

THIEN CHI CENTER COMMUNITY SUPPORT AND DEVELOPMENT

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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STATEMENT OF THE DIRECTOR

The Director of the Thien Chi Center Community Support and Development (the "Center") presents this report together with the Center's financial statements for the year ended 31 December 2016.

THE DIRECTOR

Mr. Nguyen Van Than - The Director who held office during the year and to the date of this report.

AUDITORS

Viet & Co Auditing Company Limited - An Independent Member of Morison KSi has expressed their willingness to accept reappointment.

REPRESENTATIVE' STATEMENT OF RESPONSIBILITY

The Director of the Center is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Center, the income and expenditure and the receipts and disbursement for the year. In preparing these financial statements, the Director is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements comply with the selected accounting system; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

The Director is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Center and that the financial statements comply with the selected accounting system. Director is also responsible for safeguarding the assets of the Center and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Director confirms that the Center has complied with the above requirements in preparing these financial statements.





Nguyen Van Than
Director
2 March 2017

No.: 17 27 /VIET&CO-BCKT

INDEPENDENT AUDITORS' REPORT

To: The Director of the Thien Chi Center Community Support and Development

We have audited the accompanying financial statements of the Thien Chi Center Community Support and Development (the "Center"), prepared on 2 March 2017 as set out on page 4 to page 10, which comprise the balance sheet as at 31 December 2016, and the statement of income and expenditure, and statement of receipts and disbursements for the year then ended, and the notes thereto (collectively referred to as the "financial statements").

Director Responsibility for the Financial Statements

Director is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies as described in Note II and for such internal control as Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Director, 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

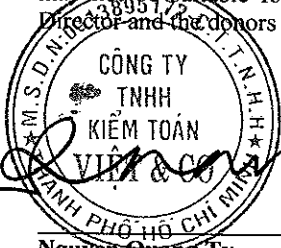
In our opinion, the financial statements give a true and fair view of, in all material respects, the financial position of the Office as at 31 December 2016, and its statement of income and expenditure, and statement of receipts and disbursements for the year then ended in accordance with the accounting policies set out in Note II to the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)


Other Matter

The financial statements for the year ended 31 December 2015 were audited by another independent auditing company whose auditors' report dated 31 December 2015 expressed an unqualified opinion.

Without modifying our opinion, we draw attention to Note II to the financial statements, which describe the basis of accounting and the accounting policies adopted by the Center. The financial statements are prepared for the information of and use by the Director and donors of the Center. As a result, the financial statements may not be suitable for another purpose. Our audit report is prepared for information of and use by the Director and the donors of the Center and should not be delivered to or used by other parties.



Nguyen Quang Ty
Managing Partner
Audit Practising Registration Certificate
No. 1353-2016-252-1
For and on behalf of
Viet & Co Auditing Company Limited
An Independent Member of Morison KSi
Ho Chi Minh City, 2 March 2017


Luong Quy Hien
Auditor
Audit Practising Registration Certificate
No. 3121-2016-252-1

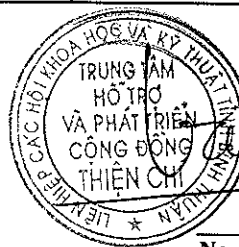
BALANCE SHEET
 As at 31 December 2016

Unit: VND

Code	Description	Notes	Ending balance	Beginning balance
	ASSETS			
	Fixed assets		7,172,900,000	7,512,309,000
028	Tangible assets	III.1	-	1,136,882,250
028a	Depreciable assets	III.1	-	(837,698,250)
040	Financial Assets	III.2	7,172,900,000	7,213,125,000
	Current assets		8,841,340,683	10,439,659,461
050	Stock of raw materials		1,244,557,939	1,280,800,336
072	Other receivables	III.4	1,031,619,542	3,433,985,601
084	Cash in bank	III.4	6,554,928,393	5,715,303,399
088	Cash on hand	III.4	10,234,809	9,570,125
110	Total		16,014,240,683	17,951,968,461
	LIABILITIES & EQUITY			
	Ownership		14,267,327,915	16,396,220,937
120	Social or individual capital		6,243,542,392	6,243,542,392
134	Carried to new accounting year		10,049,159,545	12,898,879,357
136	Current year result		(2,025,374,022)	(2,746,200,812)
	Liabilities		1,746,912,768	1,555,747,524
172	Other payables		1,746,912,768	1,555,747,524
180	Total		16,014,240,683	17,951,968,461



