

AUDITED FINANCIAL STATEMENTS

for the fiscal year ended on 31 December 2019

**THIEN CHI CENTER COMMUNITY
SUPPORT & DEVELOPMENT**



No.1103/2020/HĐKT-AA

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED ON 31 DECEMBER 2019 OF
THIEN CHI CENTER COMMUNITY SUPPORT & DEVELOPMENT

To: Board of Directors
THIEN CHI CENTER COMMUNITY SUPPORT & DEVELOPMENT

We have audited the Financial statements of THIEN CHI CENTER COMMUNITY SUPPORT & DEVELOPMENT, including: the Balance sheet statement as at 31 December 2019, the Income statement and notes to the financial statements, for the fiscal year ended on 31 December 2019.

RESPONSIBILITIES OF BOARD OF DIRECTORS ON FINANCIAL STATEMENTS

Board of Directors are responsible for the preparation and presentation of the Financial statements on a true and fair basis in compliance with Vietnamese Accounting Standards, Vietnamese Accounting Regimes and other relevant regulations. The responsibilities of Board of Directors include: designing, implementing and maintaining a sound internal control system related to the preparation and presentation of the Financial statements without material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in specific circumstances.

AUDITORS' RESPONSIBILITIES

Our responsibility is to express an opinion on the Financial statements based on our fieldwork audit performance. We have performed our fieldwork audit in compliance with Vietnamese Standards on Auditing. These standards require us to comply with professional ethical behaviour, make plans and perform fieldwork audit to obtain reasonable assurance that whether the Financial statements are free of material misstatements or not.

Our fieldwork audit performance includes performing audit procedures to obtain audit evidences on the figures and notes to Financial statements. These procedures were selected on the basis of auditors' professional judgement on risks of occurrences of material misstatements in the Financial statements, whether due to frauds or errors. To make risk assessments, auditors have considered the internal control system of the Company, related to preparation and presentation of the Financial statements on a true and fair view, in order to design the audit procedures appropriated to specific circumstances. However, this is not for the purpose of expressing auditors' opinion on the effectiveness of the Company's internal control system. An audit performance also includes making judgement on applied accounting policies and the reasonableness of Board of Directors' important estimates as well as considering overall presentation of the Financial statements.

We believe that the obtained audit evidences are sufficient and appropriate for the basis of our audit opinion.

AUDIT OPINION

In our opinion, the Financial statements give a true and fair view, in all material respects, of financial position of THIEN CHI CENTER COMMUNITY SUPPORT & DEVELOPMENT as at 31 December 2019 and of its results of operations and its cash flows for the fiscal year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting system and in compliance with the relevant statutory requirements on preparation and presentation of financial statements.

