating revenue (continued)

	2010	2009
Sub-total (i) b/f	<u>2,248,000</u>	<u>2,579,700</u>
Project		
William and Flora Hewlett Foundation	1,235,000	-
DFID Real Rights (Sussex)	44,071	62,135
BMGF-INDEPTH Network Effectiveness Safety Study Project (INESS)	-	3,809,856
BMGF-Malaria Clinical Trial Alliance (MCTA)	-	1,645,956
International Development Research Center (IDRC)	249,276	244,434
DANIDA Vaccination and Child Health	113,018	-
UNESCO Pilot Study on migration & Climate change	24,980	-
London School of Health and Tropical Medicine (LSHTM) – Targets	-	108,116
Aberyswyth University	31,600	-
Save the Children	<u>39,594</u>	<u>-</u>
Sub-total (ii)	<u>1,737,539</u>	<u>5,870,497</u>
Grand total (i+ii)	<u>3,985,539</u>	<u>8,450,197</u>
b Other revenue		
Sundry income*	<u>242,730</u>	<u>396,786</u>

*This is revenue received other than project and core support. It comprises administrative overheads charged for managing projects and other fees and refunds during the year.

3. Meeting expenses

	2010	2009
INDEPTH Core	227,197	337,920
INESS project	124,841	217,302
MCTA Board Meeting	51,002	-
	<u>403,040</u>	<u>555,222</u>

4. Scientific workshops and coordination expenses

INDEPTH Core	2,016,049	1,453,253
MCTA	<u>123,109</u>	<u>336,747</u>
	<u>2,139,158</u>	<u>1,790,000</u>

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

	2010	2009
5. Capacity strengthening workshop expenses		
INDEPTH Core	240,015	848,075
INESS	197,007	121,903
MCTA	455,727	129,257
	<u>892,749</u>	<u>1,099,235</u>
6. Annual General and Scientific Meetings		
Air tickets	91,734	140,356
Conference package and other costs	213,382	208,998
	<u>305,116</u>	<u>349,354</u>
7. Sub grants		
INDEPTH Core	442,620	338,733
INESS	2,431,134	5,076,598
MCTA	411,574	2,767,468
	<u>3,285,328</u>	<u>8,182,799</u>
8. General Secretariat running cost		
*INDEPTH Core	1,272,095	1,041,673
INESS	151,181	218,430
MCTA	45,879	178,093
	<u>1,469,155</u>	<u>1,438,196</u>
*INDEPTH core expense includes audit fees	<u>40,250</u>	<u>36,800</u>
9. Financial Income		
Interest income	92,691	130,914
Net exchange difference*	(11,967)	(2,620)
	<u>80,724</u>	<u>128,294</u>

*Net exchange difference is the difference between exchange gains and losses within the year under review.

10. Financial expense

This comprises bank charges on the various bank accounts and transactions maintained by INDEPTH Network during the year under review.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

11. Property, plant and equipment

2010	Computers	Furniture & fittings	Office Equipment	Motor vehicles	Total
Cost					
At 1 January 2010	64,754	3,653	57,461	163,913	289,781
Additions	<u>24,318</u>	<u>-</u>	<u>32,041</u>	<u>-</u>	56,359
At 31 December 2010	<u>89,072</u>	<u>3,653</u>	<u>89,502</u>	<u>163,913</u>	346,140
Accumulated depreciation					
At 1 January 2010	45,962	2,388	16,311	103,515	168,176
Charge for the year	<u>26,897</u>	<u>253</u>	<u>14,638</u>	<u>15,100</u>	56,888
At 31 December 2010	<u>72,859</u>	<u>2,641</u>	<u>30,949</u>	<u>118,615</u>	225,064
Net book value					
At 31 December 2010	<u>16,213</u>	<u>1,012</u>	<u>58,553</u>	<u>45,299</u>	121,076
2009					
Cost					
At 1 January 2009	47,820	2,764	14,935	131,547	197,066
Additions	18,279	889	42,526	32,366	94,060
Asset written off	<u>(1,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,345)</u>
At 31 December 2009	<u>64,754</u>	<u>3,653</u>	<u>57,461</u>	<u>163,913</u>	289,781
Accumulated depreciation					
At 1 January 2009	24,399	1,657	4,819	62,537	92,067
Charge for the year	<u>21,563</u>	<u>731</u>	<u>11,492</u>	<u>40,978</u>	<u>76,109</u>
At 31 December 2009	<u>45,962</u>	<u>2,388</u>	<u>16,311</u>	<u>103,515</u>	168,176
Net book value					
At 31 December 2009	<u>18,792</u>	<u>1,265</u>	<u>41,150</u>	<u>60,398</u>	121,605

