

INDEPTH NETWORK

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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INDEPTH NETWORK

For the year ended 31 December 2009

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 37 Health and Demographic Surveillance System (HDSS) sites in 19 countries in Africa, Asia, Central America 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. Seth Owusu-Agyei	Board Chairman
Dr. Osman Sankoh	Executive Director
Dr. Cheikh Mbacke	Member
Dr. Kayla Laserson	Member
Prof. Peter Aaby	Member
Dr. Thomas Williams	Member
Dr. Andreas Heddini	Member
Dr. Sanjay Juvekar	Member (Effective Oct 09)
Dr. Ali Sie	Member (Effective Oct 09)
Prof. David Ross	Member (Effective Oct 09)
Dr. Honorati Masanja	Member (Effective Oct 09)

Auditor

PricewaterhouseCoopers
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 FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009.

Statement of the Board of Trustees responsibilities

The Board of Trustees is responsible for the preparation of financial statements for each financial year, which gives 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).

On 23 December 2009, the IPSAS Board issued IPSAS 28, 29 and 30 on Financial Instruments: Presentation, Recognition and Measurement and Disclosure respectively to replace IPSAS 15 – Financial Instruments: Disclosure and Presentation. The effective dates for the application of these standards are for financial statements beginning on or ending 2013. Management has considered the early adoption of these Standards for the financial statements for the period under review.

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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The main activities of the organisation is to carry out health research in low and middle income countries, co-ordinate and disseminate health information 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\$4,532,069** for the INDEPTH Network activities (2008 surplus: US\$8,186,067), whilst **US\$10,807,912** (2008: US\$15,339,981) was Carried Forward for the programme activities.

Auditors

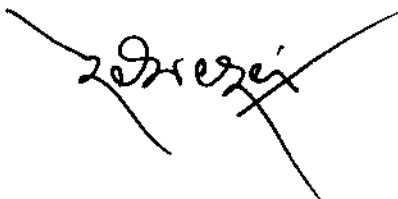
PricewaterhouseCoopers will continue in office as auditors of the organisation in accordance with Section 134 (5) of the Companies Code, 1963 (Act 179).

BY ORDER OF THE BOARD

Executive Director:



Board Chairman:



14th May 2010

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 20. These financial statements comprise the statement of financial position as at 31 December 2009, 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 and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and with the requirements of the Companies Code, 1963 (Act 179). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 our audit to obtain reasonable assurance that 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation'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 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and comply with the requirements of 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.

PricewaterhouseCoopers
Chartered Accountants

.....*31st*.....**May 2010**

PRICEWATERHOUSECOOPERS 
Accra, Ghana
Mark Appleby (101193)

STATEMENT OF FINANCIAL PERFORMANCE
 (All amounts are expressed in US\$)

	Notes	<u>Year ended 31 December</u>	
		2009	2008
Operating revenue			
Grants	2a	8,450,197	17,123,756
Other revenue	2b	396,786	318,633
Total operating revenue (a)		8,846,983	<u>17,442,389</u>
Meeting expenses	3	555,222	566,391
Scientific workshop and coordination expenses	4	1,790,000	1,514,096
Capacity strengthening workshop expenses	5	1,099,235	844,327
General secretariat running cost	6	1,436,851	1,412,435
Sub grants	7	8,182,799	4,702,228
Annual General Meeting	8	349,354	344,789
Total expenditure (b)		13,413,461	<u>9,384,266</u>
Financial income	9	128,294	185,943
Financial expense	10	(93,885)	(57,999)
Net financial income (c)		34,409	<u>127,944</u>
(Deficit)/Surplus (a+c-b)		(4,532,069)	<u>8,186,067</u>

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in US\$)

