



**AFRICAN POPULATION AND HEALTH
RESEARCH CENTER (APHRC)**

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2015**

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

GLOSSARY OF TERMS

APHRC	African Population and Health Research Center
CIFF	Children's Investment Fund Foundation
DAAD	Deutscher Akademischer Austausch Dienst
ESEI	Environmental & Social Ecology of Human Infectious Diseases
ESRC	Economic and Social Research Council
ICRW	International Center for Research on Women
IDS	Institute of Development Studies
IPAS	International Pregnancy Advisory Services
IPPF	International Planned Parenthood Federation
IRC	International Rescue Committee
KEMRI	Kenya Medical Research Institute
LEL	Low Earnings Limit
NIDI	Netherlands Interdisciplinary Demographic Institute
NIH	National Institutes of Health
NSSF	National Social Security Fund
NOW	Netherlands Organisation for Scientific Research
PEAS	Promoting Equality in African Schools
SIDA	Swedish International Development Agency
AID	United States Agency for International Development
US\$	United States Dollar

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

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AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

OFFICIALS AND ADVISERS

Directors	Philip Kinisu Alex Ezech Trudy Harpham Tade Aina Goran Bondjers Akpan Ekpo Patricia Vaughan Timothy Stiles James Ole Kiyiapi Agyeman Akosa Tamara Fox	Chairperson, Board of Directors Executive Director
Registered office	APHRC Campus Manga Close, off Kirawa Road P.O. Box 10787-00100 Nairobi – Kenya	
Auditor	Deloitte & Touche Deloitte Place, Waiyaki Way, Muthangari P.O. Box 40092 - GPO 00100 Nairobi – Kenya	
Lawyers	Njoroge Regeru and Company Advocates Arbor House, Arboretum Drive Off Bishop Road P.O. Box 46971-00100 Nairobi - Kenya	Mboya Wangong'u and Waiyaki Lex Chambers, Maji Mazuri Road Off James Gichuru Road, Lavington P.O. Box 74041 - 00200 Nairobi - Kenya
Bankers	UBS Financial Services Inc. 1285 Ave of the Americas New York, NY 10019 - USA CfC Stanbic Bank Ltd CfC Stanbic Centre P.O. Box 72833-00200 Nairobi - Kenya Ecobank Kenya Ecobank Towers Branch P.O. Box 48022-00100 Nairobi - Kenya Equity Bank Limited Gigiri Supreme Centre Gigiri Square, UN Avenue P.O. Box 101739 - 00100 Nairobi - Kenya	Ecobank Nigeria 67, Yakubu Gowon Crescent Asokoro District - Abuja - Nigeria I & M Bank Kenya P.O. Box 30238 - 00100 Nairobi - Kenya Bank of America 345, Park Avenue NY5-125-01-01 New York, NY 10154

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

EXECUTIVE DIRECTOR REPORT

The month of August 2015 marked the beginning of APHRC's fifteenth anniversary. Great progress has been made over the years, including the establishment of the Center's headquarters office complex in 2011 on a two-acre piece of land in Kitisuru, Nairobi, Kenya. In 2015, an additional 3.1 acres was purchased to enable the development of APHRC Training Center that will incorporate training and residential facilities to support our growing efforts to strengthen individual and institutional capacities for rigorous research engagement in Africa. We also completed the repayment of a Program Related Investment loan from the David and Lucile Packard Foundation that supported the development of the Center's headquarters facility.

Income for 2015 remained at the same level as 2014 with only a drop of 1.1%. Expenditure, however, went up by 2.3% but could have been lower had it not been for the US\$1 million in expenditure on the purchase of the 3.1 acres of land. The relatively lower costs are largely attributed to Kenya shillings denominated expenses whose dollar equivalent was lower due to the depreciation of the Kenya shilling by an average of 13% during the year. This depreciation of the Kenya shilling also affected the rental income and partly explains the slight drop in income.

In the year under review, APHRC won the prestigious United Nations Population Award. The first phase of the Consortium for Advanced Research Training in Africa (CARTA) was concluded with all fundraising and program milestones being met. The program raised its full budget of US\$20 million over six and half years and a second phase of five years with a budget of US\$23 million was developed which has so far attracted funders' commitment of US\$12.5 million. Together with the African Doctoral Dissertation Research Fellowship (ADDRF), our doctoral programs had graduated over 110 PhDs by the end of 2015 with another 250 still in training. Our research programs continue to strengthen their fundraising base and have been able to retain past funders whilst adding new ones. APHRC funding is well diversified with over 30 institutions providing funding each year. Core funding, however, continue to be a challenge.

The Center's publications output in 2015 was impressive with over 70 articles published in peer outlets. Additionally, our doctoral fellows published over 100 plus peer-reviewed articles in 2015. Our research was also disseminated at several international conferences and our staff continued to serve on important scientific panels and boards. We continued to engage policy makers with our research evidence. Our staff continued to serve on several boards and to give keynote addresses at major conferences. Our IT Manager won the regional (East Africa) and Kenya Titan Award which was presented at a ceremony in South Africa.

