

THIEN CHI CENTER COMMUNITY SUPPORT AND DEVELOPMENT

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE DIRECTOR	1
INDEPENDENT AUDITORS' REPORT	2 - 3
BALANCE SHEET	4
STATEMENT OF INCOME AND EXPENDITURE	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 9

THIEN CHI CENTER COMMUNITY SUPPORT AND DEVELOPMENT

Phu Khanh Hamlet, Ham My Commune, Ham Thuan Nam District

Binh Thuan Province, Vietnam

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 2017.

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

Nguyen Van Than
Director
1 February 2018

No.: 18.09 /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 1 February 2018 as set out on page 4 to page 9, which comprise the balance sheet as at 31 December 2017, 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 2017, 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

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.



Handwritten signature of Nguyen Quang Ty in blue ink.

Handwritten signature of Do Thi Huong in blue ink.

Nguyen Quang Ty
Managing Partner
Audit Practising Registration Certificate
No. 1353-2018-252-1
For and on behalf of
Viet & Co Auditing Company Limited
An Independent Member of Morison KSi
Ho Chi Minh City, 1 February 2018

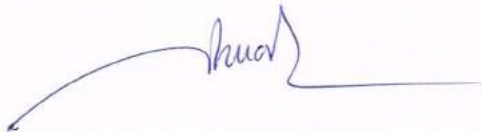
Do Thi Huong
Auditor
Audit Practising Registration Certificate
No. 3901-2016-252-1

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BALANCE SHEET
As at 31 December 2017

Unit: VND

Code	Description	Notes	Ending balance	Beginning balance
	ASSETS			
	Fixed assets		11,700,800,000	7,172,900,000
040	Financial Assets	III.1	11,700,800,000	7,172,900,000
	Current assets		6,033,168,734	8,841,340,683
050	Stock of raw materials		1,101,692,583	1,244,557,939
072	Other receivables	III.2	553,567,642	1,031,619,542
084	Cash in bank	III.3	4,366,332,304	6,554,928,393
088	Cash on hand	III.3	11,576,205	10,234,809
110	Total		17,733,968,734	16,014,240,683
	LIABILITIES & EQUITY			
	Ownership		17,589,144,361	14,267,327,915
120	Social or individual capital		6,243,542,392	6,243,542,392
134	Carried to new accounting year		8,023,785,523	10,049,159,545
136	Current year result		3,321,816,446	(2,025,374,022)
	Liabilities		144,824,373	1,746,912,768
172	Other payables		144,824,373	1,746,912,768
180	Total		17,733,968,734	16,014,240,683



Nguyen Thi Minh Thuan
Accountant




Nguyen Van Than
Director
1 February 2018

The notes set out on pages 6 to 9 are an integral part of these financial statements

STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31 December 2017

Codes	Description	Notes	Current year	Previous year
			Unit: VND	
	INCOME			
70	Sale of product			
701	Sales of product		1,244,554,286	1,963,571,000
703	Sales of assets		1,244,554,286	1,963,571,000
74	Subsidy		500,000	-
741	Subsidy from Sponsor	IV.1	14,705,128,960	9,063,253,105
778	Other subsidy	IV.2	14,609,177,860	8,934,716,005
76	Financial profits		95,951,100	128,537,100
766	Difference of exchange rate		531,572,281	312,188,157
768	Interest from bank		161,875,940	3,992,080
768a	Interest fro credit activities		30,506,841	24,386,077
	Total of income		339,189,500	283,810,000
	EXPENSES		16,481,255,527	11,339,012,262
60	Purchase of material and provision			
601	Purchase of material	IV.3	1,395,640,881	2,092,367,837
(*)	Purchase of other material, fuel		1,292,980,891	1,951,624,751
606	Purchase of energy	IV.3	50,408,100	82,764,427
61	External services purchase		52,251,890	57,978,659
613	Location	IV.3	3,767,725,126	4,033,301,699
615	Reparation expenses	IV.3	141,290,600	109,635,000
617	Training, stationary & research expenses	IV.3	211,527,156	317,704,468
617a	Academic Capacity building for teachers & students	IV.3	1,083,307,230	2,993,174,231
617b	Scholarships	IV.3	624,112,050	424,414,500
618	Other External services purchase	IV.3	1,351,109,190	910,759,900
62	Other moving & services		356,378,900	612,788,000
64	Staff expenses		109,199,041	143,235,945
64a	Staff salary	IV.3	5,550,488,208	4,786,458,318
64b	Salary and other allowances to local village workers	IV.3	4,890,355,208	4,194,913,318
			660,133,000	591,545,000
65	Other management expenses	IV.3	2,331,324,576	2,249,615,945
66	Financial expenses	IV.3	5,061,249	1,485,188
67	Other expenses	IV.3	-	15,414,750
68	Depreciation expenses		-	-
69	Financial expenses		-	-
	Total of expenses		-	42,506,602
	PROFITS/LOSS		13,159,439,081	13,364,386,284
	Profit taxes		3,321,816,446	(2,025,374,022)
	PROFITS/LOSS		3,321,816,446	(2,025,374,022)

Nguyen Thi Minh Thuan
Accountant



Nguyen Van Than
Director
1 February 2018

The notes set out on pages 6 to 9 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 2017 is 41 (60 at 31 December 2016).