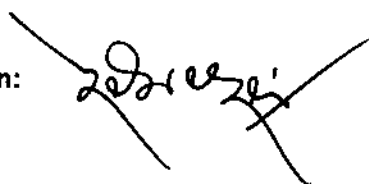
	Notes	<u>At 31 December</u>	
		2009	2008
Non-current assets			
Property, plant and equipment	11	<u>122,950</u>	<u>103,655</u>
Current assets			
Cash and cash equivalents	12	10,432,396	15,083,982
Receivables from Exchange transaction	13	135,973	89,377
Receivables from non-exchange transaction	14	39,433	11,820
Operating lease	15	<u>91,880</u>	<u>76,356</u>
		<u>10,699,682</u>	<u>15,261,535</u>
Total assets		<u>10,822,632</u>	<u>15,365,190</u>
Current liabilities			
Accounts Payable	16	<u>14,720</u>	<u>25,209</u>
Net assets (see page 8)		<u>10,807,912</u>	<u>15,339,981</u>

The financial statements and accompanying notes on pages 5 to 20 were approved by the Board of Trustees on 14th May, 2010 and signed on their behalf by:

Executive Director:



Board Chairman:



CASH FLOW STATEMENT

(All amounts are expressed in US\$)

	Notes	<u>Year ended 31 December</u>	
		2009	2008
Cash flows from operating activities		<u>(4,557,526)</u>	<u>8,196,496</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		<u>(94,060)</u>	<u>(113,338)</u>
(Decrease)/increase in cash and cash equivalents		<u>(4,651,586)</u>	<u>8,083,158</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		15,083,982	7,000,824
(Decrease)/increase in cash and cash equivalents		<u>(4,651,586)</u>	<u>8,083,158</u>
Cash and cash equivalents at end of the year		<u>10,432,396</u>	<u>15,083,982</u>

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

	Accumulated Surplus or (Deficit)
Balance at 31, 2007	7,153,914
Surplus for the year	<u>8,186,067</u>
Balance at 31 December, 2008	15,339,981
(Deficit) for the year	<u>(4,532,069)</u>
Balance at 31 December, 2009	<u>10,807,912</u>

NOTES

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 shall use its judgment in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users; and reliable, in 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.

i) *New and amended standards, effective for periods ending 31 December 2009 adopted by the Entity*

In 2009, IPSAS 24 – Presentation of Budget Information in Financial Statements became effective (period beginning on or after 1 January 2009) for the presentation of the organisation's financial statements for the first time and has been adopted by the Board where relevant to its operations.

ii) *Standards and Interpretations issued but not yet effective for periods ended 31 December 2009 and early adopted by the Entity:*

IPSAS 25 Employee Benefits shall be applied by an employer in accounting for all employee benefits, except share based payments. This standard is effective for financial periods beginning as 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)

(a) Basis of accounting (continued)

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

- 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%
Motor Vehicles	25%
Office Equipment	20%

(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 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 income statement as revenue.

(f) Accounts receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organization will not be able to collect all amounts due according to the original terms of the receivables.

NOTES (continued)

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

(g) Staff Retirement Benefits

INDEPTH contributions to staff retirement benefit schemes are not recognized separately in the financial statements. They are treated as part of staff packages.

(h) 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.

2. Operating revenue

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

a	2009	2008
Grants received		
CORE SUPPORT		
Sida/GLOBFORSK	1,279,700	839,200
BMGF	100,000	-
Rockefeller Foundation	200,000	150,000
Hewlett Foundation	1,000,000	896,000
Wellcome Trust	-	108,088
Sub-total (a)	<u>2,579,700</u>	<u>1,993,288</u>
PROJECT		
WHO Adult Health and Aging Project	-	50,390
DFID Real Rights (Sussex)	62,135	64,950
BMGF-INESS Project	3,809,856	8,262,176
Medicine for Malaria Vaccine (MMV) Phase IV workshop grant	-	40,000
BMGF-Malaria Clinical Trial Alliance (MCTA)	1,645,956	6,700,000
International Development Research Center (IDRC)	244,434	12,952
London School of Health and Tropical Medicine (LSHTM) - Targets	108,116	-
Sub-total (b)	<u>5,870,497</u>	<u>15,130,468</u>
Grand total (a+b)	<u>8,450,197</u>	<u>17,123,756</u>
b		
Other revenue		
Sundry income	<u>96,786</u>	<u>318,633</u>

