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Independent Auditor's Report

Buddhism for Social Development Action (BSDA)
Financial Statements

For the year ended 31 December 2017

Contents

Mangement report	1
Independent auditor’s report	2
Statement of financial position	5
Statement of income and expenditure	6
Notes to the financial statements	7

Management Report

Management submits this report together with the audited financial statements of Buddhism for Social Development Action ("the Organization") for the year ended 31 December 2017 ("the year").

Management responsibility for the financial statements

Management is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Organization as at 31 December 2017 and its income and expenditure for the year then ended on that date.

When preparing the financial statements, the management is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently,
- ii. comply with the disclosure requirements of the accounting basis and accounting policies or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements,
- iii. maintain adequate accounting records and an effective system of internal control,
- iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Organization will continue its operations in the foreseeable future, and
- v. control and direct effectively the Organization in all material decisions affecting its operations and performance and ascertain that such decisions and/ or instructions have been properly reflected in the financial statements.

Management is also responsible for safeguarding the assets of the Organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirms that the Organization has complied with the above requirements in preparing the financial statements.

Approval of the financial statements

On behalf of the Organization, I hereby approve the accompanying financial statements as set out on pages 5 to 10 which comprise the statement of financial position of the Organization for the year ended 31 December 2017 and income and expenditure of the Organization for the year then ended in accordance with the accounting policies as described in note 5 to the financial statements.

On behalf of Management



Mr. Thorn Vandong
Executive Director

Kampong Cham, Kingdom of Cambodia
16 May 2018



ក្រុមហ៊ុន ខេម អ៊ីអេសអិច & ថាតិស៊ីស
CAM ACCOUNTING & TAX SERVICE CO., LTD



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Independent auditor's report

To the Management of Social Enterprises

Address: V Truest Center, Room 1FB,
 Street 109, Khan 7 Makara,
 Phnom Penh, Cambodia
 Tel: (855) 93 33 51 58
 (855) 12 75 32 57
 E-mail: info@cam-at.com
www.cam-at.com

Opinion

We have audited the financial statements of the Organization, which comprise the statement of financial position as at 31 December 2017, statement of income and expenditure for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2017, and the statement of income and expenditure for the year then ended in accordance with the accounting basis and accounting policies as set out in note 5 to the financial statements.

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 Auditors' 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 Accounting Law, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors' report is the information included in the Report of the Board of Directors. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is directly inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

This report usage

Our report is intended solely for the use of Management of the Organization and should not be used by other parties. If any third party got a copy of this report without our prior written consent, we may not be responsible for the information which they make up it.

Cam Accounting & Tax Service Co., Ltd
Certified Public Accountants and Auditors



Keat Heng, CPA, ACCA
Partner

Phnom Penh, Kingdom of Cambodia
16 May 2018

Statement of financial position

As at 31 December 2017

	Notes	USD	2017 KHR'000	USD	2016 KHR'000
Assets					
Intra-project receivables	13	30,926	125,095	9,890	40,084
Cash and cash equivalents	11	55,246	223,467	146,838	595,136
Prepayment		836	3,380	8,828	35,778
Withholding tax receivable		34	136	-	-
Total assets		87,042	352,078	165,556	670,998
Liabilities					
Inter-project payables	14	40,454	163,637	9,907	40,153
Accrual payables		26,889	108,766	16,566	67,142
Other tax and payables		1,139	4,609	1,202	4,872
Total current liabilities		68,482	277,012	27,675	112,167
Net assets		18,560	75,066	137,881	558,831
Fund balance					
Fund balance as at 01 January		137,881	557,728	181,724	736,527
Smile restaurant fund balance	12	(36,142)	(146,198)	-	-
Deficit of income over expenditure		(74,863)	(302,826)	(37,585)	(152,332)
Return to donors		(8,316)	(33,638)	(6,258)	(25,364)
Fund balance as at 31 December		18,560	75,066	137,881	558,831

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

Statement of income and expenditure for the year ended 31 December 2017

		USD	2017 KHR'000	USD	2016 KHR'000
	Notes				
Income					
Grant receipts	6	984,886	3,983,860	748,813	3,027,450
Sale revenue		-	-	143,917	583,295
Other income		35,351	142,997	30,954	125,456
Bank interests		626	2,533	947	3,838
		1,020,863	4,129,390	924,631	3740039
Expenditure					
Program costs	7	579,881	2,345,619	568,202	2,302,922
Indirect costs	8	97,463	394,238	127,794	517,949
Infrastructure costs	10	366,655	1,483,119	127,627	517,273
Cost of sales		-	-	70,847	287,143
Personnel costs	9	51,727	209,236	67,745	274,571
		1,095,726	4,432,212	962,215	3,899,858
Surplus/ (Deficit) of income over expenditure		(74,863)	(302,822)	(37,584)	(159,819)

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

Notes to the financial statements

1. Background and principal activities

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.

2. 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

3. 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	Executive Director
Mr. Nem Chhany	Finance Director
Mr. Sok Vannra	Admin/HR Director
Mr. Say Sokhoeun	M&E Manager
Mr. Aun Kimseng	Program Director
Mr.Un Chanthy	After Care Officer/Repre
Mr. Gordon Evans	Technical Advisor
Mr. John Conway Fotheringham	Comm & Fundraising

4. Auditors

The financial statements for the year ended 31 December 2017 have been audited by Cam Accounting & Tax Service Co., Ltd.

