

2015

FINANCIAL REPORT

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BOARD OF TRUSTEE'S REPORT

For the Year ended December 31, 2015

Connected Development [CODE], founded in 2012 was registered as a Non Government Organization in December 2013 with registration number CAC/IT/NO 66312. [Connected Development \(CODE\)](#) is a non-profit organization whose mission is to improve access to information and empower local communities in Africa. We do this by strengthening and creating platforms for dialogue, enabling informed debate, which will bring about social and economic progress within local communities.

This report is presented along with Connected Development's combined Financial Statements for the year ended 31 December 2015.

These Financial Statements are a means of transparency and accountability, illustrating the financial situation of the organisation as a whole. They have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements.

CODE offers assistance to marginalized communities based on need and irrespective of race, religion, gender or political affiliation. We work to save lives, alleviate suffering, restore dignity and improve livelihoods. Our actions are guided by professional ethics and the principles of neutrality and impartiality. In order to be able to access and assist people in need, our operational policies must be scrupulously independent of government influence, just as they must be independent of the influence of religious and economic powers. We conduct our own assessments, manage our projects directly, and monitor the impact of our assistance. We do not accept funds from governments or other parties who are directly involved in the projects to which CODE is responding. We rely on the generosity of private

organizations for the majority of our funding. This year more than 300 volunteers were left on field assignments to join 8 consultants and 5 core staff to work in 27 states of Nigeria.

CODE is constantly seeking to improve the quality, relevance and effectiveness of its projects, and is dedicated to the pursuit of innovation. The 2015 general election observation was used to test out how robust how projects could be, using geo-referenced platforms to improve and enhance citizens engagement and reporting. In 25 days we were able to deploy 650 observers in 21 states to send in 350 reports via mobile messaging. We hope to be engaged in, and develop more appropriate and better tools for a wider audience.

GOVERNANCE STRUCTURE

CODE is a non-profit, self-governed organisation. It is a movement whose office is based in Nigeria. CODE was registered in Nigeria in December 2013. The Board of Trustees is the highest authority of CODE. It is composed of Oludotun Babayemi, Anthony Agbor, Hossana Fox and Jonas Shelhorn. It is responsible for safeguarding CODE's project mission, and providing strategic orientation to all CODE project. The Board prepares and presents the combined Financial Statements.

OUR MISSION

To empower marginalized community

OUR VISION

We envision a world where all people – even in the most remote areas of Africa will have access to information to improve their livelihood

OBJECTIVES

- Increase people's access to information through whatever technological means they choose.
- Increase and share innovative approaches to information exchange through experimentation, research and technology.
- Develop innovative platforms for coverage of social, environmental and governance issues.
- Increase the adoption and implementation of international development laws and policies.
- Empower youths by offering training and support to youth interested in using innovative ideas to improve the development index of their society

Connected Development [CODE]
Bassan Plaza, 10th Street,
2nd Floor F Wing,
Central Business District, Abuja, FCT



Oludotun Babayemi,
(Board of Trustees)

AUDITOR'S REPORT

Year ended December 31, 2015

We have audited the combined financial statement of Connected Development Initiative [CODE], which comprises the statement of financial position as at end of year December 31, 2014, and year end December 31, 2015, the statement of financial activities, and cash flows for the year then ended, and a summary of significant account policies and other explanatory notes.

Board's Responsibility

Connected Development Initiative Board is responsible for the preparation of these combined financial statements in accordance with the basis set out for the financial statement and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Our Responsibility

Our responsibility is to express an 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 whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the combined 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 entity's internal control. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the combined financial statements.

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

In our opinion, the combined financial statement are prepared, in all material respects, in accordance with the basis set out in Note 1 to the combined financial statements

May 2016

Olaboye Shaibu & Co
Jude Aheruvoh
(Principal Partner)

OLABOYE SHAIBU & CO

(Chartered Accountants)

Audit and Accountancy, Tax Consultants, Investigation, Company Registration

SUITE S23, FEBSON MALL, WUSE ZONE 4 Abuja

Tel: 08036902445

AUDITORS REPORT TO THE MEMBERS OF CONNECTED DEVELOPMENT INITIATIVE

We have examined the financial statement of the CONNECTED DEVELOPMENT INITIATIVE (CODE) for the year ended 31st December, 2015 which has been prepared on the basis of accounting policies.

RESPECTIVE RESPONSIBILITY OF THE BOARD OF TRUSTEE AND AUDITORS

In accordance with the provision of Section 334 and 335 of the Company and Allied Matters Decree, 1990, the organization's Board of Trustees are responsible for the preparation of financial statement.

