



# ບໍລິສັດ ເອັນພີເຄ ກວດສອບ ແລະ ທີ່ປຶກສາບັນຊີ ຈຳກັດ NPK Auditors & Consultancy Co., Ltd.

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## **FRIENDS-INTERNATIONAL LAO PDR**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

Financial Statements by

### **NPK Auditors & Consultancy Co Ltd**

Address: Thadeua Road 4Km, Thaphalanexay Village,  
Sisattanak District, Vientiane Capital, Lao PDR  
Tel: (856-21) 931 237, 480 916, 020 5551 9390  
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E-mail: npk\_auditors@yahoo.com

Vientiane Capital, Date 14<sup>th</sup> September 2018

## **FRIENDS-INTERNATIONAL LAO PDR**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

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## FRIENDS-INTERNATIONAL LAO PDR

FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017

### Statement of the Management's Responsibility in respect of the Financial Statements

The Friends-International Lao PDR maintains its records and prepares its statement on the modified cash basis, with receipts being recognized when received and expenditure recognized when paid. Any direct payments by financiers for Friends-International Lao PDR expenditure are recorded by the Friends-International Lao PDR at the time they take place. Records are also kept of contracts entered into by the Friends-International Lao PDR, as summarized on Statement of Friends-International Lao PDR assets, as summarized on Statement. The Special Purpose Financial Statements are the responsibility of the management of the Friends-International Lao PDR. The following report summarizes the Friends-International Lao PDR situation. The financial statements are the responsibility of the Friends-International Lao PDR management. The following:

- Statement of Receipts and Disbursements
- Statement of Fund Balance

The accompanying statement of receipts, disbursement and balance sheet together with the notes thereto, are drawn up so as to give a true and fair view, in all material respects, of the state of affairs of the Friends-International Lao PDR as at 31<sup>st</sup> December 2017, and of its receipts and disbursement account for the year then ended, in accordance with the cash receipts and disbursements basis as described in statement of receipts, disbursement and balance sheet statement.

On behalf of the Friends-International Lao PDR

Country Program Director



ເກດສອນ ພິລາພັນເດດ  
Ketsone PHILAPHANDET

Vientiane Capital, Date: 14<sup>th</sup> September 2018

Finance Manager

A handwritten signature in blue ink, appearing to read "Phouthasone Phongsawanh".

Phouthasone Phongsawanh





## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Friends-International Lao PDR, which comprise the Statement of Receipts and Disbursements as at December 31, 2017, and the Fund balance for the year then ended, and a summary of significant accounting policies and other explanatory notes on pages 4 to 15.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.



As indicated in the financial statements, the accompanying statements are not intended to present the results and financial position of the Friends-International Lao PDR in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Lao PDR. The accounting principles and practices utilized in Lao PDR may differ from those generally accepted in countries and jurisdictions other than Lao PDR.

### **Opinion**

In our opinion, the financial statements give a true and fair view of (or "present fairly, in all material respects,") the financial position of Friends-International Lao PDR as of December 31, 2017, and of its financial performance and its receipts and disbursement and fund balance for the year then ended in accordance with International Accounting Standards.

The Account statements given are true and transparent for both the receipts collected and payment made for the year ended 31<sup>st</sup> December 2017.



Mr. Noupbat Keovongsa  
Title: Managing Director  
NPK Auditors & Consultancy Co., Ltd.  
Date: 14<sup>th</sup> September 2018

**FRIENDS-INTERNATIONAL LAO PDR**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

**RECEIPTS**

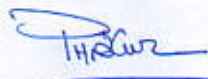
No.	Descriptions	Notes	Current Year	
			2017 LAK	2016 LAK
1	Fund balance at the beginning of the period 1 <sup>st</sup> January 2017		302,770,261	553,708,905
2	Fund received from donors	3	2,669,941,497	2,826,657,821
3	Private donations		48,042,799	132,373,765
4	Other income		1,182,508	60,000,000
5	Funding from HQ		328,331,822	
6	Difference exchange rate (gain)		-	-
	<b>Total Receipts</b>		<b>3,350,268,887</b>	<b>3,572,740,491</b>
	<b>Disbursements</b>			
1	Personnel	4	1,913,088,638	1,977,625,553
2	Equipment	5	42,157,540	3,200,000
3	Direct costs	6	537,054,673	737,825,500
4	Indirect costs	7	366,754,659	328,223,466
5	Capacity building/monitoring & evaluation	8	118,640,506	55,445,744
6	Coordination/mangement monitoring	9	8,657,372	7,066,942
7	Other income Generation costs	10	9,815,000	2,196,210
8	Transfers to program	11	126,476,680	134,852,815
9	Other expenses	12	10,258,000	23,534,000
10	Difference exchange rate (loss)		-	-
	<b>Total Disbursements</b>		<b>3,132,903,068</b>	<b>3,269,970,230</b>
	<b>Surplus of Receipts over Disbursements</b>		<b>217,365,819</b>	<b>302,770,261</b>

On behalf of the Friends-International Lao PDR  
Country Program Director




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Ketsone PHILAPHANDET

Vientiane Capital, Date: 14<sup>th</sup> September 2018  
Finance Manager



Phouthasone Phongsawan



**FRIENDS-INTERNATIONAL LAO PDR**

**STATEMENT OF FUND BALANCE**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

No	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
	Represented by:			
	<b>Current Assets</b>			
1	Cash on hand	13.1	10,223,500	15,805,000
2	Cash at bank	13.2	127,681,347	262,301,596
3	Current Receivable	14	154,629,472	139,963,515
	<b>Total</b>		<b>292,534,319</b>	<b>418,070,111</b>
	<b>Less:</b>			
	Current Liabilities	15	75,168,500	115,299,850
	<b>Total Current Assets</b>		<b>217,365,819</b>	<b>302,770,261</b>