Ho Chi Minh city, 11 March 2020

ON BEHALF OF AMERICAN AUDITING LIMITED



Nguyen Huu Tri

Audit Certificate No.: 0476/KTV

Issued by the Ministry of Finance

Tran Ngoc Hung

Audit Certificate No.: 1084/KTV

Issued by the Ministry of Finance

THIEN CHI CENTER

BALANCE SHEET

From January 1 to December 31, 2019

<u>Code</u>	<u>ITEMS</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
	ASSETS	-	-
	Fixed Assets	-	-
010	Intangible assets- shop	-	-
014	Intangible assets- Others	41,338,000	82,674,000
028	Tangible assets	-	-
028a	Depreciable assets	-	-
040	Financial Assets	10,649,450,000	12,089,650,000
044	Total assets (I)	10,690,788,000	12,172,324,000
	Current assets (II)	-	-
050	Stock of raw materials	1,221,334,458	929,946,962
060	Stock of goods	-	-
064	Advances, repayment under orders	-	-
068	Repayment under order	-	-
072	Other payables	1,501,953,542	1,624,387,190
084	Cash in bank	3,257,610,967	3,877,873,654
088	Cash on hand	9,468,340	12,165,827
092	Prepaid expenses	-	-
096	Total II	5,990,367,307	6,444,373,633
110	TOTAL (I+II)	16,681,155,307	18,616,697,633
	LIABILITIES & EQUITY		
	Ownership	-	-
120	Social or individual capital	6,243,542,392	6,243,542,392
124	Difference from revaluation	-	-
126	Legal provisions	-	-
130	Regulated provisions	-	-
132	Other provisions	-	-
134	Carried to new accounting year	11,586,912,636	11,345,601,969
136	Current year result	(2,478,419,721)	241,310,667
140	Regulated provisions	-	-
142	Total ownership (I)	15,352,035,307	17,830,455,028
	DEBTS	-	-
154	Provision for risks and expenses	-	-
156	Loan and dept	-	-
164	Advances and repayment under order in progress	-	-
166	Suppliers and related accounts	-	-

<u>Code</u>	<u>ITEMS</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
172	Other debts	1,329,120,000	786,242,605
174	Prepaid profit	-	
176	Total II	1,329,120,000	786,242,605
180	Total (I+II)	16,681,155,307	18,616,697,633

Binh Thuan, date December 31, 2019

DIRECTOR



Nguyễn Văn Chân

THIEN CHI CENTER

OPERATION RESULT

From January 1 to December 31, 2019

<u>Code</u>	<u>Description</u>	<u>Năm 2019</u>	<u>Năm 2018</u>
	INCOME		
70	Sale of product	1,752,904,300	2,349,190,280
701	Sales of product	1,752,904,300	2,349,190,280
703	Sales of assets	-	-
71	Sales of services	-	-
72	Difference in re-assessment of assets	-	-
74	Subsidy	6,773,584,816	11,238,925,116
	Subsidy from Sponsor	6,576,134,907	11,006,223,100
	Other subsidy	197,449,909	232,702,016
76	Financial profits	548,967,565	379,022,355
766	Difference of exchange rate	-	9,109,608
768	Interest from bank	7,190,065	5,196,247
768	Interest fro credit activities	541,777,500	364,716,500
232	Total of income	9,075,456,681	13,967,137,751
	EXPENSES	-	-
60	Purchase of material and provision	1,687,574,857	2,326,901,440
601	Purchase of material	1,605,129,340	2,223,072,421
(*)	Purchase of other material, fuel	38,383,760	51,208,099
606	Purchase of energy	44,061,757	52,620,920
61	External services purchase	3,476,835,090	3,705,963,103
613	Rental	161,304,805	180,311,296
615	Reparation expenses	164,624,312	195,769,090
617	The program costs	1,032,057,800	1,111,293,654
617a	Academic Capacity building for teachers & students	423,317,610	554,352,430
617b	Scholarships	1,123,032,000	1,403,360,100
618	Other External services purchase	572,498,563	260,876,533
62	Other moving & services	72,210,796	102,641,625
64	Staff expenses	4,847,423,048	5,471,510,257
64a	Staff salary	4,023,747,548	4,649,656,257
64b	Salary and other allowances to local village workers	823,675,500	821,854,000
64c	Other management expenses	1,456,065,667	2,112,736,000
66	Financial expenses	13,766,944	6,074,659
66a	Assets liquidation expenses	-	-
69	Exchange rate differences	-	-
67	Special expenses	-	-
68	Lost sale assets expenses	-	-
	Total of expenses	11,553,876,402	13,725,827,084
	RESULT OF OPERATION	-2,478,419,721	241,310,667
	Profit taxes	-	-
	PROFITS/LOSS	-2,478,419,721	241,310,667

(*) Total of code 602; 605

Bình Thuận, date December 31, 2019

DIRECTOR



Nguyễn Văn Chấn

UNION OF SCIENCE & TECHNOLOGY ASSOCIATIONS BINH THUAN PROVINCE (VUSTA)

THIEN CHI CENTER

COMMUNITY SUPPORT & DEVELOPMENT (TCC)

Nga Hai, Phu Sum village, Ham My commune – Phan Thiet district – Viet Nam

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NOTES OF FINANCIAL STATEMENT

From 01/01/2019 to 31/12/2019

1. Organization characteristics

Structure of ownership: Thien Chi Center for community support and development (Thien Chi Center in short)

is a local non-profit organization, directly under The Union of Science and Technology Associations of Binh

Thuan province according to decision No.165 QĐ/LHH dated 8 Dec, 2005.