It is our responsibility to form an independent opinion based on our audit on the financial statement prepared by the board of trustees and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with internal standard of Auditing. An Audit includes examination on the test basis of evidence relevant to the amount and disclosure made in the financial statement.

It also includes an assignment of the significant estimate and judgments made by Directors in preparation of financial statement, and of whether the accounting policies are appropriate to the company's circumstances applied and adequately disclosed.

We planned and performed our Audit so as to obtain all information and explanation which we considered necessary, including relevant information from company's brochures, in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether cause by fraud other irregularities or error, in forming our opinion. We also evaluated the overall adequacy of presentation of information in the financial statements and assessed whether the company's books of accounts had been properly kept.

OPINION

The financial statements referred to above are in agreement with the books of and give a true and fair view of the state of affairs of the company as at 31st December, 2015

The statements of accounts complied with the relevant statement of accounting standard and the Companies and Allied Matters Acts, (CAMA) 1990.

Olaloye Shaibu & Co
OLABOYE SHAIBU & CO
(CHARTERED ACCOUNTANTS)



ABUJA
NIGERIA

1 SIGNIFICANT ACCOUNTING POLICIES

Specific methods used for accounts

This Financial Statements comprise the:

- Statement of Financial Position
- Statement of Financial Activities
- Statement of Cash Flows
- Notes to the Financial Statements

The combined Financial Statements have been prepared in accordance with and comply with CODE's accounting policies. Although the International Accounting Standards (IAS) – also called International Financial Reporting Standards (IFRS) and the Nigerian Accounting Standards Board (NASB) – do not contain specific guidelines for non-profit and non-governmental organisations concerning accounting treatment (e.g. non-reciprocal transfers, donations in particular) and the presentation of the Financial Statements, CODE accounting policies are in compliance with most of the recognition and measurement requirements of the IFRS as adopted by the International Accounting Standards Board (IASB) and Nigerian Accounting Standards Board (NASB) and interpretations issued by the Standing Interpretations Committee (SIC) of the IASB. The main deviations from the IFRS relate to IAS 19.

1.1 Basis of presentation

The Financial Statements are presented in Nigerian Naira (NGN). They are prepared in accordance with the historical cost convention. The Financial Statements have been prepared and presented according to the principles of presentation, accruals, matching, going concern, consistency and prudence. Figures are rounded and therefore may vary slightly from the amounts presented in other documents. Rounding differences may exist within summations.

1.2 FOREIGN CURRENCY TRANSLATION

The Statements of Financial Activities of the combined entities are translated at the average rate for the current year. The main currency exchange rates compared to the USD in 2014 was 1USD to NGN190 and in 2015, 1USD to NGN199

1.3 CHANGE IN ACCOUNTING POLICIES

The 2015 Financial Statements do not contain any changes in accounting policies compared with 2014

1.4 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets are recorded at cost (or historical value), net of accumulated amortisation and impairment losses. They are amortised on a straight-line basis over their estimated useful lives. Property, plant and equipment are recorded at their acquisition cost, including incidental expenses. They are depreciated using the straight-line method over their estimated useful lives, using the component approach.

1. Cost

These will be stated in code's books of cost or valuation. Where the values of assets of code are stated at valuation, competent persons and/or bodies licensed to carry out

valuation of such assets must support the values by their professional valuation report and property certified.

2. Depreciation

- a. The assets shall be depreciated on straight-line basis the rate that will write off the assets over their estimated economic/useful life.
- b. The relevant rates of depreciation are as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>	<u>Rate of Depreciation</u>
Office equipment	10 years	5%
Furniture and fittings	10 years	10%

1.5 FINANCIAL ASSETS

Financial assets are stated at fair value. Changes in the value of long-term investments are recorded in the Statement of Financial Position. Changes in the value of current investments and other financial assets are recognised in the Statement of Financial Activities.

1.6 INVENTORIES

Inventories held at the office in Abuja are recorded at the weighted average of the purchase price. All goods and materials used in the project missions during activations are recognised as expenditure. Appropriate inventory reserves are recorded based on stock usage, expiry date and damaged items.

1.7 RECEIVABLES AND OTHER ASSETS

Grants receivable include donations sent by donors before yearend for which the corresponding cash has been collected by CODE in the month following year-end. They are accounted for at fair value, at their cost net of impairment.