NOTES (continued)

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

3	Meeting expenses	2009	2008
	INDEPTH CORE		
	Strategic planning	76,920	-
	Scientific advisory committee meeting	9,574	44,042
	Board of Trustees meeting	70,371	95,257
	Travels to sites and other meetings	72,597	209,266
	Staff retreat	4,505	-
	Monitoring and evaluation	81,981	-
	Strategic award	21,972	-
	Coordination	-	75,000
	Sub-total (a)	<u>337,920</u>	<u>423,565</u>
	INESS		
	INESS Governance Council	48,275	-
	MMV/MVI Meetings -INESS	16,620	-
	INESS Stakeholders meetings	130,383	-
	INESS Scientific Review Board	22,024	-
	Workshop for Phase IV Proposal	-	116,725
	Sub-total (b)	<u>217,302</u>	<u>116,725</u>
	MCTA		
	MCTA Board Meeting	-	26,101
	Sub-total (c)	<u>-</u>	<u>26,101</u>
	Grand total (a+b+c)	<u>555,222</u>	<u>566,391</u>
4.	Scientific workshops and coordination expenses		
	INDEPTH CORE		
	Data sharing	35,006	-
	Indoor Air Pollution workshop	41,757	-
	Fertility workshop	23,380	-
	Mortality analysis	23,277	-
	Demographic transition	22,354	-
	ART Roll Out	14,935	-
	Cause of Death Determination	28,311	-
	Clustering of Mortality	42,415	-
	Biometrics	46,316	-
	Migration and Urbanization	15,775	-
	Antibiotic Resistance at AGM	41,048	-
	Other Scientific Activities	139,219	-
	Sexual Reproductive Health	43,709	-
	Executive Director's Salaries and Benefits 25%	38,106	-
	Scientific Research Coordination (Salaries and Benefits)	847,645	429,777
	Development of new ideas	-	214,131
	Cross Site Publications	-	267,405
	Hewlett Health and Demographic Surveillance System (HDSS) /Universities expenses	-	2,023
	DFID Real rights	-	54,634
	LSHTM Target expenses	50,000	7,850
	WHO Adult Health expenses	-	49,199
	MMV Phase Workshop	-	37,312
	Working group meeting	-	95,907
	Cross site activities	-	304,996
	Sub-total (a) c/d	<u>1,453,253</u>	<u>1,463,234</u>

INDEPTH NETWORK
Financial Statements
For the year ended 31 December 2009

NOTES (continued)

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

	2009	2008
Sub total b/d		
MCTA	<u>1,453,253</u>	<u>1,463,234</u>
Tuberculosis MCTA	76,872	-
Clinical Monitoring - MCTA	87,654	-
Media Networking expenses - MCTA, INESS	172,221	-
Site Assessment	-	39,162
Clinical Monitoring	-	1,700
Sub-total (b)	<u>336,747</u>	<u>0,862</u>
Grand total (a+b)	<u>1,790,000</u>	<u>1,514,096</u>

5. Capacity Strengthening workshop expenses

MCTA

MCTA - Good Clinical Practice and Microscopy workshops	129,257	413,693
INESS		
INESS Trainers of Trainers	121,903	-
INDEPTH CORE		
Technical Support to sites	128,216	-
Organizational Effectiveness (Delberg, Mishkin, Sun Software)	156,475	-
Short Courses at University of Mahidol, Thailand	31,436	-
INDEPTH Fellows to sites	64,000	-
Communication	72,296	-
Data Documentation	52,974	-
Strategic Planning workshop	51,690	-
MSc Programme support (Clinical Trials & Field Epidemiology)	184,835	176,701
Scientific Writing /Data Analysis	34,117	99,665
Travels to sites by Scientific Officers	72,036	-
Mentorship and Site networking	-	154,268
	<u>1,099,235</u>	<u>844,327</u>