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

12. Cash and cash equivalents

This comprises of cash in hand and bank account balances. Bank accounts include demand deposits and current accounts.

	2010	2009
Cash in hand and at bank	6,173,381	3,631,828
Investment in short term securities	-	<u>6,800,568</u>
	<u>6,173,381</u>	<u>10,432,396</u>

13. Recoverables from non-exchange transactions

Wellcome Trust Core	-	23,726
SPH- University of Ghana	78,233	29,313
Ifakara Health Institute	<u>139,552</u>	<u>82,934</u>
	<u>217,785</u>	<u>135,973</u>

14. Receivables from exchange transactions

This comprises advances given to staff for organisational activities which were not due for retirement as at the end of the period under review.

15. Prepayment

INDEPTH Network rents office space in Accra, under tenancy agreements which terminate on July 2011 and June 2012. Included in the tenancy agreement is a requirement to pay the landlord in advance for the entire period, which is adjusted annually on a pro-rata basis.

16. Accounts payable and accrued expenses

	2010	2009
Auditor's remuneration	40,250	14,720
Other accrued expenses	<u>11,841</u>	-
	<u>52,091</u>	<u>14,720</u>

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

17. Cash flows used in operating activities

	2010	2009
Deficit for the year	(4,264,229)	(4,533,414)
Depreciation for the year	56,888	76,109
Increase in receivables	(78,342)	(74,209)
Decrease/(increase) in prepayments (operating lease)	45,656	(15,523)
Increase/(decrease) in payables	<u>37,371</u>	<u>(10,489)</u>
Net cash flows used in operating activities	<u>(4,202,656)</u>	<u>(4,557,526)</u>

18. Financial instruments

All financial instruments to which INDEPTH Network is a party are recognized in the financial statements.

Credit risk

In the normal course of business, INDEPTH Network incurs credit risk from trade accounts receivable and transactions with banking institutions. INDEPTH Network manages its exposure to credit risk by:

- Holding bank balances and short-term deposits (demand deposits) with Ghanaian and United States-registered banking institutions; and
- Maintaining credit control procedures over trade accounts receivable.

As at 31 December 2010, the total amount of cash and cash equivalents was **US\$6,173,381** (2009: US\$10,432,396). Out of this amount, US\$1,295,851 representing 21 percent of cash and cash equivalents was held with UBS International in the United States in the form of demand deposits, whilst the remaining amount of US\$4,877,530 representing 79 percent was held with reputable banks in Ghana as indicated on page 1 of this report.

Recoverables from non-exchange transactions, receivables from exchange transactions and prepayments as at 31 December 2010 totalled **US\$299,972** (2009: US\$ 267,286).

The maximum exposure as at 31 December 2010 was equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the statement of financial position.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

18. Financial instruments (continued)

INDEPTH Network does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

Foreign currency exchange rate risk

INDEPTH Network operates separate bank accounts in Euro and Ghanaian currencies. INDEPTH Network incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to United States dollars at financial position date. The currency risk associated with this balance is considered minimal and therefore INDEPTH Network does not hedge its foreign currency exposure.