Scope of operation: consultancy, training, support and community development in rural areas.

Place of operation: Binh Thuan province.

2. Forms of filling:

Using accounting software of WBILAN of COTE QUESTE-FRANCE to record all accounting transactions and

check the use of funds received from donors as stipulated in the Decision No.165QĐ/LHH dated 08/12/2005.

3. Financial indicators:

The below financial indicators have been performed in Binh Thuan province:

3.1 Operating assets

Assets include all working equipments whose values are over 30,000,000 VND. Certain obsolete and useless assets are liquidated this year and others are allocated to depreciation.

3.2 Depreciation

The total amount of depreciation in 2019 is 0 VND

3.3 Employee status (Unit: VND)

	Year 2019	Year 2018
Total number of employees	31	45
Total salary	4,023,747,548	4,649,656,257
Monthly average salary per person	10,816,525	8,610,474

+ The policy of annual salary increase remains unchanged. However, the average income in 2019 increased by 25% compared to 2018 due to the employee's annual salary increase policy. In 2019, the payment of seniority and social insurance 9% of 2019 and 33% of seniority and social insurance 9% from before 2016 into the savings book for employees.

+ Thien Chi has a policy to allow employees to borrow money from social insurance fund (not exceeding 70% of their social insurance), monthly paid by installments. The total advance of employees as of 31/12/2019 is 489,666,745 VND.

+ In 2008, Thien Chi Center has registered the social insurance to all employees.

3.4 Credit operation

Groups carry out loan operation. The credit loan granted to economic support has increased up to 10,000,000 VND without interest. Besides, in job creation program, the project continues to lend



money to individuals up to 20,000,000 VND to support them to pay salary to the poor workers or purchase materials with the monthly interest 0,5%. In 2019, the project concentrates on the credit loan program without interest supporting the poor households and has also granted loan with 0,5% monthly interest to the poor households which have borrowed money at the 3th revolution in raising livestock, cultivation or small trading.

The credit status is as follows: As of December 31, 2019 Thien Chi center has 3,658 households participating in borrowing.

3.4.1 Supplying credit:

At 31/12/2019	Total	Economic program
	VND	VND
Poor families	10,649,450,000	10,649,450,000
+ Duc Linh	4,549,250,000	4,549,250,000
+ Tanh Linh	4,186,600,000	4,186,600,000
+ Ham Thuan Nam	1,913,600,000	1,913,600,000

3.4.2 Income from credit operation in the year 2019:

- Interest from bank deposits and short-term: 7,190,065 VND
- Interest from credit operations: 541,777,500 VND

3.4.3 Other income:

- Interest from social insurance funds for loans: 33,804,473 VND
- Other income: 162,721,436 VND

3.5 Operating expenses:

In 2019, details of operating expenses are as follows:

Items		Amount (VND)
1. Cost of material:	-	1,605,129,340
1.1 Cost of handicrafts	1,267,113,036	-
1.2 Cost of bamboo bike	338,016,304	-
2. Cost of other materials, tools:	-	38,383,760
2.1 Stationery	18,186,260	-
2.2 Equipment and tools	20,197,500	-
2.3 Schools computer expenses	-	-
3. Energy expenses:	-	44,061,757
3.1 Gas, electricity, water	44,061,757	-
4. Location expenses:	-	161,304,805
4.1 Rental, office supplies	161,304,805	-
5. Repairs & petrol expenses:	-	164,624,312
5.1 Repair motorbike, gasoline for staffs in mission	164,624,312	-