6. General secretariat running costs

Executive Director – Salary and benefits 75%	114,320	148,215
Personnel costs	479,834	455,719
Auditor's remuneration	36,800	22,950
Utilities (Electricity)	4,675	8,817
Rent	43,159	40,029
Furniture and Fittings maintenance	5,040	27,764
Office maintenance	23,147	78,456
Vehicle fuel and maintenance	25,906	43,603
Office communication	25,447	30,691
Legal fees	16,838	26,305
Medical expenses	41,072	21,533
Office expenses	21,226	-
Recruitment costs	15,655	-
Printing and stationery	29,548	-
Computers accessories and IT expenses	41,195	2,500
Promotion and Publication of INDEPTH materials	<u>29,851</u>	<u>25,415</u>
Sub total c/d	<u>953,713</u>	<u>931,997</u>

INDEPTH NETWORK
Financial Statements
For the year ended 31 December 2009

NOTES (continued)

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

Sub total b/d	953,713	931,997
Administrative cost for projects		247,515
Staff travel expenses	11,851	25,989
Subscription and other fees	-	18,557
Maintenance of web sites	-	28,277
Organizational effectiveness	-	99,161
Staff training	-	10,874
Depreciation charge	74,764	50,065
Sub total (a)	<u>1,040,328</u>	<u>1,412,435</u>
Others		
INESS		
Administrative cost for INESS	150,950	-
Coordination Activities	51,480	-
Support to Satellite Secretariat	16,000	-
Sub total (b)	<u>218,430</u>	<u>-</u>
MCTA		
Administrative cost for MCTA	110,835	-
IT Expenses	7,586	-
Communications	8,601	-
Vehicle Fuel and Maintenance	4,072	-
Office Supplies and Maintenance	10,999	-
Rent contribution	36,000	-
Sub total (c)	<u>178,093</u>	<u>-</u>
Grand total (a+b+c)	<u>1,436,851</u>	<u>1,412,435</u>

7. Sub grants

SUB GRANTS TO SITES

MCTA PROJECT

Kintampo Health Research Centre, Ghana	375,004	222,975
KCCR/SMS Agogo, Ghana	88,766	465,978
Mahica HDSS Site, Mozambique	382,645	364,800
Kilifi HDSS site, Kenya	134,000	213,866
CDC Kombewa/Siaya Site, Kenya	354,614	626,716
UNC Lilongwe, Malawi	95,500	280,201
National Institute for Medical Research , Tanga, Tanzania	108,521	153,280
MRTC, Mali	185,788	-
Sapone Site, Burkina Faso	203,000	-
IHRDC, Bagamoyo, Tanzania	489,780	816
UCAD, Senegal	194,600	-
IRSS - DRO , Nanoro, Burkina Faso	155,250	689,637
Medical Research Unit - Gabon	-	243,334
Radiology Equipment (MCTA)	<u>-</u>	<u>1,240,500</u>
Total – MCTA (a)	<u>2,767,468</u>	<u>4,502,103</u>

INDEPTH NETWORK
Financial Statements
For the year ended 31 December 2009

NOTES (continued)