Contributions receivable correspond to funds owed to CODE by third parties according to a formal agreement. They result from the differences between the cumulative allowable expenses incurred and the funds received for each of these agreements.

Legacies and bequests are accounted for on a cash basis and are therefore not included in receivables.

Other receivables and other assets are recorded at their fair value.

1.8 CASH AND CASH EQUIVALENTS

CODE considers deposits in banks, cash at the office and cash for project missions as cash and cash equivalents. Amounts are valued at fair value with any resulting gains or losses recognised in the Statement of Financial Activities.

1.9 PROVISIONS

Provisions are valued at best estimate when CODE has a legal or constructive obligation as the result of a past event, and if it is probable that an outflow of assets will be required to settle the provision.

1.10 FINANCIAL DEBTS, ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Financial debts are recorded at fair value. Trade accounts payable to suppliers are recorded on an invoice basis when the invoices are received by year-end, or valued at best estimate if no invoice is received by year-end.

Staff costs and litigation in the field are recorded on the cash basis when there is insufficient information available to evaluate the amount of any financial impact at year-end.

1.11 DEFERRED INCOME

Deferred income on public institutional and private grants is recognised on the basis of the difference between the cash received and the cumulative allowable expenses to date for each of the formal agreements concerned. Unspent donor-designated/restricted donations represent contributions received with a specific earmarking that have not been spent at year-end or quarter end.

1.12 RETAINED EARNINGS AND EQUITIES

Retained earnings represent the cumulative surpluses and deficits of current and previous years. They comprise:

- Permanently restricted funds, which may be capital funds, where the assets are required by the donors to be invested or retained for actual use, rather than expended, or which may be the minimum compulsory level of retained earnings to be maintained.
- Unrestricted funds, which are unspent donor non-designated funds to be spent at the discretion of CODE's trustees to further CODE's social mission.
- Other retained earnings and equities, which represent foundations 'capital, combination restatements between certain entities, and translation adjustments arising from the translation of entities' Financial Statements into NGN. Unspent donor-designated/restricted funds are not included as retained earnings, but are treated as deferred income (see Note 1.11 above).

1.13 INCOME

CODE's income comprises contributions from public generosity and public institutional bodies, as well as revenues from other activities.

Private income is donated by individuals and private organisations (companies, trusts and foundations, and other non-profit organisations).

Public institutional income represents grants (i.e. contributions based on contracts for specific projects), subsidies and donations received or pledged directly from or by public institutional bodies, such as Governments ministries, department and agencies.

Income from other activities is mainly from merchandising, equipment and services provided to other organisations, and financial transactions.

Restrictions

Income is considered as restricted only when subject to a donor-imposed restriction. Donors include all the external parties that contribute to CODE's resources. A donor-imposed restriction is a stipulation and limitation on the use of contributed assets or monetary donations. The restriction can be limited to purpose (programme or activity), time or other specific wishes.

Donations with donor-imposed restrictions are reported as restricted for their full amount. Unspent restricted donations are carried forward as deferred income. Grants are reported as restricted income for the allowable expenses incurred in the current year.

Donations

Donations are based on non-reciprocal transfers of cash or other assets, or cancellation of liabilities. They are recognised as income upon receipt.

Grants

Grants are recognised as income for the allowable expenses incurred in the current year. At year-end, the difference between the cash received and the cumulative expenses incurred is accounted for as grants receivable or deferred income.

In-kind donations and services

In-kind donations are not accounted for in the Statement of Financial Activities.

1.14 EXPENDITURE

Expenses are allocated according to the full cost method. The principle of the full cost method is to collate under each expense category not only the direct costs that are specifically associated with it (direct allowable costs), but also an apportionment of the indirect costs (overheads).

Therefore, all expenditure categories include salaries, direct costs and allocated overheads (e.g. building costs and depreciation).

1.15 FINANCIAL RISK MANAGEMENT

Foreign currency risk

Some CODE entities use forward foreign exchange contracts to hedge the exposure to foreign exchange risks arising from significant internal transfers denominated in a different currency to the one in which the expenditure will be incurred.

Interest rate risk

CODE has no significant long-term loans.

Credit risk

CODE prioritises the security of its cash and cash equivalents. Investments are generally held in banks of high credit rating.

The receivables have been reduced or non existence from governments. Other positions are not material, or are covered by provisions.

Liquidity risk

Due to the nature of CODE's funding, together with its reserves policy, the liquidity risk is insignificant.