The drop of US\$1.3 million in our unrestricted reserves (accumulated fund) in 2015 is explained by the full repayment of the Program Related Investment Loan balance of US\$0.9 million and the purchase of land at US\$1m, which resulted in a deficit of US\$0.5m being charged to reserves. With no more loans to pay in 2016 and no planned purchase of property, the reserves are expected to go up in 2016.

APHRC made great strides in all areas of its work due to the great dedication and commitment of its staff. The Board also continued its excellent support and is already steering the capital campaign initiative for our Phase II development. Thanks to our funders for their continued confidence in and support of the Center and the Government of Kenya for continued support and facilitation of our work.



ALEX EZECH

29 April 2016

EXECUTIVE DIRECTOR

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

REPORT OF THE DIRECTORS

The Directors present their audited financial statements for the year ended 31 December 2015.

Center and nature of activities

The African Population and Health Research Center (APHRC) is incorporated as a Non-Stock, Non-profit Corporation. The registered office is located at 1220 N. Market Street, Suite 606, County of New Castle, Wilmington, Delaware. APHRC has established a place of business in Kenya as per Sections 365-375 of the Companies Act of Kenya and has complied with the provisions of this sections (*Provisions as to Establishment of Place of Business in Kenya*). APHRC is committed to conducting high-quality, policy relevant research on population and health-related issues facing sub-Saharan Africa.

APHRC Mission

The Center's mission is to be a global center of excellence, consistently generating and delivering relevant scientific evidence for policy and action on population, health and education in Africa.

Results

The results for the year ended 31 December 2015 are set out on page 8.

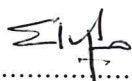
Board of Directors

The current Directors are shown on page 2.

Auditors

Deloitte & Touche, have expressed their willingness to continue in office.

BY ORDER OF THE BOARD



Chairperson, Finance and Risk Management
Committee



Executive Director

29 April

2016

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of the directors of African Population and Health Research Center to prepare the annual special purpose financial statements for each year which presents fairly the state of affairs of the Center as at the end of the financial year and its financial performance for that year. The directors are also required to ensure that the Center keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Center. They are also responsible for safe guarding the assets of the Center.

The directors are responsible for the preparation of these special purpose financial statements that presents fairly in accordance with the accounting policies stated in note 1 of the special purpose financial statements, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The directors accept responsibility for these special purpose financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the requirements of the Center. The directors are of the opinion that the special purpose financial statements fairly present the state of the financial affairs of the Center and of the results of its operations. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of these special purpose financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Center will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements of the Center, as indicated above, were approved by the directors on 29 April 2016 and signed on their behalf by:



Chairperson, Finance and Risk Management Committee


Executive Director

Chairperson of the Board
African Population and Health Research Center (APHRC)
P.O. Box 10787 – 00100
Nairobi, Kenya

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

We have audited the accompanying special purpose financial statements of African Population and Health Research Center (APHRC) set out on pages 8 to 28, which comprise the statement of financial position at 31 December 2015, the statement of income and expenditure and other comprehensive income, statement of financial position, statement of changes in funds and statement of cash flows for the year then ended and a summary of significant policies and other explanatory notes.

The special purpose financial statements have been prepared by the directors in accordance with the accounting policies set out in Note 1.

Directors' responsibility for the special purpose financial statements

The Directors are responsible for the preparation of these special purpose financial statements that presents fairly in accordance with the accounting policies set out in Note 1, and for such internal control as the directors determine are necessary to enable the preparation of these special purpose financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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, we considered the internal control relevant to the Center's preparation 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 Center's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

Opinion

In our opinion, the special purpose financial statements give a true and fair view, in all material respects, of the state of financial affairs of Center as at 31 December 2015, and of its financial performance and cash flows for the year then ended, in accordance with the accounting policies set out on Note 1 of the financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Basis on accounting and restriction on distribution and use

We draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting.

The special purpose financial statements are prepared for purposes of directors and management reporting. As a result, the special purpose financial statements may not be suitable for another purpose.

Our report is intended for the information of African Population and Health Research Center. However, upon release by the Center, this report is a matter of public record and its distribution is not limited.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA B W Wahogo – P/No 1698.

Deloitte & Touche

Certified Public Accountants (Kenya)
Nairobi, Kenya

29 April 2016

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 Restricted Income US\$	2015 Unrestricted Income US\$	2015 Total US\$	2014 Total US\$
INCOME					
Grant income	3	9,248,919	2,281,514	11,530,433	11,578,540
Other income	4	-	489,799	489,799	474,147
Kitisuru building rental income		-	660,235	660,235	723,867
Service charge income		-	81,339	81,339	123,802
Total income		9,248,919	3,512,887	12,761,806	12,900,356
EXPENDITURE					
Direct programme expenses	5	9,248,919	1,193,866	10,442,785	10,591,874
Administration & support costs	6	-	1,449,922	1,449,922	1,893,817
APHRC campus development	7	-	1,112,956	1,112,956	181,264
APHRC campus administration expenses	8	-	189,738	189,738	237,799
Total expenditure		9,248,919	3,946,482	13,195,401	12,904,754
DEFICIT FOR THE YEAR		-	(433,595)	(433,595)	(4,398)
OTHER COMPREHENSIVE INCOME					
Fair value loss on available for sale financial assets		-	(34,056)	(34,056)	(5,557)
Total comprehensive loss for the year		-	(467,651)	(467,651)	(9,955)



