

Buddhism for Social Development Action (BSDA)

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

For the year ended 31 December 2018

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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 Courage e.V., EcoSolidar, Khmer HIV/AIDS NGO Alliance ("KHANA"), Population Services Khmer ("PSK"), Aide et Action Cambodia, AUPADAMA Association, Save the children international in Cambodia, Friend International, GlobeMed, Network of Affiliated Monk Movement on Social Accountability, Handicap International, Les Enfants du Vat Nokor Association, Rustic Pathways, and Family comtess (Nadja & Phillipe) Switzerland.

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. Kim 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
Mr. Aun Kimseng	Program Director
Mr. Say Sokhoeun	Founder & Operation Director
Mr. Sok Vanna	Senior Admin/HR Manager
Mrs. Kim Sreyrath	Finance officer
Mrs. Chhorn Sros	Senior Project Manager
Miss Un Chanthly	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

For the year ended 31 December 2018

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 2018.

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 2018, 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
21 May 2019

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 2018, 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 2018 are prepared, in all material respects, in accordance with the accounting principles 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 of 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.

The financial statements of **Buddhism for Social Development Action (BSDA)** for the year ended were audited by another auditing firm whose report dated 16 May 2018, expressed an unqualified opinion on the financial statements

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
21 May 2019

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 In US\$	2017 In US\$
ASSETS			
Non -Current asset			
Property and equipment		34,763	-
Non -current assets			
Inventory		4,049	836
Other receivables	3	2,820	30,926
Cash and cash equivalents	4	129,601	55,245
Total current assets		141,290	87,007
Total assets		176,053	87,007
LIABILITIES			
Other payables	5	41,772	68,449
Total liabilities		41,772	68,449
NET ASSETS			
Net assets		134,282	18,558
Total net assets		134,282	18,558
Total liabilities & net assets		176,053	87,007

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 2018

		2018	2017
	Note	In US\$	In US\$
Income			
Grant receipt	6	947,549	984,885
Sale revenue	7	133,455	-
Other income / Private donation		34,773	35,351
Bank interests		877	626
		<u>1,116,654</u>	<u>1,020,863</u>
Expenditure			
Personnel costs	8	88,657	51,727
Program costs	9	552,409	579,881
Indirect costs	10	120,713	97,463
Infrastructure and other equipment	11	235,619	366,655
Cost of sales		59,425	-
		<u>1,056,823</u>	<u>1,095,726</u>
SURPLUS (DEFICIT) FOR THE YEAR		59,831	(74,863)
Fund balance beginning		94,656	101,738
Return to donors		(20,205)	(8,317)
Fund balance ending		<u>134,281</u>	<u>18,558</u>

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 2018**

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.

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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 recognised as income when received rather than earned.

Expenditure

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

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

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(ii) Other payables pertains 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 assets 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.

3. Other receivables

	2018	2017
	In US\$	In US\$
Intra-Project Receivable	2,820	30,926
	<u>2,820</u>	<u>30,926</u>

4. Cash and cash equivalents

	2018	2017
	In US\$	In US\$
Cash in Bank	124,021	53,915
Cash on hand	5,580	1,331
	<u>129,601</u>	<u>55,245</u>

5. Other payables

	2018	2017
	In US\$	In US\$
Inter project payables	10,528	40,454
Accrual Payable	29,972	26,889
Return for Withholding Tax	297	(34)
Return for Tax on Salary	459	796
NSSF Payable	515	343
	<u>41,772</u>	<u>68,449</u>

**BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Grant receipts

	2018	2017
	In US\$	In US\$
EcoSolidar Mekong Kampuchea Kids ("MKK")	231,000	194,161
EcoSolidar Hanchey Eco-Retreat (HER)	217,060	246,159
Khmer HIV/AIDS NGO Alliance ("KHANA")	6,227	130,775
Aide et Action ("AEA") Cambodia	5,042	29,051
Association Aupadama	6,990	12,988
Save the Children International in Cambodia under a project Basic Education (the donor NORAD)	175,369	177,879
Save the Children International in Cambodia "Realising children's rights through improved local governance in Cambodia" (the donor EU)	79,885	77,818
GlobeMed	7,955	12,440
Rustic Pathways	-	12,068
Family comtess (Nadja & Phillipe) Switzerland ("FNCP")	-	810
La Maison des Enfants	24,923	36,695
Kampuchean Action for Primary Education(KAPE)	16,998	34,861
Population Services International ("PSI")	35,100	7,557
Population Services Khmer ("PSK")	-	11,624
Rotary Club of Calgary I	110,088	-
Rotary Club of Calgary II	20,461	-
NGO Education Partnership ("NEP")	10,450	-
	947,549	984,885

7. Sale revenue

	2018	2017
	In US\$	In US\$
Smile Restaurant	126,414	-
Angkor School	1,583	-
Traditional Dancing	333	-
Handmade Gift	2,723	-
Metta Garage	2,403	-
	133,455	-

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Personnel costs

	2018	2017
	In US\$	In US\$
Staff salaries	80,797	50,030
Staff benefits	7,860	1,697
	88,657	51,727

9. Program costs

	2018	2017
	In US\$	In US\$
Project implementation costs	522,132	515,888
Scholarship expense	16,200	52,592
Staff capacity building	12,752	5,632
Monitoring and evaluation	1,324	5,769
	552,409	579,881

10. Indirect costs

	2018	2017
	In US\$	In US\$
Administration costs	50,521	34,923
Overhead charges	19,170	33,502
Rental	20,501	8,161
Travel	21,243	16,800
Professional fee	5,892	4,077
Small equipment and maintenance	3,218	-
Advertising and promotion	168	-
	120,713	97,463

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (BSDA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Infrastructure and other equipment

	2018	2017
	In US\$	In US\$
Infrastructure	235,297	366,655
Equipment	322	-
	235,619	366,655

12. Comparative figures

For the year ended 31 December 2018, the Organisation has included social enterprise operation with the Restaurant registered as profit entity, so the financial statements prepare in accordance CIFRS for SMEs. Accordingly, the Organisation'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.

13. Authorisation of the financial statements

The financial statements for the year ended 31 December 2018 were approved by the Management on 21 May 2019.