Nguyen Thi Minh Thuan
 Accountant



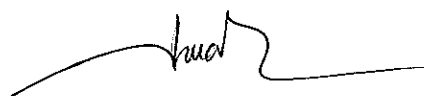
Nguyen Van Than
 Director
 2 March 2017

The notes set out on pages 6 to 10 are an integral part of these financial statements

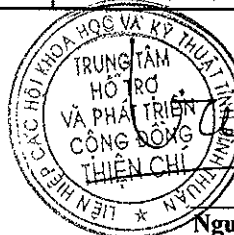
STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31 December 2016

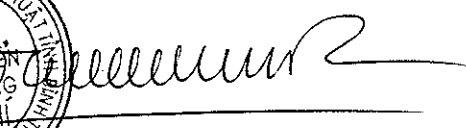
Unit: VND

Codes	Description	Notes	Current year	Previous year
	INCOME			
70	Sale of product		1,963,571,000	3,292,244,574
701	Sales of product		1,963,571,000	3,288,224,574
703	Sales of assets		-	4,020,000
74	Subsidy		9,063,253,105	10,590,753,791
741	Subsidy from Sponsor	IV.1	8,934,716,005	10,477,269,791
778	Other subsidy	IV.2	128,537,100	113,484,000
76	Financial profits		312,188,157	363,351,777
766	Difference of exchange rate		3,992,080	35,425,773
768	Interest from bank		24,386,077	23,698,254
768a	Interest fro credit activities		283,810,000	304,227,750
	Total of income		11,339,012,262	14,246,350,142
	EXPENSES			
60	Purchase of material and provision		2,092,367,837	3,494,831,387
601	Purchase of material	IV.3	1,951,624,751	3,288,224,574
(*)	Purchase of other material, fuel		82,764,427	158,900,150
606	Purchase of energy	IV.3	57,978,659	47,706,663
61	External services purchase		4,033,301,699	5,537,800,854
613	Location	IV.3	109,635,000	171,871,800
615	Reparation expenses	IV.3	317,704,468	641,451,392
617	Training, stationary & research expenses	IV.3	2,993,174,231	4,357,228,450
618	Other External services purchase	IV.3	612,788,000	367,249,212
62	Other moving & services		143,235,945	273,185,471
64	Staff expenses		4,786,458,318	4,053,539,634
64a	Staff salary	IV.3	4,194,913,318	3,146,890,234
64b	Salary and other allowances to local village workers	IV.3	591,545,000	906,649,400
65	Other management expenses	IV.3	2,249,615,945	3,195,476,000
66	Financial expenses	IV.3	1,485,188	2,162,110
67	Other expenses		15,414,750	209,400,000
68	Depreciation expenses		-	134,537,250
69	Financial expenses		42,506,602	91,618,248
	Total of expenses		13,364,386,284	16,992,550,954
	Result of operation		(2,025,374,022)	(2,746,200,812)
	Profit taxes		-	-
	LOSS		(2,025,374,022)	(2,746,200,812)



Nguyen Thi Minh Thuan
Accountant




Nguyen Van Than
Director
2 March 2017

The notes set out on pages 6 to 10 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

I. GENERAL INFORMATION

Thien Chi Center Community Support and Development (the "center") is a Social organization. It is directly under Union of scientific and technological associations of Binh Thuan Province as decision No. 165/QD/LHH date 08 December 2005.

The main purpose of the center is supply advisory, training services and services in developing community activities. Besides, the center also perform training activities, transfer advanced scientific and technological applications to economic components in province. If there is any special demand, priority is for ethnic minorities in remote areas.

Total staff of the center at 31 December 2016 is 60 (63 at 31 December 2015).