The notes set out on pages 12 to 28 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 US\$	2014 US\$
ASSETS			
Non-current assets			
Property and equipment	9	6,652,640	6,855,315
Prepaid operating lease	10	2,529,697	1,562,045
Intangible assets	11	1,204	6,784
		<hr/>	<hr/>
		9,183,541	8,424,144
		<hr/>	<hr/>
Current assets			
Grant receivable	16	10,039,961	11,647,512
Investments	13	346,645	380,701
Debtors and prepayments	14	178,942	362,442
Cash and cash equivalents	12	10,429,435	11,817,751
		<hr/>	<hr/>
Total current assets		20,994,983	24,208,406
		<hr/>	<hr/>
TOTAL ASSETS		30,178,524	32,632,550
		<hr/>	<hr/>
FUNDS AND LIABILITIES			
Fund balance		9,740,089	9,413,724
Non-current liabilities			
Program related investment loan	17	-	444,448
Current liabilities			
Creditors and accruals	15	7,258,117	6,317,607
Deferred grants	16	13,180,318	16,012,327
Program related investment loan	17	-	444,444
		<hr/>	<hr/>
Total current liabilities		20,438,435	22,774,378
		<hr/>	<hr/>
TOTAL FUNDS AND LIABILITIES		30,178,524	32,632,550
		<hr/>	<hr/>

The financial statements shown on pages 8 to 28 were approved and authorized for issue by the Directors on 29 April 2016 and signed on their behalf by:

) Chairperson, Board Finance Committee
) Executive Director

The notes set out on pages 12 to 28 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF CHANGES IN FUNDS AS AT 31 DECEMBER 2015

	Accumulated fund US\$	*Revaluation reserve US\$	**Capital fund US\$	Total US\$
As at 1 January 2014	2,240,502	(18,742)	4,583,485	6,805,245
Revaluation loss on investments	-	(5,557)	-	(5,557)
Revaluation gain on fixed assets	-	2,740,613	-	2,740,613
Transfer of revaluation depreciation		(60,988)	60,988	-
Deficit for the year	(4,398)	-	-	(4,398)
Fixed assets purchased	-	-	213,676	213,676
Building transfer***	(444,444)	-	444,444	-
Depreciation for the year	-	-	(335,855)	(335,855)
Depreciation on building transfer	88,890		(88,890)	-
At 31 December 2014	<u>1,880,550</u>	<u>2,655,326</u>	<u>4,877,848</u>	<u>9,413,724</u>
As at 1 January 2015	1,880,550	2,655,326	4,877,848	9,413,724
Revaluation loss on investments	-	(34,056)	-	(34,056)
Transfer of revaluation depreciation		(60,988)	60,988	-
Deficit for the year	(433,595)	-	-	(433,595)
Fixed assets purchased	-	-	1,132,539	1,132,539
Building transfer***	(888,892)	-	888,892	-
Depreciation for the year	-	-	(338,523)	(338,523)
Depreciation on building transfer	22,221	-	(22,221)	-
At 31 December 2015	<u>580,284</u>	<u>2,560,282</u>	<u>6,599,523</u>	<u>9,740,089</u>

* Revaluation reserve

This represent gain or loss on revaluation of financial instruments and gain on revaluation of assets.

** Capital fund

The capital fund has been created to separate reserves that specifically relate to property and equipment.

*** Building transfer

It relates to transfer of the portion of the value of building paid for from the loan, which is equivalent to the principal loan amounts repaid in the year in relation to the building acquisition.

The notes set out on pages 12 to 28 form an integral part of these financial statements.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2015

	Note	2015 US\$	2014 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(467,651)	(9,955)
Adjustments for:			
Depreciation	18	-	22,221
Interest on program related investment loan	7	12,553	25,667
Gain on sale of assets		(25,406)	-
Fair value loss on the investments	13	34,056	5,557
		<hr/>	<hr/>
Surplus before working capital changes		(446,448)	43,490
Working capital changes			
Decrease/(increase) in debtors and prepayments		183,500	(18,957)
Decrease in grants receivable		1,607,551	1,185,770
(Decrease)/increase in deferred grants		(2,832,009)	118,867
Increase in creditors and accruals		940,510	767,808
		<hr/>	<hr/>
Net cash generated by operating activities		(546,896)	2,096,978
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on program related investment loan		(12,553)	(25,667)
Proceeds on sale of assets		60,025	-
		<hr/>	<hr/>
Net cash used in investing activities		47,472	(25,667)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of program related investment loan	17	(888,892)	(444,444)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<hr/> (1,388,316) <hr/>	<hr/> 1,626,867 <hr/>
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		11,817,751	10,190,884
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER		<hr/> 10,429,435 <hr/>	<hr/> 11,817,751 <hr/>
Represented by:		<hr/>	<hr/>
Bank and cash balances	12	<hr/> 10,429,435 <hr/>	<hr/> 11,817,751 <hr/>

The notes set out on pages 12 to 28 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 SIGNIFICANT ACCOUNTING POLICIES

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

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting. The principal accounting policies adopted are set out below;

Income recognition

- i) Restricted income is recognised when expenditure is incurred and when grant conditions are fulfilled, i.e. grant income is matched to expenditure. Unrestricted grant income (nonspecific grants) is recognised over the grant period.
- ii) Rental and interest income is recognized as it accrues.
- iii) Other income is recognized on a receipt basis.
- iv) Funds received for purchase of assets are recognised in full on purchase of the assets.