6. Training & tools, stationery expenses:	-	3,030,795,410
6.1 Non smoking day	16,800,000	-
6.2 Training to saving credit groups	33,471,000	-
6.3 Training to local village workers	23,057,000	-
6.4 Training to agricultural and veterinary classes	21,558,000	-
6.5 Cost of education materials	-	-
6.6 Cost of visiting agricultural program	-	-
6.7 Cost of modeling agricultural program	98,693,500	-
6.8 Cost of buying tools, seed agricultural program	-	-
6.9 Cost of photocopy of training materials	561,000	-
6.10 Cost of workshop model, competitions	2,442,000	-
6.11 Cost of education materials	17,294,000	-
6.12 Cost of training in health education	423,317,610	-
6.13 Purchase of equipment for schools	29,000,000	-
6.14 Medicines and vermifuges for schools	5,540,000	-
6.15 Scholarships	1,123,032,000	-
6.16 Counterparts	73,066,800	-
6.17 Staffs training	51,345,400	-
6.18 Training for women's right for employments	-	-
6.19 Cost for training play team	-	-
6.20 Purchase of medicines for mosquitoes impregnation	3,140,000	-
6.21 Purchase of net protect from mosquito	-	-
6.22 Cost of community latrines	88,838,300	-
6.23 Waste recycling expenses	-	-
6.24 Audit's fees	23,696,000	-
6.25 Project expansion assessing fee	58,798,000	-
6.26 Training to women's group	269,949,000	-
6.27 Poor households expenses	73,148,000	-
6.28 Support for the rist of agriculture & livestock	1,240,000	-
6.29 Support for charity house	378,000,000	-

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6.30 Cost for road and bridges project	20,471,000	-
6.31 Cost of nylon bag collection	-	-
6.32 Training to handicrafts group	157,258,100	-
6.33 Support for volunteer	37,078,700	-
6.34 Computer center training fees	-	-
6.35 Donation for Computer Center	-	-
6.36 Loss on liquidation of assets	-	-
6.37 Depreciation expenses	-	-
6.38 Credit risk expenses	-	-
7. Other expenses:	-	120,110,563
7.1 Miscellaneous	120,110,563	-
8. Cost of moving and other services:	-	72,210,796
8.1 Transportation charges	7,708,000	-
8.2 Staff mission expenses	44,871,500	-
8.3 Post & telecommunication charges	19,631,296	-
9. Staff expenses:	-	6,303,488,715
9.1 Staff salary	3,460,881,308	-
9.2 Salary and other allowances to local village workers	823,675,500	-
9.3 Accident insurance to staffs	5,404,000	-
9.4 Social insurance to staffs	557,462,240	-
9.5 Project management cost	1,456,065,667	-
10. Financial expenses:	-	13,766,944
10.1 Financial expenses	4,443,714	-
10.2 Exchange rate differences	9,323,230	-
11. Other:	-	-
11.1 Other	-	-
Total		11,553,876,402

4. Borrow money

In 2019, Thien Chi Center borrowed money from Mekong Plus France without calculating interest rates to maintain the Center's activities.

No.	Name	VND
1	Mekong Plus France Organization	664,560,000

5. Source

No.	Name of supporter	VND
1	Dr.Eric Barthelme, via Mekong Plus	1,040,000,000
2	NEXT, via Mekong Plus	3,101,414,000
3	BENINA, via Mekong Plus	390,000,000
4	NICKEDO, via Mekong Plus	780,000,000
5	AAV organization, via Mekong Plus	828,502,000
6	American Embassy	93,642,252
7	Private Donations	149,927,980
8	Whole Planet FDN organization	11,447,675
9	Paris Bamboo organization	181,201,000
	Total	6,576,134,907



Binh Thuan, December 31, 2019

Director,



Nguyen Van Than