

**COMMUNITY RELIEF AND DEVELOPMENT ACTION  
(COREDA)**

AUDIT REPORT ON THE FINANCIAL STATEMENTS FOR THE PERIOD  
JANUARY 1,2016 TO DECEMBER 31, 2017

**Prepared By:**

**MONONO EPHANGA  
INDEPENDENT AUDITOR AND  
CHARTERED CERTIFIED ACCOUNTANT**

**FEBRUARY 2017**

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## **SECTION ONE**

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

|                             |   |
|-----------------------------|---|
| <b>EXECUTIVE DIRECTOR:</b>  | Etuge Sumbede Elvis   |
| <b>REGISTRATION NUMBER:</b> | 078/AR/G.42/162/AJPAS   |
| <b>LEGAL STATUS:</b>        | Non-profit and non-governmental Association   |
| <b>HEAD OFFICE:</b>         | Mbu Street -Bangem<br>P.O Box 32<br>South West Region-Cameroon                            |
| <b>AUDITOR:</b>             | Monono Ephanga<br>Independent Auditor<br>Chartered Certified Accountant<br>Limbe-Cameroon |

### **EXECUTIVE DIRECTOR'S REPORT**

The Director of COREDA presents the report together with the financial statements of Community Relief and Development Action for the financial year January 1<sup>st</sup>, 2016 to December 31<sup>st</sup>, 2017. The Director confirms that the report and financial statements comply with the current statutory requirements, the requirement of the governing document of the association and the provisions of General Accounting Practice (GAP).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The association is constituted with the main aim of carrying out charitable activities in accordance to its constitution. It is made of the general assembly which is the supreme organ. The general assembly elects the board of directors. The board of directors formulates policies and takes strategic decisions. Their mandate is 7 years renewable once. The Board of directors appoints a managing director who oversees the day-to-day running of the organization. The director reports to the board and other stakeholders. The Director is empowered to recruit competent staff to work for the organization. The director is responsible for preparing annual and financial reports of the organization in

accordance to applicable laws governing non-profit sector in Cameroon and the constitution of the association. The director is also responsible in keeping adequate accounting records, explains the charitable transactions of the association and disclose with reasonable accuracy at anytime the financial position of the charitable association. According to the constitution, the director must not approve the financial statements unless they depict a true and fair view of the state of the affairs of the association and of the incoming resources and application of resources, including the income and expenditure for the period. The director is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director hereby attests that:

- So far, the director is aware that there is no relevant audit information of which the organization's auditor are unaware and;
- The Director has taken all steps that ought to have been taken as a Director in order to be aware of any information needed by auditors in connection with preparing their report and to establish that the auditors are aware of that information.



03 FEB. 2017

*Eugene Tumbale Elia*  
EXECUTIVE DIRECTOR

## **SECTION TWO**

### **AUDITORS' OPINION ON THE FINANCIAL STATEMENTS**

The Board of Directors,  
Community Relief and Development Action (COREDA)  
P.O Box 32, Bangem

We have audited the Financial Statement of Community Relief and Development Action (COREDA) for the period January 1<sup>st</sup> 2016 - December 31<sup>st</sup> 2016 as mandated by COREDA Management Board. We have obtained all the information and explanations, which we believe and to the best of our knowledge were necessary for the purpose of this audit.

It is the responsibility of the Management of COREDA to prepare their Financial Statements. Our duty is to formulate an audit opinion on these financial statements based on our audit findings.

The audit was carried out in conformity with International Standard on Auditing (**ISA**) with particular regard to Non-profit making organizations' accounting principles and best practices and in accordance with the term of reference of our mandate.

These norms required us to plan and to carry out the audit assignment in a manner as to ensure that the Financial Statements established by COREDA do not contain significant abnormalities.

An audit implies the verification on a test basis, accounting and evidence of transactions, the amounts and the information appearing in the Financial Statements. It further includes the evaluation of the accounting principles applied by COREDA's Management and the general presentation of the project financial reports.

We are convinced that, our audit constitutes a reasonable basis to express our opinion in the light of the foregoing.

Consequently, the audit established that:

1. The accounting system of COREDA is electronically operated on a cash base single entry system to record all the financial transactions taking into consideration the financial engagements within the same financial year with each donor or project. Under this system, it is very easy to track funds for each activity and project supported by each donor. We believe this system is adequate as it

facilitate verification by donors and other stakeholders on each project. COREDA operates one bank account in Ecobank Kumba - Cameroon whose balance as at 31/12/2016 was XAF567,321. A Bank Book is kept by COREDA for this bank account and consequently, bank reconciliation statements are prepared.