Project expenditure

Project expenditure is recognized when incurred.

Grants receivable

Grants from donors are recognized as a receivable when a grant has been approved and a grant agreement with the donors signed, and represents the balance of funds to be received from the donors.

Deferred grants

Grants received are treated as deferred grants and credited to the income and expenditure statement when the activities for which they were provided for have been undertaken. Any deferred grants are carried forward as liabilities.

Prepaid operating lease rental

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases financed through project funds are expensed in the income and expenditure statement in the year the costs are incurred. The value of the prepaid lease is then recognized as an asset and an equal amount recognized in the capital fund. Amortisation is charged on a straight line basis over the remaining lease period. This amortisation is charged to the operating lease balance on the asset side and a similar amount charged to the capital fund.

Capital fund

The capital fund has been created to reflect the monies spent on property and equipment and is adjusted through the accumulated funds reserve to reflect the movements in assets for additions, depreciation, disposals and loan repayments, when an asset is purchased on loan.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

Property and equipment are stated at cost or as professionally valued from time to time less accumulated depreciation and accumulated impairment losses.

Buildings, equipment and motor vehicles financed through project funds are expensed in the income and expenditure statement in the year of acquisition. The value of the asset is then recognized as an asset and an equal amount recognized in the capital fund. Depreciation is charged on a straight line basis over the estimated useful life of the asset. This depreciation is charged to the asset balance on the asset side and a similar amount charged to the capital fund.

Any increase arising on the revaluation is accumulated in the revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the statement of income and expenditure. Each year, the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to capital fund) and depreciation based on the asset's original cost is transferred from the revaluation surplus to capital fund.

The annual rates used are:

Buildings	2.5%
Computer equipment and software	33.3%
Motor vehicles	25%
Furniture and fittings	12.5%
Equipment and tools	20%

Intangible assets

Intangible assets are mainly made up of software costs. Intangible assets financed through project funds are expensed in the income and expenditure statement in the year of acquisition. The Intangible asset is measured on initial recognition at cost and an equal amount recognized in the capital fund. Intangible assets are amortized over the term of their expected useful lives. The annual amortisation rate is 33.3%. The amortisation is charged to the asset balance on the asset side and a similar amount charged to the capital fund. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Financial instruments

Financial assets and liabilities are recognized in the Center's financial position when the Center has become a party to the contractual provisions of the instrument.

Financial assets

Financial assets that have a fixed maturity are measured at amortized cost. Re-measurement gains and losses are dealt with in surplus or deficit for the year.

Receivables

Receivables are stated at their nominal value. When a receivable is considered uncollectible it is written off against the receivable account.

Payables

Payables are stated at their nominal value.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Short term deposits

Short term deposits are classified as held to maturity and are measured at amortised costs.

Available for sale investments

Investments in Old Mutual International, formerly Royal Skandia Executive redemption bond is recognised on a trade date basis and was initially measured at fair value, including transaction costs. The investment was stated at the market value ruling as at the year-end and is classified as an available for sale financial asset. Gains or losses on re-measurement are recognised in other comprehensive income and accumulated in the revaluation reserve

Taxation

No provision for corporate tax has been made in these financials. The Center qualifies for exemption from corporation tax in Kenya under paragraph 10 of the 1st Schedule to the Income Tax Act, Cap. 470 of the Laws of Kenya. The Center has an agreement with the Government of Kenya, exempting it from paying corporate taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, bank balances and short term liquid investments which are readily convertible into known amounts of cash.

For the purposes of the cash flow statement, cash equivalents include cash at hand and bank, and fixed deposits held in the bank.

Foreign currency translations

Assets and liabilities denominated in currencies other than United States Dollars (US\$) are translated into US\$ at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the spot exchange rates at the date of the transactions. All exchange differences are dealt with in the statement of comprehensive income.

Retirement benefit obligations

The Center operates a defined contribution scheme for eligible employees to which the employer contributes 10% (2014-10%) and the employee's contribution is optional. The assets of the scheme are held in separate trustee administered funds and managed by Britam for Nationally recruited staff and Generalli International Pension fund for internationally recruited staff. Contributions are determined by the rules of the scheme.

The organization contributes to the statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Shs 200 per employee per month. A new NSSF Act No 45 of 2014 effective 10 January 2015 requires the contributions to change as follows:

For the purposes of the Act, the Upper Earning Limit (UEL) will be KES. 18,000 while the Lower Earnings Limit (LEL) will be KES 6,000. The pension contribution will be 12% of the pensionable wages made up of two equal portions of 6% from the employee and 6% from the employer subject to an upper limit of KES 2,160 for employees earning above KES 18,000. The employee contribution shall be drawn directly from his salary and wages while the employer's contribution shall come directly from the employer. The contributions relating to the earnings below the LEL of the earnings (a maximum of KES. 720) will be credited to what will be known as a Tier I account while the balance of the contribution for earnings between the LEL and the UEL (up to a maximum of KES 1,440) will be credited to what will be known as a Tier II account.

