



Financial Statements

For the year ended 31 December 2019

CENTRO PARA DEMOCRACIA E DESENVOLVIMENTO (CDD)
FINANCIAL STATEMENTS
For the year ended 31 December 2019

Index	Page
Management Approval of Financial Statements	1
Report of the Independent Auditor	2
Statement of Financial Position	4
Statement of Receipts and Payments	5
Statement of Budget Execution	6
Notes to the Financial Statements	7

MANAGEMENT APPROVAL OF FINANCIAL STATEMENT

The responsibility of preparing the financial statements, which give a true and fair presentation of the financial position the entity, Statement of Financial Position, Statement of Receipts and Payments and Budget Execution in accordance with generally accepted accounting principles, consistently applied between the periods, and the implementation of acceptable accounting policies and criteria are of the management of Centro para Democracia e Desenvolvimento (CDD).

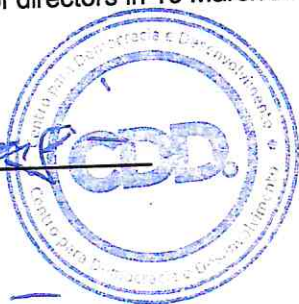
The financial statements have been audited by the independent accounting firm, Deloitte & Touche (Moçambique), Lda, which were given unrestricted access to all financial records of Centro para Democracia e Desenvolvimento (CDD), supporting documents as well as contract, agreements, minutes of meetings of the board of directors and committees of the board and relevant data. The report of the independent auditors is presented on pages 2 and 3.

The financial statements for the year ended 31 December 2019 presented on pages 4 to 11 have been prepared by Centro para Democracia e Desenvolvimento (CDD) on modified cash basis. On that basis, revenues and expenses actually received and paid are recognized, as well as those that will be realized in a short period of time, considered as liquid and certain.

Management is also responsible for the maintenance of an appropriate internal controls system. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements and to adequately safeguard the assets. These internal controls are monitored throughout the entity by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, to identify material breakdowns and implement corrective action timely.

The financial statements presented on pages 4 to 11 were approved by Centro para Democracia e Desenvolvimento (CDD) board of directors in 15 March 2020 and are signed on their behalf by:


Adriano Nuvunga
Chief Executive Officer




Ivone Estante
Financial Manager

Centro para Democracia e Desenvolvimento (CDD)

Report of the Independent Auditor

Opinion

We have audited the financial statements of Centro para Democracia e Desenvolvimento (CDD) which comprise the Statement of Financial Position, Statements of Receipts and Payments and Statement of Budget Execution for the year ended 31 December 2019, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 11.

In our opinion the accompanying financial statements present fairly and appropriately, in all material respects, the Statement of Financial Position of Centro para Democracia e Desenvolvimento (CDD) for the period ended 31 December 2019, in accordance with accounting principles and criteria generally accepted for Non-Profit Associations and the Memorandum of Understanding signed with the respective donors, as described in note 2.1.

Bases for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the code of ethics issued by the Order of Accountants and Auditors of Mozambique ("OCAM"), which comply with the Code of Ethics issued by the Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of the directors

The Centro para Democracia e Desenvolvimento (CDD) is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting basis described in Note 2.1, which is a generally accepted accounting principle in Mozambique for non-profit associations. This responsibility includes:

- Determination that the modified cash basis is an acceptable basis for the preparation of the financial statements under the circumstances; and
- Determination of the internal control system relevant to the proper presentation of financial statements that are free of material misstatement whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with Centro para Democracia e Desenvolvimento (CDD) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Deloitte & Touche (Moçambique), Limitada
Certified Auditors n° 09/SCA/OCAM/2014:

Per Aneliya Nikolova
Partner
Certified Auditor n° 54/CA/OCAM/2014

Maputo, 24 April 2020

Centro para Democracia e Desenvolvimento (CDD)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Amounts Expressed in US Dollars)

	<i>Notes</i>	<u>2019</u>	<u>2018</u>
Opening balance		14 872	-
Superavit		<u>110 128</u>	<u>14 872</u>
Closing balance		<u>125 000</u>	<u>14 872</u>
Represented by:			
Cash	4	3	-
Bank	4	106 568	25 099
Debtors	5	44 795	1 470
Creditors	6	<u>(26 366)</u>	<u>(11 697)</u>
Closing balance		<u>125 000</u>	<u>14 872</u>

