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**Report of the Directors and
Audited financial statements**

For the year ended 31 December 2019

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Board of Directors during the year and to the date of the report are:

Name	Position
Mr. Karl Brydenberg	Chairman
Mrs. Huan Mary	Vice-Chairman
Mr. Yu Rian	Secretary
Mr. Mao Lyna	Member
Mr. Chawonin Sae	Member
Mr. Sok Manon	Member

Management

The members of the Management team responsible for the overall direction and management during the year and to the date of the report are:

Names	Positions
Mr. Thom Vandenbong	Founder & Executive Director
Mrs. Chhina Ewen	Deputy Director
Mr. Anil Kharwal	Program Director
Mr. Sam Schindler	Founder & Operations Director
Mr. Suk Vandra	Senior Administrative Manager
Mr. Brad Vito	Finance Manager
Miss M. Chichey	After Care Officer/Staff Representative

Editor

ADLEGA Bank Plc

Archives

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Organization Information

Legal Status

Buddhism for Social Development Action ("the Organization"), is a non-governmental organization funded by many donors such as EcoSolidar, AUPADAMA Foundation, Save the children international in Cambodia, GlobeMed, La Maison des Enfants, Population Services International ("PSI"), Rotary Club of Calgary, World Vision International.

The Organization began providing services in Kampong Cham Province with the approval of the Ministry of Interior, on 05 July 2005.

Board of Directors

Board of Directors during the year and to the date of this report are:

Name	Position
Mr. Kurt Bredenberg	Chairman
Miss. Hum Mary	Vice Chairman
Mrs. Ty Ratana	Secretary
Mr. Isac Lyne	Member
Mr. Chamroeun San	Member
Mr. Sok Monirith	Member

Management

The members of the Management team responsible for the overall direction and management during the year and to the date of this report are:

Names	Positions
Mr. Thorn Vandong	Founder & Executive Director
Mrs. Chhorn Srors	Deputy Director
Mr. Aun Kimseng	Program Director
Mr. Say Sokhoeun	Founder & Operation Director
Mr. Sok Vannra	Senior Admin/HR Manager
Mr. Bean Yim	Finance Manager
Miss Un Chanthy	After Care Officer/Staff Representative

Banker

ACLEDA Bank Plc.

Auditors

V Chartered Accountants Co., Ltd
Phnom Penh Center, Building H, Room 482-485 (4th floor)
Samdach Sothearos Blvd., Phnom Penh, Cambodia

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)

REPORT OF THE DIRECTORS

The Board of Directors ("the Directors") of Buddhism for Social Development Action (BSDA) ("the Organization") submits its report together with the audited financial statement for the year ended 31 December 2019.

STATEMENT OF MANAGEMENT RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENT

The Organization's management is responsible for the preparation of the financial statements for the year ended 31 December 2019, which are in accordance with the accounting policies described in Note 2 to the financial statements and comply with the related financial agreements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements of the Organization as set out on pages 5 to 12 which are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements, and comply with the related financial

On behalf of the Organization's Directors:




Mr. Thorn Vandong
Executive Director
30 June 2020

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of Buddhism for Social Development Action (BSDA)

Opinion

We have audited the statement of fund receipts and disbursements and fund balance of Buddhism for Social Development Action (BSDA) ("the Organization") for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of the Organization for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the accounting policy set out in Note 2 to the financial statement and the financial reporting provision of its applicable funding agencies.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statement is prepared to assist the Organization in complying with the financial reporting provisions of its applicable funding agencies. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the Organization and its applicable funding agencies and should not be distributed to or used by parties other than the Organization and its applicable funding agencies. Our opinion is not modified in respect of this matter.

Responsibilities of the Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation of the financial statement in accordance with the financial reporting provisions of the Organization and its applicable funding agencies and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ☐ Identify and assess the risks of material misstatements of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☐ Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☐ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Priscilla S. Palad
Partner

V Chartered Accountants Co., Ltd.
Phnom Penh Center, Building H, Room 482-485 (4th floor)
Samdach Sothearos Blvd., Phnom Penh, Cambodia
30 June 2020

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 In US\$	2018 In US\$
ASSETS			
Non-Current asset			
Property and equipment		34,470	34,763
Non current assets			
Inventory		3,718	4,049
Other receivables	3	18,651	7,639
Cash and cash equivalents	4	216,752	129,601
Total current assets		239,121	141,290
		273,590	176,053
LIABILITIES			
Other payables	5	38,613	41,772
Total liabilities		38,613	41,772
NET ASSETS			
Net assets		234,977	134,282
Total net assets		234,977	134,282
Total liabilities & net assets		273,590	176,053

The accompanying notes are an integral part of these financial statements.