2. COREDA/Local contribution to project realization amounting to XAF6,250,000 could not be verified. Also there were no supporting documents to backup the expenditure of this money as was reflected in project activities. Explanation by the management held that this contribution was in-kind towards the realization of project for instance, in digging trenches though it was valued in financial terms.
2. Although the financial statements presented by the Management of COREDA for the purpose of this audit were in conformity with national and international standards; the electronic accounting system is not complemented with manual records.

In our opinion, except but for the issues aforementioned, the Financial Situation of COREDA Bangem - Cameroon, consisting of the Income and expenditure statement as at January 1<sup>st</sup> to December 31<sup>st</sup> 2016 represent a true and fair financial situation. These financial statements and the accounting system comply with the accounting principles and standards required of non for profit organization of that size.

F.M. Ephanga FCCA, ACIS

Independent Auditor

Chartered Certified Accountant

UDEAC: EC.09

ONECCA: ECP 11



Done in Limbe on the 3<sup>rd</sup> of February 2017.

### **SECTION THREE**

#### **NOTES TO MANAGEMENT**

In as much as COREDA has tried to comply with some of the best practices suitable for an organization of its size, we however add and further recommend the following:

##### **1. BANKING PRACTICE**

That COREDA should open a modest support bank account in Bangem to limit the risk of having to go repeatedly to Kumba for banking transactions.

##### **MANAGEMENT RESPONSE:**

We have already opened an account in Bangem Credit Union and subsequently, we will arrange with our bank in Kumba to make periodic transfer to the account in Bangem.

##### **2. ELECTRONIC AND MANUAL ACCOUNTING:**

We strongly advise on the need for COREDA to backup the electronic spreadsheet accounts with a manual system and also to periodically burn accounting files in CDs to avoid risk of loss of accounting information.

##### **MANAGEMENT RESPONSE:**

Inasmuch as we do not keep manual version of our accounts, we frequently backup our electronic accounting data on CDs and memory sticks that are kept securely in separate physical locations.

##### **3. SOCIAL SECURITY PAYMENT:**

We noticed the absence of contribution to National Social Insurance Fund (NSIF) for personnel of COREDA. A situation such as this could lead to confrontation between the organization and the relevant institution responsible for this service.

##### **MANAGEMENT RESPONSE:**

This has remained a challenge to our young organization that has not been able to secure long-term funding thus making it very difficult and impracticable to contribute to National Social Insurance Fund. It is our hope that when our organization has fully grown, we will start contributing to social insurance of our personnel.

4. OFFICE OF FINANCE OFFICER:

We advise management to separate the office of the Accounts officer from that of other staff to prevent possibility of fraud.

MANAGEMENT RESPONSE:

We plan to repartition the office with plywood so that accounting office will have its own section.

3. ASSET REGISTER

We noticed that there is no asset register for the organizational assets. This is not a good practice as the organizational assets may disappear without notice. We recommend management to keep a register of assets.

MANAGEMENT RESPONSE:

As a small organization with limited asset at the moment, we don't see the need for that now. However, as we grow, we will have a register for all the assets owned by the organization.