The center located at Phu Khanh Hamlet, Ham My Commune, Ham Thuan Nam District, Binh Thuan Province, Vietnam.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic of preparation

The financial statements have been prepared on the modified cash basic and in accordance with the accounting policies set out in this note. The financial statements have been prepared only for the purpose of providing financial information Director and donors of the Center. Accordingly, these financial statements are not intended to be a presentation in accordance with Vietnamese Accounting Standards or other generally accepted accounting principles.

Accounting currency

The financial statements are prepared in VND which is also the Office's accounting currency.

Fiscal year

The Center's fiscal year applicable for the preparation of its financial statements starts on 1 January and ends on 31 December.

Cash

Cash comprises cash on hand and cash in bank.

Recognition of income

Income is recognised when received rather than when earned.

Recognition of expenditure

Expenditure is recognised when paid rather than when incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

III. ADDITIONAL INFORMATION OF ITEMS PRESENTED IN THE BALANCE SHEET

1. Fixed assets

	Machinery and equipment VND
COST	
Beginning balance	1,136,882,250
Additions	<u>(1,136,882,250)</u>
Ending balance	<u>-</u>
ACCUMULATED DEPRECIATION	
Beginning balance	837,698,250
Change for the year	<u>(837,698,250)</u>
Ending balance	<u>-</u>
NET CARRYING AMOUNT	
Beginning balance	<u><u>299,184,000</u></u>
Ending balance	<u><u>-</u></u>

2. Financial assets

	Ending balance VND	Beginning balance VND
Job Creation	2,000,000	-
Poor households	<u>7,170,900,000</u>	<u>7,213,125,000</u>
Total	<u>7,172,900,000</u>	<u>7,213,125,000</u>

3. Receivables

	Ending balance VND	Beginning balance VND
Mekong Quilts	635,285,542	2,694,833,083
Advance to employees	<u>396,334,000</u>	<u>739,152,518</u>
Total	<u>1,031,619,542</u>	<u>3,433,985,601</u>

4. Cash

	Ending balance VND	Beginning balance VND
Cash on hand	10,234,809	9,570,125
Cash in bank	<u>6,554,928,393</u>	<u>5,715,303,399</u>
Total	<u>6,565,163,202</u>	<u>5,724,873,524</u>

5. Payables

The staff of the Center will be supported the personal Fund of 9% of the total amount received from the Center after deducting basic salary. The Center retain this Fund and will return when employees leave.

NOTES TO THE FINANCIAL STATEMENTS (continued)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

IV. ADDITIONAL INFORMATION OF ITEMS PRESENTED IN THE INCOME STATEMENT

1. Fund from donors

	Current year VND	Previous year VND
Several funders channeled through Mekong Plus	7,270,000,000	10,152,942,943
Partage organization	493,287,568	-
HSBC bank	443,375,000	123,859,000
French Embassy	289,551,122	-
Alliance Anti Traffic organization	221,945,000	-
Saigon Childrens Charity	98,880,000	-
American Embassy	87,642,800	19,200,600
Private Donations	30,034,515	40,995,763
Social Enterprise Grant	-	101,829,100
Gerard Hilteen	-	27,336,000
Sharing International	-	11,106,385
Total	8,934,716,005	10,477,269,791

2. Fund from others

	Current year VND	Previous year VND
Interest from social insurance funds for loan	19,740,600	39,051,000
Others income	108,796,500	74,433,000
Total	128,537,100	113,484,000