Centro para Democracia e Desenvolvimento (CDD)
STATEMENT OF RECEIPTS AND PAYMENTS
 For the year ended 31 December 2019
 (Amounts expressed in US Dollars)

Description	Notes	<u>2019</u>	<u>2018</u>
		1 499 716	139 133
Receipts			
Transference of Funds	3	1 451 406	139 133
Receipts		48 310	-
		1 389 588	124 261
Payments			
Salaries and other staff expenses	7	334 582	62 284
Third party supplies and services	8	1 055 006	61 897
Financial Exchange loss		-	80
Closing balance as at 31 December 2019		110 128	14 872

Centro para Democracia e Desenvolvimento (CDD)
STATEMENT OF BUDGET EXECUTION
 For the year ended 31 December 2019
 (Amounts expressed in USD Dollars)

Description	Budget	Expenses	Balance	% Execution
Human resources	327 217	310 497	16 720	95%
Equipment and Services	11 000	10 255	745	93%
Current expenses of the office	73 558	47 286	26 272	64%
Other expenses and services	23 100	21 004	2 096	91%
Communication, marketing and networking	10 000	8 146	1 854	81%
Strategic objective 1	133 419	68 058	65 361	51%
Strategic objective 2	20 000	9 967	10 033	50%
Strategic objective 3	1 244 837	871 772	373 065	70%
Objective of institutional development	13 000	4 375	8 625	34%
Exchange rate differences - SDC	-	1 246	-	-
CDD	-	36 982	-	-
Total	1 856 130	1 389 588	466 542	

1. INTRODUCTION

1.1 Centro para Democracia e Desenvolvimento (CDD)

The **Centro para Democracia e Desenvolvimento (CDD)** is an organization in the form of *think and do tank* and that aims to contribute to the transformation of Mozambique into a society committed to democratic development and social inclusion, strengthening Transformational Leadership through youth empowerment, political dialogue and of democratic practice.

Centro para Democracia e Desenvolvimento (CDD) is a private legal entity, with legal personality, non-profit, with administrative, financial and patrimonial autonomy, which is governed by its own statutes and other laws in force in the country. The mission of the Centro para Democracia e Desenvolvimento (CDD) is to contribute to the development of leadership, policies and initiatives that foster developmental spirit in Mozambican society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements were prepared in accordance with the historical cost convention and the modified cash basis. On that basis, revenues and expenses actually received and paid are recognized, as well as those that will be realized in a short period of time, considered as net and certain. The financial statements are prepared to assist Centro para Democracia e Desenvolvimento (CDD) in providing financial statements to funding institutions. As a result, the financial statements may be appropriate for this purpose and not for other purposes.

2.2 Reporting currency

The accounting records are expressed in American Dollars.

2.3 Equipment

Equipment purchases are recorded as current project expenses on the date of payment. However, the organization maintains a detailed inventory of all equipment purchased.

2.4 Transactions in foreign and domestic currency

The reference currency for recording transactions is the US Dollar. Transactions made in local currency are converted into this currency at the exchange rate. Exchange rate differences are reflected in the income statement in the period of occurrence. The exchange rate for the preparation and presentation of the Statements of Income and Expenses is 1USD = 61,408 MT (Standard Bank average exchange rate).

2.5 Comparatives

The financial statements and the related explanatory notes do not include comparatives because they are the first year of the association's activities.

2.. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Address

Eça de Queirós Road, n° 45
Coop
Maputo
Moçambique

	<u>2 019</u>	<u>2 018</u>
3. Receipts		
SDC C.81056202	290 000	90 000
SDC C.81059312	77 864	-
OXFAM	-	49 133
OSISA 1 – Institutional support	15 000	-
OSISA 2- Electoral conflicts	34 000	-
Electoral observatory	166 899	-
EISA II- other expenses	362 567	-
EISA II- Administrative expenses	78 798	-
CPI- Administrative expenses	44 515	-
CPI- other expenses	231 214	-
DFID- administrative expenses	25 415	-
DFID- other expenses	106 301	-
NUFFIC	18 834	-
	<u>1 451 406</u>	<u>139 133</u>