1.16 EMPLOYEE BENEFITS

The nature of pension plans for employees depends on pension fund manager. Pension obligations are usually covered by a defined contribution plan with an independent fund manager. Contributions to a defined contribution plan are recognised as an expense in the Statement of Financial Activities in the year in which they are incurred. CODE invests in the National Health Insurance Scheme (NHIS) through Health Management Organizations. CODE do not offer employee vacation allowance for now.

STATEMENT OF FINANCIAL POSITION

	Notes	2015	<i>in NGN</i> 2014
intangible assets	2.1		
Property, Plant and equipment	2.2	2,258,000	1,015,000
Financial Assets	2.3		
Noncurrent assets		2,258,000	1,015,000
Inventories	2.4		
Grants receivables	2.5	37,000,000	9,954,820
Contributions receivables	2.6		
Other receivables	2.7	23,220,000	36,270,000
Other assets	2.8		
Cash and Cash Equivalents	2.9	15,115,000	3,189,820
Current Assets		75,335,000	49,414,640
Assets		77,593,000	50,429,640
Permanently restricted funds			
Unrestricted donor funds		37,000,000	9,954,820
Other retained earnings and equities		23,220,000	36,270,000
Retained earnings and equities		60,220,000	46,224,820
Provisions	2.10		
Financial Debts	2.11		
Accounts Payable and accrued expenses	2.12	2,258,000	1,015,000
Deferred income	2.13	15,115,000	3,189,820
Liabilities		17,373,000	4,204,820
Liabilities and retained earnings		77,593,000	50,429,640

STATEMENT OF FINANCIAL ACTIVITIES

		<i>In NGN</i>	
	Notes	2015	2014
Individuals	3.1.1	0	0
Private institutions	3.1.1	37,000,000	9,954,820
Private income		37,000,000	9,954,820
Public institution income	3.1.2	0	12,000,000
Other income	3.1.3	23,220,000	24,270,000
Income		60,220,000	46,224,820
Programmes or meetings	3.2.2	4,200,000	5,099,183
Programme Support	3.2.3	3,200,000	3,100,817
Community outreach	3.2.4	20,000,000	17,500,000
Projects missions		27,400,000	25,700,000
Fundraising	3.2.5	0	635,000
Management and General administration	3.2.6	16,567,000	16,100,000
Tax and Deductions	3.2.7	1,138,000	600,000
Other expenses		17,705,000	17,335,000
Expenditure		45,105,000	43,035,000
Surplus/deficit		15,115,000	3,189,820

STATEMENT OF CASH FLOW

CASH FLOW FROM PROJECT MISSIONS AND FUNCTIONING ACTIVITIES

	2015	<i>in NGN</i> 2014
1 Cash flows from private donors		
Private income	37,000,000	9,954,820
		9,954,820
2 Cash flows from public institutional agencies		
Public institution income	0	12,000,000
		12,000,000
3 Other cash flows from functioning activities		
Other income	23,220,000	24,270,000
Project mission expenditure	-27,400,000	-25,700,000
Other expenses	-17,705,000	-17,335,000
Elimination of expenses and income with no impact on cash flows or not related to functioning activities		
Depreciation, amortisation, provisions	200,000	282,000
		-
	-21,685,000	18,483,000
Net cash provided for project missions and functioning activities (A) = 1+2+3	15,315,000	3,471,820

NOTES ON FINANCIAL STATEMENT

2.1 Intangible assets

Mainly consisting of software, artworks and licences, and CODE do not have licences on artworks and software yet.

2.2 Property, plant and equipment

Mainly consisting of the office properties

	Office Equipment	Furniture and Fittings	<i>in NGN</i> <i>Total</i>
Cost as @ 01/02/2015	500,000	600,000	1,100,000
Additions for the year	640,000	800,000	1,440,000
Disposal As @ 31/12/2015	<u>1,140,000</u>	<u>1,400,000</u>	<u>2,540,000</u>
Depreciation As @ 01/01/2014	25,000	60,000	85,000
Charge for the year As @ 31/12/2015	57,000	140,000	197,000
	82,000	200,000	282,000
Carrying Amount As @ 31/12/2015	<u>1,058,000</u>	<u>1,200,000</u>	<u>2,258,000</u>
As @ 31/12/2014	475,000	540,000	1,015,000

2.3 Financial assets

Financial assets consist primarily of bank deposits, loans, investments and other financial assets. CODE has only its bank deposits as assets, as it has not acquired or taken any loan.