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

	2009	2008
INESS PROJECT		
Ifakara HDSS Site, Tanzania	981,122	-
Navrongo Health Research Centre, Ghana	887,302	-
Rufiji HDSS Site, Tanzania	880,082	-
Dodowa Health Research Centre, Ghana	791,148	-
Kintampo Health Research Centre, Ghana	929,638	-
University of Ghana, SPH, Legon	405,490	-
Swiss Tropical Institute, Basel, Switzerland	192,100	-
Software development for INESS - Dr Kobus Herbst	<u>9,716</u>	-
Total - INESS Project (b)	<u>5,076,598</u>	<u>-</u>
	INDEPTH NETWORK	
ICDDR, B HDSS Site Bangladesh	37,698	-
Msc Leadership programme	-	200,125
Vadu HDSS Site, India	83,641	-
Filabavi HDSS, Vietnam	34,315	-
Magu HDSS Site, Tanzania	32,143	-
Dikgale HDSS Site, South Africa	36,013	-
Nouna HDSS Site, Burkina Faso	2,825	-
APHRC, Nairobi, Kenya	6,640	-
Kintampo Health Research Centre, Ghana	39,000	-
Agincourt HDSS Site, South Africa	<u>66,458</u>	-
Total - INDEPTH Network (c)	338,733	200,125
Grand total of sub grants (a + b+ c)	<u>8,182,799</u>	<u>4,702,228</u>
8. Annual General and Scientific Meeting		
Air tickets	140,356	130,212
Conference package, and other cost	<u>208,998</u>	<u>214,577</u>
	<u>349,354</u>	<u>344,789</u>
9. Financial Income		
Interest income (a)	130,914	184,426
Net exchange difference*	<u>(2,620)</u>	<u>1,517</u>
	<u>128,294</u>	<u>185,943</u>

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

INDEPTH NETWORK
Financial Statements
For the year ended 31 December 2009

NOTES (continued)

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

10. Financial expense

This comprises bank charges on the various bank accounts and transactions through the banks within the year under review.

11. Property, plant and equipment

2009	Computers	Furniture & fittings	Office Equipment	Motor vehicles	Total
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
Disposal written off	<u>(1,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2009	<u>64,754</u>	<u>3,653</u>	<u>57,461</u>	<u>163,913</u>	<u>291,126</u>
Accumulated depreciation					
At 1 January 2009	24,399	1,657	4,819	62,537	93,412
Charge for the year	<u>21,563</u>	<u>731</u>	<u>11,492</u>	<u>40,978</u>	<u>74,764</u>
At 31 December 2009	<u>45,962</u>	<u>2,388</u>	<u>16,311</u>	<u>103,515</u>	<u>168,176</u>
Net book value					
At 31 December 2009	<u>18,792</u>	<u>1,265</u>	<u>1,150</u>	<u>0,398</u>	<u>122,950</u>

2008	Computer	Furniture & fittings	Office Equipment	Motor vehicle	Total
Cost					
At 1 January 2008	18,577	2,764	3,088	59,300	83,729
Additions	<u>29,244</u>	<u>-</u>	<u>11,847</u>	<u>72,247</u>	<u>113,338</u>
At 31 December 2008	<u>47,821</u>	<u>2,764</u>	<u>14,935</u>	<u>131,547</u>	<u>197,067</u>
Accumulated depreciation					
At 1 January 2008	10,739	1,105	1,832	29,650	43,326
Charge for the year	<u>13,660</u>	<u>552</u>	<u>2,987</u>	<u>32,887</u>	<u>50,086</u>
At 31 December 2008	<u>24,399</u>	<u>1,657</u>	<u>4,819</u>	<u>62,537</u>	<u>93,412</u>
Net book value					
At 31 December 2008	<u>23,422</u>	<u>1,107</u>	<u>10,116</u>	<u>69,010</u>	<u>103,655</u>

12. Cash and cash equivalents

	2009	2008
Cash at bank	3,631,828	9,993,072
Investment in short term securities	<u>6,800,568</u>	<u>5,090,910</u>
	<u>10,432,396</u>	<u>15,083,982</u>

NOTES (continued)

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

Receivables from Exchange Transaction

	2009	2008
CIDA AGM Grant	-	65,651
Wellcome Trust Core	23,726	23,726
SPH- University of Ghana	29,313	-
Ifakara Health Institute	<u>82,934</u>	<u>-</u>
	<u>135,973</u>	<u>89,377</u>

Receivables from non-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.