5. Significant accounting policies

5.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention.

The Organization’s policy is to prepare the statement of income, expenditure and fund balance on a modified cash basis except for advances and accruals and other payables. On this basis, income is recognised when received rather than when earned, and expenditure, except for advances, accruals and other payables, are recognised when paid rather than incurred.

Expenditure is paid exclusively for the purposes of the Project in accordance with the approved budgets.

5.2 Functional and presentation currency

The accounting records of the Organization are maintained in United Stated Dollars (“USD”).

Transactions arising in currencies other than the reporting currency are translated at exchange rates in effect on the transaction date. Monetary assets and liabilities denominated in currencies other than the

reporting currency are translated at the exchange rates in effect at the statement of financial position. Exchange differences are recognised in the statement of income and expenditure.

The national currency of Cambodia is the Cambodian Riel ("KHR"). However, as the Organization transacts and maintains its accounting records primarily in United States dollars ("USD"), Management has determined.

The USD to be the Organization's functional and presentation currency as it better reflects the economic substance of the underlying events and circumstances of the Organization.

The financial statements are presented in KHR based on the following applicable exchange rates per USD 1.00:

	2017	2016
Average rate for the period	4,045	4053

The accounting policies set out below have been consistently applied by the Project during the period.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in bank balances which are subject to an insignificant risk of changes in value.

5.4 Advances

Outstanding cash advances are recorded as a receivable in the statement of financial position and recognised as a use of fund upon liquidation.

5.5 Property and equipment

Property and equipment acquired by the Organization is recognised as an expense in the statement of income and expenditure. A separate fixed asset register is maintained and reconciliation of all fixed assets and physical assets is done every year.

5.6 Accruals and other liabilities

Accrued expenses are expenses where the goods have been received and services have been used but the invoices have not been billed.

5.7 Income recognition

Grant income

The income is recognised when received rather than when earned in the statement of income and expenditure.

Interest income

Interest income is recognised when received.

6. Grant receipts

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	USD	KHR'000	USD	KHR'000
EcoSolidar Mekong Kampuchea Kids ("MKK")	194,161	785,380	240,000	970,320
EcoSolidar Hanchey Eco-Retreat (HER)	246,159	995,712	-	-
Khmer HIV/AIDS NGO Alliance ("KHANA")	130,775	528,986	97,807	395,433
Population Services Khmer ("PSK")	11,624	47,018	-	-
Aide et Action ("AEA") Cambodia	29,051	117,511	57,429	232,186
AUPADAMA Association	12,988	52,536	14,988	60,596
Save the Children International in Cambodia under a project Basic Education (the donor NORAD)	177,879	719,520	208,435	842,701
Save the Children International in Cambodia "Realising children's rights through improved local governance in Cambodia" (the donor EU)	77,818	314,772	81,202	328,298
GlobeMed	12,440	50,320	9,425	38,105
Nadja & Phillipe Switzerland	810	3,275	-	-
Kampuchean Action for Primary Education	34,861	141,014	-	-
Rustic Pathways	12,068	48,817	18,314	74,046
Population Services International	7,557	30,567	-	-
La Maison des Enfants	36,695	148,432	21,213	85,765
	984,886	3,983,860	748,813	3,027,450

7. Program costs

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	USD	KHR'000	USD	KHR'000
Project implementation costs	515,888	2,086,767	413,803	1,677,143
Scholarship expense	52,592	212,735	79,022	320,276
Staff capacity building	5,632	22,781	75,150	304,583
Monitoring and evaluation	5,769	23,336	227	920
	579,881	2,345,619	568,202	2,302,922

8. Indirect costs

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	USD	KHR'000	USD	KHR'000
Administration costs	34,923	141,264	55,908	226,596
Overhead charges	33,502	135,516	44,590	180,723
Rental	8,161	33,011	17,178	69,622
Travel	16,800	67,956	6,114	24,780
Professional fee	4,077	16,491	4,004	16,228
	97,463	394,238	127,794	517,949

9. Personnel costs

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	USD	KHR'000	USD	KHR'000
Staff salaries	50,030	202,371	66,349	268,913
Staff benefits	1,697	6,865	1,396	5,658
	51,727	209,236	67,745	274,571

10. Infrastructure costs

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	USD	KHR'000	USD	KHR'000
Infrastructure	366,655	1,483,119	114,300	463,255
Land	-	-	5,475	22,194
Office equipment	-	-	7,852	31,824
	366,655	1,483,119	127,627	517,273

11. Cash and cash equivalents

	As at 31 December 2017		As at 31 December 2016	
	USD	KHR'000	USD	KHR'000
Cash in bank	53,915	218,085	145,097	588,079
Cash on hand	1,331	5,382	1,741	7,057
	55,246	223,467	146,838	595,136

12. Comparative figures

For the year ended 31 December 2017, the Organisation has separated Smile Restaurant operation while the Restaurant has registered as profit entity, so the financial statements prepare in accordance IFRS for SMEs. Accordingly, the Organisation's financial statements for the year ended 31 December 2016 included Smile Restaurant as compare to financial statements for the year ended 31 December 2017 excluding Smile Restaurant.

13. Inter-project receivables

Another projects borrow money from BSDA.

14. Inter-project payables

BSDA borrow money from another projects.

15. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.

16. Authorisation of the financial statements

The financial statements for the year ended 31 December 2017 were approved by the Management on 16 May 2018.