2.4 Inventories

CODE does not have office inventories

2.5 Grants receivable

	<i>in NGN</i>	
	2015	2014
Indigo Trust UK	5,000,000	2,412,000
OSIWA Through Open CITIC Project		1,600,000
Heinrich Boell Foundation	5,800,000	1,982,820
Open Knowledge International	1,000,000	960,000
Omidyar Network	20,000,000	
European Union	5,200,000	3,000,000
Grant Receivables	<u>37,000,000</u>	<u>9,954,820</u>

2.6 Contributions receivable

CODE does not have outstanding commitment from any private organization

2.7 Other receivables

Other receivables mainly relate to services provided and goods sold to other organisations.

2.9 Cash and cash equivalents

	<i>in NGN</i>	
	2015	2014
Deposits in bank	15,115,000	3,189,830
Cash in the Office		
Cash with project coordinators		
Cash and Cash equivalents	15,115,000	3,189,820

2.12 Accounts payable and accrued expenses

Accounts payable and accrued expenses are composed of amounts owed to suppliers, employees, payments for government bills and tax authorities. The details of the accounts payable and accrued expenses are disclosed below:

	<i>in NGN</i>	
	2015	2014
Employee Benefits	700,500	0
Accrued Taxes	592,500	459,000
Other Liabilities	965,000	556,000
Accounts payable and accrued expenses	2,258,000	1,015,000

2.13 Deferred income

	<i>in NGN</i>	
	2015	2014
Unspent donor funds	15,115,000	3,189,820
Deferred income on public grants		
Deferred income on private grants		
Other deferred income		
Deferred income	15,115,000	3,189,820

3.1 Income

3.1.1 Private income

CODE does not have income from individuals but rely on private institutions

	<i>in NGN</i>	
	2015	2014
Companies		
Trust and Foundations	37,000,000	9,954,820
Lottery and special events		
Other private institutions		
Private income	37,000,000	9,954,820

3.1.2 Public institutional income

The table below presents the breakdown of donations and grants awarded by public institutional bodies.

		<i>in NGN</i>
	2015	2014
Public Institutions	0	12,000,000
Public institutional income		12, 000,000

3.1.3 Other income

		<i>in NGN</i>
	2015	2014
Interest and investment income		
Merchandising		
Equipment and services sold to other organizations	23,220,000	24,270,000
Other revenues		
Other income	23,220,000	46,224,820

3.2 Expenditure

3.2.1 Functional Expenses

		<i>in NGN</i>
	2015	2014
Nature of Expenses		
Personnel Cost	8,000,000	5,100,000
Travel and Transportation	1,300,000	1,975,000
Office Expenses	2,495,000	1,540,000
Communications	900,000	700,000
Professional Services	850,000	805,000
Office Rent	1,200,000	1,200,000
Technology Cost	2,150,000	5,400,000
Bank Charges	180,000	120,000
Others	433,000	412,000
Depreciation	197,000	85,000
Office Expenses	17,705,000	17,335,000
Project Missions		
Programme Personnel Cost	2,750,000	2,010,000
Travel	5,788,956	7,546,735
Catering	2,479,500	1,890,540
Communications	3,987,550	3,595,400
Event	4,121,988	3,917,600
Accommodation	2,619,006	2,312,500
Marketing & Collateral	5,653,000	4,427,225
Project Missions	27,400,000	25,700,000
Expenditure	45,105,000	43,035,000

3.2.2 Programme Meetings

For her projects, CODE organizes stakeholders meetings in every community it works in. These meetings involve key stakeholders – beneficiaries, their focus groups, the media, other local NGOs, concerned government institutions and other policy makers.

3.2.3 Programme Local Support

For projects carried out by CODE, it relies on ad hoc local support for its community engagements. Local support includes a project assistant, community liaison, and other volunteers within and outside the target communities.

3.2.3 Community Outreach

CODE develops community outreach programmes in form of focus group discussions. Most times it has become a key part of our “ground-truthing” activities. This includes on-site check of infrastructures, focus group discussions with community groups that exist within the community.

3.2.5 Fundraising

Fundraising expenses represent the costs incurred for raising funds from all possible sources of income, be they private or public institutions. As a note, CODE will not continue to fundraise from public institutions anymore.

3.2.6 Management and General Administration

Management and general administration expenses consist primarily of expenses associated with office management, office financial and human resources management, internal communication and the associative life of the organisation.

3.2.7 Income Tax

CODE is exempt from income taxes but pays employee tax and withholding tax on rent, hired infrastructures and consultants. CODE has an exemption certificate from the Federal Inland Revenue Service, and also CODE has completed its equivalency determination, as such is an equivalent of a United States public charity.