The new NSSF ACT requirements have been suspended pending a court case.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 SIGNIFICANT ACCOUNTING POLICIES

Provision for staff leave and gratuity

A provision is made to recognize staff entitlements in respect of annual leave not taken and gratuity as at the end of the financial year.

Comparatives

Where necessary comparative figures have been adjusted to conform to change in presentation in the current year.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments

In the process of applying the Center's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The financial statements have been prepared on a going concern basis on the belief that funds will continue to be received from donors.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Equipment

Critical estimates are made by the management in determining depreciation rates of equipment.

Impairment of assets

At each statement of financial position date, the Center reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Provisions and contingent liabilities

The Center reviews its obligations at the each statement of financial position date to determine whether provisions need to be made and if there are any contingent liabilities.

Going concern

The financial statements are prepared on a going concern basis on the belief that funds will continue to be received from donors and other funds generated through rental, interest and other incomes.

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 GRANT INCOME

	2015 US\$	2014 US\$
Restricted income	9,248,919	9,633,864
Unrestricted income		
Hewlett Foundation	902,778	833,333
SIDA - general support	278,636	243,612
Fidelity Charitable Gift Program	294,873	38,462
Indepth Msc	49,643	-
Overheads recovery	755,584	829,269
Sub total	2,281,514	1,944,676
Total (note 16)	11,530,433	11,578,540

4 OTHER INCOME

Interest income	268,589	207,063
Training income	35,391	11,917
Miscellaneous income	185,819	255,167
	489,799	474,147

5 DIRECT PROGRAMME EXPENSES

	2015 Restricted US\$	2015 Unrestricted US\$	2015 Total US\$	2014 Total US\$
Field assistants and consultants	610,005	260,614	870,619	727,973
Program staff salaries and benefits	3,139,999	664,824	3,804,823	3,856,239
Public relations and advertising	10,615	7,204	17,819	13,659
Computers and other equipment	65,173	23,248	88,421	47,624
Seminars and workshops	1,138,175	31,756	1,169,931	839,516
Fellowships	3,003,949	-	3,003,949	3,085,224
Travel costs	146,594	42,683	189,277	176,612
Training	49,429	21,356	70,785	118,417
Printing and stationery	19,651	39,389	59,040	187,897
Dissemination & knowledge management	-	-	-	20
Sub grants	598,169	3,447	601,616	555,142
Publications, reprint and reports	24,608	14,431	39,039	51,145
Subtotal	8,806,367	1,108,952	9,915,319	9,659,468

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 DIRECT PROGRAMME EXPENSES (CONTINUED)

	2015 Restricted US\$	2015 Unrestricted US\$	2015 Total US\$	2014 Total US\$
Library development	-	68	68	-
Field office supplies	56,779	12,802	69,581	107,891
Motor vehicle expenses	23,619	5,255	28,874	43,601
Communications and postage	14,287	9,865	24,152	45,490
Field office rent & expenses	400	18,037	18,437	20,377
Equipment repairs and maintenance	241	550	791	6,146
Community development	17,709	16,203	33,912	343,660
Occupancy costs	260,244	-	260,244	313,187
Other program costs	69,273	22,134	91,407	52,054
Sub total	442,552	84,914	527,466	932,406
Total	9,248,919	1,193,866	10,442,785	10,591,874

6 ADMINISTRATION AND SUPPORT COSTS

	2015 US\$	2014 US\$
Travel costs and allowances	24,102	35,577
Board costs	53,531	140,754
Staff salaries and benefits	889,008	894,960
Other overhead costs	22,697	12,549
Professional fees	33,768	72,525
Office rent	149	3,492
Stationery and office supplies	74,391	74,749
Communication and postage	32,365	48,185
Motor vehicle running	12,400	11,246
Staff development	81,877	41,670
Recruitment expenses	65,255	24,851
Insurance	8,331	11,941
Equipment	15,523	26,205
Fundraising costs	11,355	49,775
Depreciation	-	22,221
Exchange losses	125,170	324,303
Bad debt written off	-	98,814
	1,449,922	1,893,817

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2015 US\$	2014 US\$
7 APHRC CAMPUS DEVELOPMENT		
Kitisuru building improvements	103,794	150,090
Program related investment loan interest capitalized	12,553	25,667
Road improvements	-	5,507
Land purchase	996,609	-
	<u>1,112,956</u>	<u>181,264</u>
8 APHRC CAMPUS ADMINISTRATION EXPENSES		
Staff costs	20,146	24,087
Security	57,107	52,406
Office cleaning & maintenance	54,221	69,929
Fuel	2,005	5,812
Electricity	34,361	55,689
Office supplies	10,635	14,047
Insurance	6,509	6,185
Water	3,159	3,950
Audit fees	1,595	5,694
	<u>189,738</u>	<u>237,799</u>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PROPERTY AND EQUIPMENT