**SECTION FOUR**

**INCOME AND EXPENDITURE STATEMENT**

**COREDA INCOME & EXPENDITURE ACCOUNT FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016**

| <b>PARTICULARS</b>                                  | <b>NOTE</b> | <b>XAF<br/>DETAILS</b> | <b>XAF<br/>AMOUNT</b> |
|---|-------------|------------------------|-----------------------|
| <b>A: SOURCES OF FUNDS</b>                          |             |                        |                       |
| <b>A.1 Internal sources</b>                         |             |                        |                       |
| A.1.1 Annual Membership Contribution                | 1           | 680,000                |                       |
| A.1.2 Consulting Services                           | 2           | 250,000                |                       |
| A.1.3 Local Contribution towards Project Activities |             | 6,250,000              |                       |
| A.1.4 Organizational IGAs                           | 3           | 2,500,000              |                       |
| A.1.5 Patrons and Patronesses                       |             | 600,000                |                       |
|   |             |                        | <b>10,280,000</b>     |
| <b>A.2 External Sources</b>                         |             |                        |                       |
| A.2.1 Ero Charitable Foundation, Houston US         | 4           | 1,674,500              |                       |
| A.2.2 River Side Church Sharing Fund                | 5           | 1,499,900              |                       |
| A.2.3 Andrews Foundation, US                        | 6           | 1,500,000              |                       |
| B.2.3 General Educational Charitable Trust, UK      | 7           | 2,700,500              |                       |
| B.2.4 Trust2000, UK                                 | 8           | 1,465,551              |                       |
| B.2.4 Kitchen Table Charitable Trust, UK            | 9           | 7,650,872              |                       |
|   |             |                        | <b>15,881,323</b>     |
| <b>TOTAL INCOME</b>                                 |             |                        | <b>26,161,323</b>     |
| <b>B: APPLICATION OF FUNDS</b>                      |             |                        |                       |
| B.1 Office Rents and running                        |             | 920,000                |                       |
| B.2 Salaries of Core Staff                          |             | 3,600,000              |                       |
|   |             |                        | <b>4,520,000</b>      |
| <b>B.3 Charitable Project Activities</b>            | 10          |                        |                       |
| B.3.1 Baseline Survey (Community Need Assessment)   |             | 680,000                |                       |
| B.3.1 Meetings/Training/Honorarium                  |             | 867,500                |                       |
| B.3.2 Supplies and Project Materials                |             | 9,765,250              |                       |
| B.3.3 Equipment                                     |             | 2,950,725              |                       |
| B.3.4 Transportation/Travel                         |             | 670,450                |                       |
| B.4.5 External Services                             |             | 950,000                |                       |
| B.4.6 Communication/Reporting                       |             | 980,000                |                       |
| B.4.6 Annual Bank charges                           |             | 72,104                 |                       |
|   |             |                        | <b>16,936,029</b>     |
| <b>TOTAL EXPENDITURE</b>                            |             |                        | <b>21,456,029</b>     |
| <b>BANK BALANCE</b>                                 | 11          |                        | <b>4,705,294</b>      |

## **SECTION FIVE**

### **NOTES ON THE FINANCIAL STATEMENT**

#### **NOTE 1: MEMBERSHIP CONTRIBUTION XAF680 000**

This is annual contribution from members of the organization for the running of the organization. This money covers parts office rents, stationeries and other running costs.

#### **NOTE 2: CONSULTING SERVICES: XAF250,000**

The organization sometimes raises some money for consulting services. In 2016 financial year, the organization raised this sum from the drafting of articles of association and facilitation of the acquisition of legal status for some 10 self help groups and village development associations.

#### **NOTES 3: LOCAL CONTRIBUTION TOWARDS PROJECT ACTIVITIES: XAF6,500,000**

This represents the contribution of beneficiaries and COREDA towards the implementation of charitable project activities. There were no source documents to justify this. However, it was explained that the amount represent contribution of local materials such as sand, gravels and unskilled labour towards the implementation of project activities. It is therefore in-kind contribution that was valued in project activities.

#### **NOTE 4: ERO CHARITABLE FOUNDATION: XAF1,674,500**

This is restricted project grant for COREDA to provide hygiene and sanitation facility in a rural primary school by constructing a latrine and providing drinkable buckets and cups.

#### **NOTE 5: RIVER SIDE CHURCH SHARING FUND: XAF1,499,900**

This represents a restricted project grant for the socio-economic empowerment of 30 widows in Muyuka Sub Division to gain financial and economic independence through cassava cultivation, processing and marketing.

#### **NOTE 6: ANDREWS FOUNDATION: XAF890,000**

This grant is being used to initiate climate smart agricultural practices with peasant cocoa farmers in Etam village community for climate change mitigation and adaptation. The project is regenerating some 60 aging cocoa farms with the integration of hybrid cocoa and nitrogen fixing trees.

#### **NOTE 7: GENERAL EDUCATIONAL CHARITABLE TRUST: XAF2,700,500**

This is unrestricted grant given to COREDA. The grant is being used by the organization to run and support her educational and feeding programme in their home based

educational centre for orphans and vulnerable children.

**NOTE 8: TRUST2000: XAF1,465,551**

This grant is for COREDA to build a gender sensitive at Primary School Malenge. The project has just started.

**NOTE 9: KITCHEN TABLE CHARITABLE TRUST: XAF7,650,872**

Restricted grant for Bulutu Community Water and Sanitation Project. The project is still ongoing and will soon be completed.

**NOTE 10: BANK BALANCE: XAF 4,705,294**

Explanation to the bank balance held that the amount is not reserve but project grant to continue ongoing project activities being carryout by the organization.