4. Cash and Bank Balance at 31 December 2019

Cash	3	-
Standard Bank MZN account nr.12	2 258	-
Standard Bank MZN account nr.12	164	-
Standard Bank MZN account nr. 12	9 827	-
Standard Bank MZN account nr.125	1 618	-
Mpesa Vodacom	294	-
Standard Bank USD account nr.125	-	3 912
Standard Bank USD account nr.125	40 317	20 344
Standard Bank USD account nr.125	45	465
Standard Bank USD account nr. 12	52 045	377
	<u>106 571</u>	<u>25 099</u>

Centro para Democracia e Desenvolvimento (CDD)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019
(Amounts expressed in US Dollars)

	<u>2 019</u>	<u>2 018</u>
5. Debtors		
Receivable from employees	697	1 470
Mumbaraque Abdul Razac-Caution	1 466	-
Counterpart International – CP	17 244	-
EISA II	17 572	-
EISA – DFID	7 788	-
Restaurant Disco Namussur	29	-
	<u>44 795</u>	<u>1 470</u>
6. Creditors		
JOINT e Standard Bank Mpesa	3 120	-
Other Creditors	1 609	9 358
IRPS	21 638	2 339
	<u>26 366</u>	<u>11 697</u>
7. Payroll		
Salaries and other staff expenses	334 582	62 284
	<u>334 582</u>	<u>62 284</u>
8. Third Party supplies and services		
8.1 - Funds from SDC		
Equipment SDC	6 886	6 501
Office expenses	38 373	9 918
Consultancy expenses	20 807	-
Communication, Marketing and Networking Activities	8 146	-
Other costs and services	78 691	-
Establishment of ADS	-	6 276
	-	6 967
	<u>152 902</u>	<u>29 662</u>
8.2 - Funds from OXFAM		
Equipment	1 325	6 501
Office expenses	2 696	9 920
Activities	5 210	-
Other costs and services	-	15 814
	<u>9 231</u>	<u>32 235</u>

	<u>2 019</u>	<u>2 018</u>
8. Third party supplies and services (cont.)		
8.3 - Funds from OSISA I and OSISA II		
Office rent	20 622	-
Activities	<u>22 641</u>	<u>-</u>
8.4 - Funds from EISA I and EISA II		
Communication	22	-
Expenses with electoral observation	165 836	-
Coordinators fees	21 165	-
Vests and hats for observers	17 928	-
Provincial training	18 736	-
Observers and supervisors' fees	116 754	-
Project Monitoring	55 291	-
Administrative expenses	11 421	-
Voting date	<u>63 364</u>	<u>-</u>
	<u>470 515</u>	<u>-</u>
8.5 - Funds from DFID - EISA		
Project Coordinator of CEPJ	2 503	-
Monitoring and evaluation	13 256	-
Electoral campaign	62 969	-
PVT training and Tete Elections	6 576	-
Districtal training	24 405	-
PVT election day	37 558	-
Administrative expenses	803	-
Expenses with working materials	206	-
Field work	6 666	-
Training material	163	-
Fees	<u>20 037</u>	<u>-</u>
	<u>175 143</u>	<u>-</u>

Centro para Democracia e Desenvolvimento (CDD)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019
(Amounts expressed in US Dollars)

	<u>2 019</u>	<u>2 018</u>
8. Third party supplies and services (cont.)		
8.6 - Funds from CPI		
	10 180	-
Salaries and benefits	2 832	-
Travels for monitoring and evaluation	6 172	-
Training	3 767	-
Code of Conduct	2 409	-
Learning Events Nampula and Chimoio	5 271	-
Administrative expenses	169 223	-
Project activities	6 441	-
Fees Cabo Delgado	5 559	-
Travel expenses	<u>211 853</u>	<u>-</u>
8.7 - Funds CDD		
	13 900	-
Administrative expenses	<u>(1 177)</u>	<u>-</u>
Other expenses	<u>12 722</u>	<u>-</u>
8. TOTAL	<u><u>1 055 006</u></u>	<u><u>61 897</u></u>

9. Subsequent events

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In Mozambique, the Government declared a 30 days' state of emergency effective 1st of April 2020. The pandemic will have significant impact on business in the Country which include the NGO industry. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial position in the 2020 financial year and beyond. We will continue working on initiatives to ensure continuity of the business in this time of uncertainty.

We however do not see reasons for an adjustment to the 2019 financial statements.