	Building US\$	Computers US\$	Motor vehicles US\$	Furniture, fittings US\$	Equipment and tools US\$	Total US\$
COST						
At 1 January 2014	5,418,813	405,613	351,352	103,034	220,077	6,498,889
Additions	150,090	32,175	-	-	29,021	211,286
Revaluation	1,440,168	-	-	-	-	1,440,168
At 31 December 2014	7,009,071	437,788	351,352	103,034	249,098	8,150,343
At 1 January 2015	7,009,071	437,788	351,352	103,034	249,098	8,150,343
Additions	103,794	32,136	-	-	-	135,930
Disposals	-	(7,568)	(131,557)	-	-	(139,125)
At 31 December 2015	7,112,865	462,356	219,795	103,034	249,098	8,147,148
DEPRECIATION						
At 1 January 2014	269,820	352,243	219,567	32,486	88,901	963,017
Charge for the year	184,449	49,355	44,057	11,758	42,392	332,011
At 31 December 2014	454,269	401,598	263,624	44,244	131,293	1,295,028
At 1 January 2015	454,269	401,598	263,624	44,244	131,293	1,295,028
Charge for the year	187,044	35,103	27,688	11,758	42,393	303,986
Elimination on disposal	-	(5,687)	(98,819)	-	-	(104,506)
At 31 December 2015	641,313	431,014	192,493	56,002	173,686	1,494,508
NET BOOK VALUE						
At 31 December 2015	6,471,552	31,342	27,302	47,032	75,412	6,652,640
At 31 December 2014	6,554,802	36,190	87,728	58,790	117,805	6,855,315

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2015 US\$	2014 US\$
10 PREPAID OPERATING LEASES		
COST		
At 1 January	1,590,785	290,340
Additions	996,609	-
Revaluation	-	1,300,445
At 31 December	<u>2,587,394</u>	<u>1,590,785</u>
ACCUMULATED AMORTISATION		
At 1 January	28,740	10,383
Charge for the year	28,957	18,357
At 31 December	<u>57,697</u>	<u>28,740</u>
NET BOOK VALUE		
At 31 December	<u>2,529,697</u>	<u>1,562,045</u>
11 INTANGIBLE ASSETS		
Computer software		
COST		
As at 1 January	225,232	222,842
Additions	-	2,390
As at 31 December	<u>225,232</u>	<u>225,232</u>
AMORTISATION		
As at 1 January	218,448	210,740
Charge for the year	5,580	7,708
As at 31 December	<u>224,028</u>	<u>218,448</u>
NET BOOK VALUE		
As at 31 December	<u>1,204</u>	<u>6,784</u>
12 CASH AND CASH EQUIVALENTS		
Cash at bank	3,575,079	4,137,579
Cash on hand	323	359
Fixed deposits	6,854,033	7,679,813
As at 31 December	<u>10,429,435</u>	<u>11,817,751</u>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 CASH AND CASH EQUIVALENTS (Continued)

The fixed deposits are held at Ecobank Kenya, CFC Stanbic and I&M bank. The weighted average rate of interest on the Fixed Deposits was as follows:

Kenya shilling denominated deposits 7.19% (2014 - 10%)

USD denominated deposits 3.4%% (2014 - 3.4%)

GBP denominated deposits 1.97% (2014 - 3%)

13 AVAILABLE FOR SALE INVESTMENTS

This comprises an investment in an Old Mutual International formerly Royal Skandia executive redemption bond where funds have been placed in a diversified investment portfolio on a long-term basis.

Description	Cost at 31.12.2014 and 31.12.2015 US\$	Market value as at 31.12.2015 US\$	Market value at 31.12.2014 US\$
Old mutual international Executive redemption bond	405,000	346,645	380,701
Total	405,000	346,645	380,701
		2015 US\$	2014 US\$
Movement in available for sale investments			
As at January	380,701		386,258
Fair value loss	(34,056)		(5,557)
		346,645	380,701

14 DEBTORS AND PREPAYMENTS

Staff debtors	83,556	94,501
Other debtors	70,534	86,856
Prepaid staff costs	11,755	20,983
Prepayments	6,444	151,616
Utilities and other deposits	6,653	8,486
	178,942	362,442

15 CREDITORS AND ACCRUALS

Trade creditors	18,023	128,238
Payroll creditors	-	1,391
CARTA fellowships	5,629,262	4,711,100
Other accruals	1,610,832	1,476,878
	7,258,117	6,317,607

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 GRANTS RECEIVABLE/DEFERRED GRANTS

Donor	Grant receivable 31 December 2014 US\$ A	Deferred grants 31 December 2014 US\$ B	New grants receivable */ adjustments/ exchange differences 2015 US\$ C	Receipts/ adjustments/ exchange differences 2015 US\$ D	Expenditure/ Income 2015 US\$ E	Grant receivable 31 December 2015 US\$ F=A+C-D	Deferred grants 31 December 2015 US\$ G=B+C-E
Restricted grants							
Adam Smith International	42,328	225,599	-	42,328	209,214	-	16,385
Aga Khan University Hospital	9,397	-	4,817	14,214	4,817	-	-
Amsterdam Institute of Global Health	44,698	19,070	(1,807)	42,891	17,263	-	-
Aspen Institute	130,000	116,856	(6,610)	67,000	55,067	56,390	55,179
Carnegie Corporation	1,848,500	2,538,211	100,000	1,065,700	409,387	882,800	2,228,824
CIFF	1,251,351	1,251,281	-	125,736	196,768	1,125,615	1,054,513
Columbia University	-	-	254,185	127,923	236,497	126,262	17,688
Comic Relief	603,834	654,836	(69,569)	345,883	342,774	188,382	242,493
DAAD	-	-	44,273	35,044	25,937	9,229	18,336
Delphi	12,318	-	-	557	-	11,761	-
Department for International Development (DFID) through Population Council	149,436	137,691	1,006,097	405,041	510,886	750,492	632,902
ESEI	243,514	3,038	3,582	14,579	38,422	232,517	(31,802)
ESRC	132,401	16,770	(1,370)	128,072	15,400	2,959	-
Subtotal restricted grants	4,467,777	4,963,352	1,333,598	2,414,968	2,062,432	3,386,407	4,234,518