Foreign currency transactions are translated to United States currency at exchange rates at the dates of the transactions.

Interest rate risk

The interest rate risk on funds held is managed through the use of short-term investments held until maturity. The interest rate risk associated with short-term deposits is considered minimal.

Fair values

As at 31 December 2010, the carrying amounts approximate the fair values for all financial instruments held by INDEPTH Network (2009: carrying amounts approximate the fair values).

19. Employee benefits

a) Social security contributions

Under the National Pension Scheme, the company contributes 12.5% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, which were settled on the due dates. The pension liability and obligations, however, rest with SSNIT.

b) Provident fund

The company has a provident fund scheme for staff under which the company contributes 10 percent of staff basic salary. The company's obligation under the plan is limited to the relevant contributions and these are settled on due dates to an independent fund manager. This is a defined contribution plan.

NOTES (continued)

(All amounts in the notes are expressed in US\$ unless otherwise stated)

20. Related party transactions

INDEPTH Network is governed by the Board of Trustees whose members are entitled to payment of honoraria and other travel related expenses when participating in INDEPTH Network meetings or any other INDEPTH business. The following were members of the Board during the year:

Dr. Kayla Laserson	Chair
Dr. Sanjay Juvekar	Vice Chair
Prof. Peter Aaby	Member
Dr. Andreas Heddini	Member
Dr. Ali Sie	Member
Dr. Honorati Masanja	Member
Dr. Margaret Gyapong	Member
Mr. Marcel Tanner	Member
Dr. Osman Sankoh	Executive Director
Dr. Kofi Baku	Board Secretary

Except for Dr. Osman Sankoh, who is remunerated by the organisation, no other board member received any remuneration or loans other than the entitlements indicated above during the year under review. For the year under review, the Executive Director's total emoluments were **US\$ 156,237** (2009: US\$152,427).

21. Commitments

There were no outstanding capital commitments at 31 December 2010 (2009: Nil).

22. Contingent liabilities

There were no contingent liabilities at 31 December 2010 (2009: Nil).

Presentation of Budget Information in Financial Statements

Basis of preparation

The budget information has been prepared on a cash basis since it is the policy of INDEPTH to apply the cash basis of accounting for its budgets during the fiscal year. The financial statements however, are prepared on an accrual basis of accounting. The accrual basis of accounting is one under which transactions, other events and conditions are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the concept recognizes revenue when earned and expenses when incurred.

Key assumptions include:

- Funding available throughout the periods
- Donors Interest in sponsoring specific site activities

Budget Approval

The INDEPTH Network is a non-profit public international institution registered in accordance with the Companies Code and regulations governing NGOs in Ghana.

INDEPTH Network is governed by the General Assembly whose functions and powers include among others: “to approve and ratify agreements, contracts, policies, programmes, new members, protocols, by-laws, budgets, financial statements, audit reports and election of Board Members.

The functioning of the Network is entrusted to an elected Board of Trustees whose functions include: “recommend for approval or ratification by the General Assembly, policies, programmes, budgets, financial statements, audit reports, agreements and contracts”. The Board of Trustees also reviews, approves and establishes the annual plan of work while the Secretariat (through its Executive Director) drafts an annual work plan and associated budget and report on progress made to the Board of Trustees and as appropriate to the General Assembly during the Annual General Meeting.

The approval of the Budget by General Assembly (through the Board of Trustees) empowers the Secretariat (through the Executive Director), subject to any special conditions to:

- commit and authorise expenditures and to make all payments to be borne by the Organisation, for the purposes assigned and within the limits of the appropriations and the commitment authority, as the case may be;
- ensure approval is obtained from the Board for any activity outside the network; and
- provide the Board with quarterly budget and variance for review and approval.

Comparison of budget and actual on a high level and also at the level of projects

Introduction

INDEPTH Network entity-wide financial statements are on an accrual basis whilst the project specific reporting is on a cash basis. The budget for the entity is usually linked to specific projects which are implemented by sub-grantees. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis. INDEPTH Network budget and entity-wide financial statements are therefore prepared using different bases.