Operating lease

INDEPTH Network rents office space in Accra, under a tenancy agreement which terminates on June 30, 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.

Accounts payable

Accounts Payable is mainly part of auditor's remuneration yet to be paid.

Cash flow from operating activities

	2009	2008
(Deficit)/Surplus for the year	(4,532,068)	8,186,067
Depreciation for the year	74,764	50,086
Increase in receivables	(74,209)	(10,234)
Increase in Prepayments	(15,524)	-
(Decrease) in payables	<u>(10,489)</u>	<u>(29,423)</u>
Cash flow from operating activities	<u>(4,557,526)</u>	<u>8,196,496</u>

Employee benefits

a) Social security contribution

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 due dates. The pension liability and obligations however rest with SSNIT.

NOTES (continued)

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

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 the respective manager of the fund. This is a defined contribution plan.

19. Financial Instruments

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

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 with Ghanaian and United States-registered banking institutions; and
- Maintaining credit control procedures over trade accounts receivable

As at December 31, 2009, the total amount of bank balances, short-term deposits and receivables is US\$ **10,743,135** (2008: 15,261,535). The total amount of cash and cash equivalent is **US\$ 10,453,097** (2008: US\$15,083,982). Out of this amount, US\$2,941,807 representing 27 percent of cash and cash equivalents is held with U.B.S International in the United States in the form of bank balances and short term investments whilst the remaining amount of US\$ 7,801,328 representing 73 percent is held with reputable banks in Ghana as indicated on page 1 of this report.

Recoverables as at December 31 2009 is **US\$ 290,038** (2008: 177,553). This represents outstanding amounts yet to be received from donors, staff advances and prepayments. At the time of the audit in February 2010, the outstanding amounts from donors were yet to be paid up. The receipt of these grants from donors is dependent on the submission of technical reports which management have submitted and awaiting response. Staff salary deductions for January and February 2010 have been made to recoup the advances made in 2009 as part of the measures to manage the risk of default.

The maximum exposure as at 31 December, 2009 is equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the statement of financial position. Receivables considered uncollectible have been adequately provided for.

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.

NOTES (continued)

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

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 date 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 2009, the carrying amounts approximate the fair values for all financial instruments held by INDEPTH Network (2008: carrying amounts approximate the fair values).

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 meetings or any other INDEPTH business. The following were members of the Board during the year:

Dr. Seth Owusu-Agyei	Board Chairman
Dr. Cheikh Mbacke	Member
Dr. Kayla Laserson	Member
Prof. Peter Aaby	Member
Dr. Thomas Williams	Member (Resigned October 2009)
Dr. Andreas Heddini	Member
Dr. Anand Krishnan	Member (Resigned October 2009)
Dr. Sanjay Juvekar	Member (Effective October 2009)
Dr. Ali Sie	Member (Effective October 2009)
Prof David Ross	Member (Effective October 2009)
Dr. Honorati Masanja	Member (Effective October 2009)
Dr. Osman Sankoh	Executive Director

Except for Dr. Osman Sankoh who is remunerated by the organisation, no other board member received any remuneration or loans other than the above entitlements during the year under review.

21. Capital commitments

There were no outstanding capital commitments at 31 December 2009 (2008: Nil).

NOTES (continued)

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

22. Contingent liabilities

There were no contingent liabilities at 31 December 2009 (2008: Nil).