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 GRANTS RECEIVABLE/DEFERRED GRANTS (Continued)

Donor	Grant receivable 31 December 2014 US\$ A	Deferred grants 31 December 2014 US\$ B	New grants receivable* / adjustments/ exchange differences 2015 US\$ C	Receipts/ adjustments/ exchange differences 2015 US\$ D	Expenditure/ income 2015 US\$ E	Grant receivable 31 December 2015 US\$ F=A+C-D	Deferred grants 31 December 2015 US\$ G=B+C-E
Restricted grants							
Fidelity Charitable Gift Program	-	172,576	1,350,000	550,000	144,763	800,000	1,377,813
Futures Institute	4,125	-	-	4,125	-	-	-
Guttmacher Institute	55,924	164,362	6,275	33,238	138,106	28,961	32,531
Helpage	14,530	3,500	(3,500)	(149)	-	11,179	-
ICRW	-	-	254,443	38,131	15,058	216,312	239,385
IDS	3,279	-	-	3,279	-	-	-
Indepth - Network	229,692	87,278	72,172	157,646	160,777	144,218	(1,327)
International Development Research Center (IDRC)	2,618,035	4,270,406	(274,417)	815,428	1,473,755	1,528,190	2,522,234
International Food Policy Research Institute (IFPRI)	53,403	-	117,393	122,070	72,445	48,726	44,948
IPAS	20,000	(4,671)	(3,300)	16,700	(7,971)	-	-
IPPF	119,426	111,343	-	64,198	41,727	55,228	69,616
IRC	20,474	124	250,412	95,783	66,995	175,103	183,541
KEMRI	-	-	125,139	58,738	17,304	66,401	107,835
London School of Hygiene and Tropical Medicine	107,543	8,127	53,657	113,172	61,784	48,028	-
MacArthur Foundation	125,000	249,994	-	-	119,129	125,000	130,865
Subtotal restricted grants	3,371,431	5,063,039	1,948,274	2,072,359	2,303,872	3,247,346	4,707,441

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 GRANTS RECEIVABLE/DEFERRED GRANTS (Continued)

Donor	Grant receivable 31 December 2014 US\$ A	Deferred grants 31 December 2014 US\$ B	New grants receivable*/ adjustments/ exchange differences 2015 US\$ C	Receipts/ adjustments/ exchange differences 2015 US\$ D	Expenditure/ income 2015 US\$ E	Grant receivable 31 December 2015 US\$ F=A+C-D	Deferred grants 31 December 2015 US\$ G=B+C-E
Restricted grants							
National Academy of Sciences	-	5,725	102,893	102,893	82,338	-	26,280
Netherlands Interdisciplinary							
Demographic Institute (NIDI)	81,922	70,347	34,400	83,229	79,511	33,093	25,236
New Venture Fund	-	212,570	145,672	145,672	358,242	-	-
NIH - through University of							
Maryland	81,149	80,220	-	81,149	55,693	-	24,527
PEAS	22,334	16,596	(16,596)	5,738	-	-	-
Private Partnership in							
Education	264,560	237,763	(237,763)	26,797	-	-	-
Rockefeller Foundation	36,372	134,720	(26,203)	10,169	108,517	-	-
Swedish International							
Development Cooperation							
Agency (SIDA)	294,399	1,397,904	1,118,868	1,413,267	2,516,772	-	-
The Amsterdam Health &Tech							
Inst (AHTI)	-	-	-	-	73	-	(73)
The David & Lucile Packard							
Foundation	-	706,287	750,000	750,000	629,566	-	826,721
The University of							
Witwatersrand	31,307	86,126	-	(12,162)	-	43,469	86,126
The William & Flora Hewlett							
Foundation	300,000	478,785	662,757	562,757	356,483	400,000	785,059
Subtotal restricted grants	1,112,043	3,427,043	2,534,028	3,169,509	4,187,195	476,562	1,773,876

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 GRANTS RECEIVABLE/ DEFERRED GRANTS (Continued)