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Background information

	Note	2019 In US\$	2018 In US\$
Income			
Grant receipt	6	675,575	947,549
Sale revenue	7	122,511	133,455
Other income / Private donation		15,584	34,773
Bank interests		341	877
		814,011	1,116,654
Expenditure			
Personnel costs	8	106,924	88,657
Program costs	9	372,965	552,409
Indirect costs	10	67,803	120,713
Infrastructure and other equipment	11	99,439	235,619
Cost of sales		59,651	59,425
		706,783	1,056,823
SURPLUS (DEFICIT) FOR THE YEAR		107,228	59,831
Fund balance beginning		134,281	94,656
Adjustment		(3,526)	-
Return to donors		(3,006)	(20,205)
Fund balance ending		234,977	134,281

Report

responsibility and accountability to the management and staff of the organization and to the donors, creditors, and stakeholders.

STRATEGIC DIRECTION

Develop and implement programs that contribute to sustainable livelihoods, improve the quality of life, and promote social justice.

Strengthen the capacity of the organization to deliver high-quality services and to attract and retain qualified staff.

Strengthen financial, marketing and public relations systems to ensure the organization's financial stability and growth.

The accompanying notes are an integral part of these financial statements.

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Background information

Buddhism for Social Development Action (BSDA) is a local NGO which was established on the 5th of January 2005 by seven monks founder at Wat Nokor Bachey and registered with The Ministry of Interior on July 05, 2005. BSDA does not work for any political party or promotes the religion of its members.

BSDA is a community-based organization founded on the Buddhist principles of Metta to empower vulnerable people and to promote compassionate engagement in Social and Economic Development to contribute to the eradication of avoidable suffering.

VISION

BSDA envisions a society where people are empowered to live independently and have livelihood security.

MISSION

BSDA's mission is to empower and enhance the quality of life of vulnerable people, especially women, children and youth, through education, health and livelihood development initiatives, in partnership with others.

CORE VALUES:

Rooted in the Buddhist teachings of Metta practice, BSDA adheres to and promotes the following values:

Serving the poor: Improving the livelihoods of poor families.

Unity: Building trust, honesty and respect for each other as a family.

Democratic approach: Promoting collective voice from community members, stakeholders and all levels of staff and engaging them in decision-making processes.

Collaboration: Working together and in partnership with others wherever possible to maximize our impact.

Integrity and accountability: In the management and use of aid, being accountable and transparent to communities, donors and stakeholders.

STRATEGY DIRECTION:

Develop cross-cutting programs that contribute to livelihood security, especially for women, young people and vulnerable groups.

Grow social enterprise to address the needs of youth and potential migrants, and provide income to help BSDA become more sustainable.

Strengthen monitoring, evaluating and learning systems to demonstrate impact.

Develop and implement a funding strategy to support sustainable impact. Strengthen organizational capacity to support program quality and learning.

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Significant accounting policies

The Organization's policy is to prepare the accompanying financial statements on the modified cash basis. On this basis, incomes are recognized when received rather than when earned except for deferred income and expenses which are recognized when paid rather than when incurred; except for the accrual of severance pay and other expenses. Please see recognition of income and disbursements for further disclosure.

This basis of accounting is designed to meet the requirements of the Organization and the financial reporting provision of the grant or fund agreements with the applicable funding agencies, which is the comprehensive basis of accounting of the Organization; it is not designed to produce financial statements that are compatible with Cambodian International Financial Reporting Standards (CIFRS).

All fundamental accounting assumption relating to going concern are followed in the financial statements except the cost of property and equipment are charged to expenses in the statement of income, expenses and fund balance and depreciation of fixed assets of social enterprise before arriving at the excess of income over expenses for the year.

Other receivables

Other receivables, if any, include advances to officers and employees, prepayments and inter-project receivables.

Other payables

This pertains to inter-project payables, withholding tax payable on salaries, and accrual of expenses.

Income

Fund received is primarily defined as grant income from donors, which is recognized as income when received rather than earned.

Expenditure

Expenditure represents all costs incurred to support BSDA's set objectives and are recognized when paid rather than incurred, except for:

(i) Advance payments to implement activities are initially recognized as amounts due from recipients and recognized as expenditure when they are liquidated by invoices supporting the related expenditure.