23. Unutilised grants

This represents unspent balances outstanding on the various projects maintained by INDEPTH Network:

	2009	2008
PROJECT		
BMGF - INESS	5,831,755	8,262,176
BMGF - MCTA Project	2,429,417	4,784,976
BMGF -Phase IV Project proposal	-	80,047
BMGF – Core Support	-	62,035
IDRC – Proposal Development	-	8,362
IDRC - Demographic Transitions	71,488	-
Hewlett- Monitoring & Evaluation	-	200,000
Hewlett – Data Sharing Project	-	-
Hewlett – Sexual Reproductive Health	-	100,000
Hewlett DSS/ Universities collaboration	-	52,924
Hewlett – Core support	120,810	167,540
ID – Sexual Reproductive Health and Rights	35,964	30,421
LSHTM - Targets	63,461	16,158
LSHTM Malaria Project at Hohoe	-	14
Sida Globforsk Core Support	299,478	-
Wellcome Trust - Scientific writing	-	16,164
Rockefeller Core Support	28,914	-
Rockefeller Foundation - MSc programme	-	84,201
WHO/NIA -Adult Health and Aging project	-	31,685
	<u>8,881,287</u>	<u>13,896,703</u>

Presentation of Budget Information in Financial Statements

Basis of Preparation

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

INDEPTH NETWORK
Financial Statements
For the year ended 31 December 2009

To enable user and funders derive the needed benefit and make this presentation useful, management has decided to present the comparison by project which is on cash basis. This form of presentation as indicated is to ensure management achieves the reporting requirement of IPSAS 24 and also meet 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 from 1 January 2009 to 31 December 2009 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 provides the key projects undertaken by INDEPTH Network. These projects drive the business of the Secretariat.

INDEPTH Projects	2009 Budget	2009 Expenditure	Budget Variance	%Variance
Bill Gates -- INESS	12,072,032	6,252,678.45	5,819,353.55	52
Bill Gates - MCTA	6,430,932	4,023,590.57	2,407,341.43	59
IDRC - Demographic Transitions	244,433.63	172,945.48	71,488.15	71
Hewlett - Monitoring and Evaluation	200,000	199,999.40	0.60	100
Hewlett - Data Sharing Project	300,000	299,998.02	1.98	100
Hewlett - Sexual Reproductive Health	100,000	99,998.80	1.20	100
Hewlett - Universities HDSS Collaboration	52,924	52,923.65	0.35	100
IDS - Sexual Reproductive Health and Rights	92,556.23	56,591.79	35,964.44	61
LSHTM – Targets	124,274.35	60,812.99	63,461.36	49
Sida Globforsk Core support	1,279,700.08	980,221.80	299,478.28	77
Bill Gates Core support	162,035	162,011.07	23.93	100
Hewlett Core support	867,540	746,730.20	120,809.80	86
Rockefeller Core Support	200,000.00	171,086.24	28,913.76	86
WHO/NIA Adult Health and Aging	31,685.00	31,685.00	0	100
Rockefeller MSc Programme	84,201	84,201.02	-0.02	100
Wellcome Trust - Scientific Writing	16,164	-	16,164.00	-
Total	22,258,477.29	13,395,474.48	8,863,002.81	60

Explanations of key deviations

Bill and Melinda Gates – INESS – INDEPTH Network received the total sum of \$12,072,032 from Bill and Melinda Gates Foundation representing 2 years grant that is 2009 and 2010. The unspent balance therefore represents the unutilised portion in 2009 which is expected to be spent in 2010.

Bill and Melinda Gates – MCTA – The utilized portion was due to some activities which were not executed. Management plans to implement these activities in 2010 and therefore apply for no cost extension.

Sida Globforsk Core support: - INDEPTH Network received core support funds from other Donors such as William & Flora Hewlett Foundation, Bill and Melinda Gates Foundation, Rockefeller Foundation and Wellcome Trust. Core project expenditures was spread across all core funds hence we were unable to spend all funds from Sida/Globforsk.

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	-	-	-	13,507,346
*Basis Difference	-	-	-	(3,074,950)
Actual Amount in the Statement of Cash Flows				10,432,396

* Basis difference was arrived at as a result of the different basis used in the budget and the financial statement. Thus the budget uses cash basis whilst the financial statement uses accrual basis of accounting.

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

In budget, capital expenditures are recorded as current year expenses. This cost is capitalized and depreciated over the useful lives in the financial statements. 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.