3. Operating expenses

	Current year VND	Previous year VND
1. Cost of material	1,951,624,751	3,288,224,574
1.1 Cost of handicrafts	1,174,036,852	1,562,437,772
1.2 Cost of bamboo bike	777,587,899	1,725,786,802
2. Cost of other materials, tools	82,764,427	158,900,150
2.1 Stationery	24,234,427	29,387,850
2.2 Equipment and tools	56,650,000	121,207,300
2.3 Schools computer expenses	1,880,000	8,305,000
3. Energy expenses	57,978,659	47,706,663
3.1 Gas, electricity, water	57,978,659	47,706,663
4. Location expenses	109,635,000	171,871,800
4.1 Rental, office supplies	109,635,000	171,871,800
5. Repairs & petrol expenses	317,704,468	641,451,392
5.1 Repair motorbike, gasoline for staffs in mission	317,704,468	641,451,392
6. Training & tools, stationery expenses	2,993,174,231	4,357,228,450
6.1 Non smoking day	12,000,000	99,693,000
6.2 Training to saving credit groups	42,468,500	60,383,520
6.3 Cost of education materials	50,095,400	87,819,900
6.4 Training to agricultural and veterinary classes	63,011,700	80,714,700
6.5 Cost of visiting agricultural program	4,250,000	33,400,000
6.6 Cost of modeling agricultural program	17,147,000	67,612,500
6.7 Cost of buying tools, seed agricultural program	4,217,500	14,782,500
6.8 Cost of photocopy of training materials	5,485,000	4,921,700
6.9 Cost of workshop model. competitions	10,315,000	44,446,400
6.10 Cost of education materials	91,368,400	192,775,220
6.11 Cost of training in health education	424,414,500	851,009,840

	Current year <u>VND</u>	Previous year <u>VND</u>
6. Training & tools, stationery expenses (continued)		
6.12 Purchase of equipment for schools	344,560,000	168,913,500
6.13 Medicines and vermifuges for schools	2,900,000	252,300
6.14 Scholarships	910,759,900	1,127,127,000
6.15 Counterparts	105,446,000	131,183,200
6.16 Staffs training	53,174,400	181,604,000
6.17 Purchase of medicines for mosquitoes impregnation	4,830,000	8,335,000
6.18 Cost of community latrines	188,287,501	230,569,000
6.19 Waste recycling expenses	27,160,000	221,202,000
6.20 Audit's fees	22,480,280	26,011,540
6.21 Project expansion assessing fee	12,000,000	-
6.22 Training to women's group	176,014,800	406,233,930
6.23 Training to handicrafts group	227,322,100	315,489,700
6.24 Support for volunteer	13,216,000	2,748,000
6.25 Donation for Computer Center	180,250,250	-
7. Other External services purchase	612,788,000	367,249,212
7.1 Miscellaneous	58,706,000	75,946,000
7.2 Poor households expenses	554,082,000	291,303,212
8. Transportation and office services	143,235,945	273,185,471
8.1 Transportation charges	2,740,000	12,565,000
8.2 Staff mission expenses	57,233,000	58,373,000
8.3 Post & telecommunication charges	83,262,945	202,247,471
9. Depreciation expenses	-	134,537,250
10. Staff expenses	4,786,458,318	4,053,539,634
10.1 Staff salary	4,194,913,318	3,146,890,234
10.1 Staff expenses	3,504,001,499	2,396,532,084
10.2 Accident insurance to staffs	6,643,000	64,541,000
10.3 Social insurance to staffs	684,268,819	685,817,150
10.2 Salary and other allowances to local village workers	591,545,000	906,649,400
11. Other administrative expenses	2,249,615,945	3,195,476,000
11.1 Cost of work	1,986,515,945	3,195,476,000
11.2 Car rental expense	263,100,000	-
12. Other expenses	15,414,750	209,400,000
13. Financial expenses	43,991,790	93,780,358
13.1 Financial expenses:	1,485,188	2,162,110
13.2 Exchange rate differences	42,506,602	91,618,248
Total	<u>13,364,386,284</u>	<u>16,992,550,954</u>

THIEN CHI CENTER COMMUNITY SUPPORT AND DEVELOPMENT

Phu Khanh Hamlet, Ham My Commune, Ham Thuan Nam District
Binh Thuan Province, Vietnam

Financial statements
For the year ended 31 December 2016

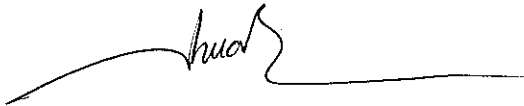
NOTES TO THE FINANCIAL STATEMENTS (continued)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements


V. OTHER INFORMATION

Subsequent events

There have been no significant events occurring after the balance sheet date which would require adjustments to or disclosures to be made in the financial statements.



Nguyen Thi Minh Thuan
Accountant



Nguyen Van Than
Director
2 March 2017