Donor	Grant receivable 31 December 2014 US\$ A	Deferred grants 31 December 2014 US\$ B	New grants receivable*/ adjustments/ exchange differences 2015 US\$ C	Receipts/ adjustments/ exchange differences 2015 US\$ D	Expenditure/ income 2015 US\$ E	Grant receivable 31 December 2015 US\$ F=A+C-D	Deferred grants 31 December 2015 US\$ G=B+C-E
Restricted grants							
United Nations University	-	-	20,000	20,000	20,000	-	-
USAID through Management Sciences for Health	701,818	697,993	-	65,438	48,544	636,380	649,449
USAID through Pathfinder International	85,203	89,087	132,933	179,308	176,703	38,828	45,317
Welcome Trust	1,640,348	737,030	335,893	1,262,498	1,072,923	713,743	-
Whole New World Foundation	-	-	50,000	-	7,236	50,000	42,764
World Bank	-	-	24,541	24,541	24,541	-	-
World Health Organization (WHO)	263,892	32,800	78,180	181,937	73,762	160,135	37,218
WOTRO	-	-	135,811	5,251	27,295	130,560	108,516
Subtotal restricted grants	2,691,261	1,556,910	777,358	1,738,973	1,451,004	1,729,646	883,264
Total restricted grants	11,642,512	15,010,344	6,593,258	9,395,809	10,004,503	8,839,961	11,599,099

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 GRANTS RECEIVABLE/ DEFERRED GRANTS (Continued)

Donor	Grant receivable 31 December 2014 US\$ A	Deferred grants 31 December 2014 US\$ B	New grants receivable*/ adjustments/ exchange differences 2015 US\$ C	Receipts/ adjustments/ exchange differences 2015 US\$ D	Expenditure/ income 2015 US\$ E	Grant receivable 31 December 2015 US\$ F=A+C-D	Deferred grants 31 December 2015 US\$ G=B+C-E
Unrestricted grants							
The William & Flora Hewlett Foundation	-	486,111	1,900,000	700,000	902,778	1,200,000	1,483,333
Swedish International Development Cooperation Agency (SIDA)	-	278,636	-	-	278,636	-	-
Fidelity Charitable Gift Program	-	211,538	250,000	250,000	294,873	-	166,665
Indepth Network	5,000	49,643	-	5,000	49,643	-	-
Unrestricted Funds Support	-	(23,945)	(44,834)	(44,834)	-	-	(68,779)
Total unrestricted grants	5,000	1,001,983	2,105,166	910,166	1,525,930	1,200,000	1,581,219
Grand Total	11,647,512	16,012,327	8,698,424	10,305,975	11,530,433	10,039,961	13,180,318

(Note 3)

* New grant receivable relates to amount due from donors upon signing an agreement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

APHRC entered into a credit agreement with The David and Lucile Packard Foundation to be advanced a term loan in the principal amount of US\$ 4,000,000 to be used solely for the construction of Phase one of APHRC campus. The original term of the loan was forty eight months. In 2014, the term of the loan was amended to sixty months. Interest is payable at a simple rate of 2%. At 31 December 2015, the balances outstanding on this loan were:

	2015 US\$	2014 US\$
Analysis by cash flows:		
Outstanding loan as at 1 January	888,892	1,333,336
Funds received during the year	-	-
	<hr/>	<hr/>
Total funds outstanding	888,892	1,333,336
Repaid during the year	888,892	444,444
	<hr/>	<hr/>
Outstanding as at 31 December	-	888,892
	<hr/> <hr/>	<hr/> <hr/>
Repayable within 12 months	-	444,444
	<hr/> <hr/>	<hr/> <hr/>
Repayable after 12 months	-	444,448
	<hr/> <hr/>	<hr/> <hr/>

AFRICAN POPULATION AND HEALTH RESEARCH CENTER (APHRC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 RECONCILIATION OF CAPITAL FUND TO NET BOOK VALUE

	2015 US\$	2014 US\$
Capital fund 31 December 2015	6,599,523	4,877,848
Add: portion of building purchased with unpaid loan	-	888,892
Add: revaluation amount net transfer of excess depreciation on revaluation	2,618,637	2,679,625
Less: current year depreciation on portion of building purchased with unpaid loan	-	(22,221)
Less: accumulated depreciation for disposed assets	(34,619)	-
Total reconciled Capital fund 31 December 2015	9,183,541	8,424,144
Property, plant and Equipment NBV (Note 9)	6,652,640	6,855,315
Prepaid operating lease (Note 10)	2,529,697	1,562,045
Intangible asset (Note 10)	1,204	6,784
Total Non-current assets	9,183,541	8,424,144

19 CONTINGENT LIABILITIES

Pending lawsuits	70,000	77,500
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Pending lawsuits relate to civil suits lodged against the Center by a former employee. The Board of directors are of the opinion that the pending case is unlikely to result in any liability to the Center.

20 LEGAL FORM

African Population and Health Research Center (APHRC) is registered under section 366 of the Companies Act (Cap 486) as a branch of African Population and Health Research Center Inc., a company incorporated in the United States of America as a not-for-profit corporation.

On 14 June 2001, the Kenya Government and APHRC Inc. entered into a co-operation agreement, which granted APHRC privileges and immunities under Section 11 of the Privileges and Immunities Act (Cap 179). This includes exemption from all taxes, duties and Value Added Tax (VAT). In addition, certain categories of staff are exempted from income tax.

APHRC enjoys tax exemption from the United States Internal Revenue Service under Section 501(c) 3 of the US tax code.

21 CURRENCY

The financial statements are presented in United States Dollars (US\$).