To enable users and funders to derive the needed benefit and make this presentation useful, management has decided to present the comparison by project which is on a cash basis. This form of presentation as indicated is to ensure management achieves the reporting requirement of IPSAS 24 and also meets the needs of stakeholders within the Network for effective decision making.

The approved budget for each of the projects outlined below covers the fiscal period 1 January to 31 December 2010 and includes all sub-grantees implementing the projects across the 37 sites in Africa, Asia and Oceania.

Budget for the period under review

The budget and actual analysis provide the key projects undertaken by INDEPTH Network. These projects drive the business of the Secretariat.

	2010	2010	Variance (Unspent budget)	Variance
	Annual Budget	Expenditure (Cash basis)		
	US\$	US\$	US\$	%
Bill Gates – INESS (1)	5,872,577	3,682,683	2,189,894	37
Bill Gates - MCTA (2)	2,429,417	1,612,237	817,180	34
Institute for development and Research Centre - IDRC	320,764	184,470	136,294	42
Hewlett - Data Sharing initiatives	300,000	280,293	19,707	7
Hewlett - Sexual Reproductive Health (3)	900,000	204,281	695,719	77
Hewlett - Video conferencing equipment	35,000	31,929	3,071	9
IDS - Sexual Reproductive Health and Rights	80,035	80,034	1	0
LSHTM - Targets	63,461	63,461	0	0
Sida/ GLOBFORSK Core support (4)	1,668,432	1,389,161	279,271	17
Aberystwyth University	31,600	18,257	13,343	42
Hewlett Core support (5)	620,810	368,359	252,451	41
Rockefeller Core Support	228,914	228,914	0	0
DANIDA - Vaccination & Child Survival	113,018	92,808	20,210	18
UNESCO Pilot study on migration & Climate change	24,980	25,980	0	0
Save the Children	39,594	39,594	0	0
Total	12,728,602	8,301,461	4,427,141	35

Explanations of key deviations

1. **Bill and Melinda Gates – INESS** – The INESS Project activities did not start as scheduled hence the large variance.
2. **Bill and Melinda Gates – MCTA** – MCTA Project had a no cost extension to February 2011. The savings have been earmarked to support infrastructure support to MCTA Sites.
3. **Hewlett - Sexual Reproductive Health** – This was mainly due to delay in implementation of activities.
4. **Sida/GLOBFORSK Core support:** - INDEPTH Network received core support funds from other Donors such as William & Flora Hewlett Foundation, Rockefeller Foundation and Wellcome Trust. Core project expenditures were spread across all core funds hence the balance on Sida/GLOBFORSK which will now be spent in 2011.
5. **Hewlett Core support** - INDEPTH Network received core support funds from other Donors such as Sida/GLOBFORSK, Rockefeller Foundation and Wellcome Trust. Core project expenditures were spread across all core funds hence the balance on Hewlett which will be spent in 2011.

Reconciliation of Actual Amounts in the Budget and Actual Amounts in the Financial Statements

	Operating	Financing	Investing	Total (US\$)
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	8,301,461
*Basis difference	-	-	-	193,085
Actual amount in the statement of financial performance on an accrual basis				8,494,546

* Basis difference was arrived at as a result of the different bases used in the budget and the financial statements. The budget uses a cash basis whilst the financial statements use an accrual basis of accounting.

In the budget, revenue is required to cover all committed expenditures. In the financial statements, revenue and expenses only include amounts accruing for the period. The difference is treated as accrued revenue or expenses in the financial statements.

In the budget, capital expenditures are recorded as current year expenses. In the financial statements costs are capitalized and depreciated over the useful lives of the assets. These capital expenditures and associated depreciation are recorded net on the asset side of the Statement of Financial Position. Depreciation expense is recorded in the Statement of Financial Performance.