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. Financial assets

	Ending balance VND	Beginning balance VND
Job Creation	-	2,000,000
Poor households	11,700,800,000	7,170,900,000
Total	11,700,800,000	7,172,900,000

2. Receivables

	Ending balance VND	Beginning balance VND
Mekong Quilts	17,342,642	635,285,542
Advance to employees	536,225,000	396,334,000
Total	553,567,642	1,031,619,542

3. Cash

	Ending balance VND	Beginning balance VND
Cash on hand	11,576,205	10,234,809
Cash in bank	4,366,332,304	6,554,928,393
Total	4,377,908,509	6,565,163,202

4. 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.

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	14,202,060,000	7,270,000,000
American Embassy	179,535,400	87,642,800
Private Donations	104,440,000	30,034,515
Aide Au Viet Nam organization	75,000,000	-
Saigon Childrens Charity	24,720,000	98,880,000
LIN Center	23,422,460	-
Alliance Anti Traffic organization	-	221,945,000
HSBC bank	-	443,375,000
Preneh Embassy	-	289,551,122
Partage organization	-	493,287,568
Total	14,609,177,860	8,934,716,005

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
(continued)

2. Fund from others

	Current year VND	Previous year VND
Interest from social insurance funds for loan	24,621,000	19,740,600
Others income	71,330,100	108,796,500
Total	95,951,100	128,537,100

3. Operating expenses

	Current year VND	Previous year VND
1. Cost of material	1,292,980,891	1,951,624,751
1.1 Cost of handicrafts	1,134,659,049	1,174,036,852
1.2 Cost of bamboo bike	158,321,842	777,587,899
2. Cost of other materials, tools	50,408,100	82,764,427
2.1 Stationery	21,742,100	24,234,427
2.2 Equipment and tools	28,666,000	56,650,000
2.3 Schools computer expenses	-	1,880,000
3. Energy expenses	52,251,890	57,978,659
3.1 Gas, electricity, water	52,251,890	57,978,659
4. Location expenses	141,290,600	109,635,000
4.1 Rental, office supplies	141,290,600	109,635,000
5. Repairs & petrol expenses	211,527,156	317,704,468
5.1 Repair motorbike, gasoline for staffs in mission	211,527,156	317,704,468
6. Training, stationary & research expenses	1,083,307,230	2,993,174,231
6.1 Non smoking day	15,000,000	12,000,000
6.2 Training to saving credit groups	80,265,000	42,468,500
6.3 Training to local village workers	77,587,000	50,095,400
6.4 Training to agricultural and veterinary classes	55,684,250	63,011,700
6.5 Cost of visiting agricultural program	771,000	4,250,000
6.6 Cost of modeling agricultural program	4,610,000	17,147,000
6.7 Cost of buying tools, seed agricultural program	1,626,000	4,217,500
6.8 Cost of photocopy of training materials	576,000	5,485,000
6.9 Cost of workshop model, competitions	7,041,000	10,315,000
6.10 Cost of education materials	78,935,780	91,368,400
6.11 Purchase of equipment for schools	82,710,000	344,560,000
6.12 Medicines and vermifuges for schools	3,200,000	2,900,000
6.13 Counterparts	78,560,000	105,446,000
6.14 Staffs training	100,907,700	53,174,400
6.15 Training for women's right for employments	292,000	-
6.16 Purchase of medicines for mosquitoes impregnation	17,210,000	4,830,000
6.17 Cost of community latrines	82,500,000	188,287,501
6.18 Waste recycling expenses	-	27,160,000
6.19 Audit's fees	46,611,000	22,480,280
6.20 Project expansion assessing fee	-	12,000,000
6.21 Training to women's group	127,267,500	176,014,800
6.22 Training to handicrafts group	189,953,000	227,322,100
6.23 Cost for road and bridges project	32,000,000	-
6.24 Support for volunteer	-	13,216,000
6.25 Donation for Computer Center	-	180,250,250

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 (continued)

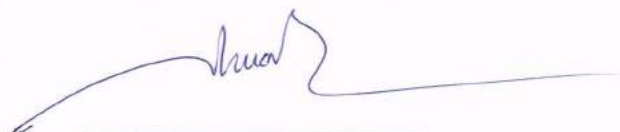
3. Operating expenses (continued)

	Current year VND	Previous year VND
7. Academic Capacity building for teachers & students	624,112,050	424,414,500
8. Scholarships	1,351,109,190	910,759,900
9. Other External services purchase	356,378,900	612,788,000
9.1 Miscellaneous	87,765,400	58,706,000
9.2 Poor households expenses	116,131,000	-
9.3 Support for the rist of agriculture & livestock	14,482,500	-
9.4 Support for charity house	138,000,000	-
9.5 Poor households expenses	-	554,082,000
10. Transportation and office services	109,199,041	143,235,945
10.1 Transportation charges	2,625,500	2,740,000
10.2 Staff mission expenses	73,348,600	57,233,000
10.3 Post & telecommunication charges	33,224,941	83,262,945
11. Staff expenses	5,550,488,208	4,786,458,318
11.1 Staff salary	4,890,355,208	4,194,913,318
11.1.1 Staff expenses	4,218,097,490	3,504,001,499
11.1.2 Accident insurance to staffs	6,700,000	6,643,000
11.1.3 Social insurance to staffs	665,557,718	684,268,819
11.2 Salary and other allowances to local village workers	660,133,000	591,545,000
12 Other administrative expenses	2,331,324,576	2,249,615,945
12.1 Cost of work	2,066,424,576	1,986,515,945
12.2 Car rental expense	264,900,000	263,100,000
13 Other expenses	-	15,414,750
14. Financial expenses	5,061,249	43,991,790
14.1 Financial expenses:	5,061,249	1,485,188
14.2 Exchange rate differences	-	42,506,602
Total	13,159,439,081	13,364,386,284

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
1 February 2018

VIET & CO 
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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