(ii) Other payables pertain to inter-project payables, withholding tax payable on salaries, and accrual of expenses as payable account in the statement of financial position until they are settled.

Non-expendable equipment

The cost of non-expendable items is charged to expenditure upon acquisition. For control and monitoring purposes, BSDA maintains a fixed asset register for its vehicles, furniture, computers and office equipment.

Foreign currency translation

The financial statements are presented in USD, which is the functional and widely accepted and used currency in the Kingdom of Cambodia.

Transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions.

Cash in Bank	214,554	124,021
Cash on hand	2,828	5,580
	<u>217,382</u>	<u>129,601</u>
Other payables		
	2018	2017
Inter-project payables	14,058	14,128
Accrual Payable	47,828	10,518
Retain for Withholding Tax	25,248	25,972
Retain for Tax on Salary	732	297
NSSF Payable	302	489
	<u>88,168</u>	<u>51,404</u>

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Other receivables

	2019	2018
	In US\$	In US\$
Other current assets	3,560	20
Prepayment	4,800	4,800
Intra-Project Receivable	10,291	2,820
	<u>3,560</u>	<u>7,639</u>

4. Cash and cash equivalents

	2019	2018
	In US\$	In US\$
Cash in Bank	214,554	124,021
Cash on hand	2,198	5,580
	<u>216,752</u>	<u>129,601</u>

5. Other payables

	2019	2018
	In US\$	In US\$
Inter project payables	17,828	10,528
Accrual Payable	20,348	29,972
Return for Withholding Tax	136	297
Return for Tax on Salary	302	459
NSSF Payable	-	515
	<u>38,613</u>	<u>41,772</u>

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Grant receipts

	2019	2018
	In US\$	In US\$
EcoSolidar Mekong Kampuchea Kids ("MKK")	204,350	231,000
EcoSolidar Hanchey Bamboo Resort (HBR)	197,000	217,060
Khmer HIV/AIDS NGO Alliance ("KHANA")	-	6,227
Aide et Action ("AEA") Cambodia	-	5,042
Association Aupadama	-	6,990
Save the Children International in Cambodia under a project Basic Education (the donor NORAD)	89,303	175,369
Save the Children International in Cambodia "Realising children's rights through improved local governance in Cambodia" (the donor EU)	-	79,885
GlobeMed	6,955	7,955
La Maison des Enfants	28,423	24,923
Kampuchean Action for Primary Education (KAPE)	-	16,998
Population Services International ("PSI")	35,117	35,100
Rotary Club of Calgary I	68,929	110,088
Rotary Club of Calgary II	16,245	20,461
NGO Education Partnership ("NEP")	-	10,450
World Vision International	29,253	-
	675,575	937,099

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Sale revenue

	2019	2018
	In US\$	In US\$
Smile Restaurant	118,087	126,414
Angkor School	-	1,583
Traditional Dancing	-	333
Handmade Gift	1,967	2,723
Metta Garage	2,457	2,403
	122,511	133,455

8. Personnel costs

	2019	2018
	In US\$	In US\$
Staff salaries	101,991	80,797
Benefits	4,932	7,860
	106,924	88,657

9. Program costs

	2019	2018
	In US\$	In US\$
Project implementation costs	351,066	522,132
Scholarship expense	16,164	16,200
Staff capacity building	4,437	12,752
Monitoring and evaluation	1,298	1,324
	372,965	552,409

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Indirect costs

	2019	2018
	In US\$	In US\$
Administration costs	28,745	50,521
Overhead charges	9,150	19,170
Rental	16,928	20,501
Travel	5,084	21,243
Professional fee	4,549	5,892
Small equipment and maintenance	3,213	3,218
Advertising and promotion	133	168
	67,803	120,713

11. Infrastructure and other equipment

	2019	2018
	In US\$	In US\$
Infrastructure	98,883	235,297
Equipment	556	322
	99,439	235,619

12. Subsequent event

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact on net income of social enterprise. Other financial impact could occur though such potential impact is unknown at this time

13. Comparative figures

For the year ended 31 December 2018, the Organization has included social enterprise operation with the Restaurant registered as profit entity, so the financial statements prepare in accordance CIFRS for SMEs. Accordingly, the Organization's financial statements for the year ended 31 December 2017 excluded Smile Restaurant as compare to financial statements for the year ended 31 December 2018.

14. Authorization of the financial statements

The financial statements for the year ended 31 December 2019 were approved by the Management on 30 June 2020.