On behalf of the Friends-International Lao PDR

Country Program Director




ເກດສອນ ພິລາຟັນເດດ  
Ketsone PHILAPHANDET

Vientiane Capital, Date: 14<sup>th</sup> September 2018

Finance Manager



Phouthasone Phongsawan



## **FRIENDS-INTERNATIONAL LAO PDR**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

#### **1. BACKGROUND OF PROJECT**

Since 1994, Friends- International ("the Organization") has been running projects worldwide for and with street children, attempting to reintegrate these children into their society. Friends- International works with street children in a developmental and sustainable perspective in accordance with the Convention of the Rights of the child ("UN-CRC").

"Building a Sustainable marginalized children, youth and families project in Laos PDR Implementation and Capacity Building" ("the Project") has been operating in Vientiane Capital and Luangprabang province Lao PDR, as a cooperation between the Ministry of Labor and Social Welfare and Friends-International. The Government of the Lao PDR initially approved the Project from 2004 until 2011; the Memorandum of Understanding has subsequently been renewed for another period of five years, and ended on 15 March 2017. The renewal of the Memorandum of Understanding is on the progress and management is expected to finalize on November 2018.

The specific objectives are:

- Prevention: Prevent more children and young people from moving to the streets of main cities and from engaging in dangerous or harmful activities.
- Outreach: support children and youth living and working on the streets and engaged in illegal activities.
- Peuan Mit Centers: Run centers (day and night) that respond clearly to the needs and desires expressed by marginalized children and youth and provide protection, care and support leading to their social reintegration.
- Reintegration and Placement: Further develop an effective reintegration project working with a wide network.
- Support children to access education and remain in school
- Provide vocational training in business environments.
- Support young people and parents/caretakers.
- Ensure the sustainability of the program through close collaboration and capacity building of relevant Lao authorities or Government partners.
- Improve SoPs and tools and share best practice methodologies.
- Reinforce the overall capacity of Lao professionals working in the program to become a best practice model in Laos and in the region.
- Engage the community around the marginalized children, youth and families to support the Program activities, actively protect children and their ability to report situations of risks and abuse using the ChildSafe Movement material and processes



## **FRIENDS-INTERNATIONAL LAO PDR**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

#### **2. PRINCIPAL ACCOUNTING POLICIES**

##### **a) Accounting convention**

The financial statements of the Friends-International Lao PDR, which are expressed in unit of LAK, are prepared under historical cost convention drawn up in accordance with a modified cash receipts and Disbursements basis of accounting.

##### **b) Receipts and Disbursements**

The Statements of Receipts and Disbursements are prepared on a modified cash basis, which reflects revenues when received and costs when paid.

##### **c) Basis of Accounting**

The consolidated financial statements comprise the financial statements of Friends-International Lao PDR and its consolidating units as at 31<sup>st</sup> December 2017. The financial statements of consolidating units are prepared for the same reporting year as the Head Office in Cambodia, using consistent accounting policies.

##### **d) Foreign currencies**

The financial statements are expressed in the LAK currency. Transactions in currencies other than LAK are converted to LAK at the rate of exchange ruling at the transaction dates. Monetary assets and liabilities in currencies other than LAK are converted to LAK at the rate of exchange ruling at the Statement of Fund balance date. Differences on exchange are included in the Statement of Receipts and Disbursements.

##### **e) Fixed assets**

Fixed assets are expensed in full in the Statement of Receipts and Disbursements in the year of acquisition accordingly; fixed assets are not recognized in the statement of fund balance at the end of the year.

## FRIENDS-INTERNATIONAL LAO PDR

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017

#### 3. FUNDS RECEIVED FROM DONORS

No.	Descriptions	Notes	Current year	
			2017	2016
	<b>Deposit account</b>		<b>LAK</b>	<b>LAK</b>
1	Aide et Action		405,200,140	403,415,140
2	Caritas (Australia)		767,359,611	571,524,373
3	European Commission		-	574,820,911
4	Gisela Stitching		122,859,440	121,425,000
5	Friends France		77,808,335	90,137,203
6	Small Steps Project		233,366,964	123,428,526
7	US Embassy		-	80,820,000
8	Save the Children		31,032,500	18,929,091
9	Kadoorie Foundation		419,751,367	597,817,971
10	Spellbrook Foundation		-	244,339,606
11	Australia Embassy (DAP)		44,229,378	-
12	The Czech Republic Official Development Assistance		82,348,700	-
13	Intrepid Travel / Geckos Pty Ltd		196,112,926	-
14	Amie(s) France		28,188,000	-
15	Responsible Travel		24,283,812	-
16	Spellbrook Foundation		237,400,325	-
	<b>Total Deposit account</b>		<b>2,669,941,497</b>	<b>2,826,657,821</b>



**FRIENDS-INTERNATIONAL LAO PDR**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

**4. PERSONNEL EXPENSES**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	International Staff		-	193,866,591
2	National Staff		1,750,642,956	1,697,686,885
3	Health Insurance		79,284,186	53,194,363
4	Stipend		5,880,000	4,900,000
5	Overtime		14,245,133	26,642,714
6	Consultancy/Professional Fee		63,036,363	-
7	Recrutment Costs		-	1,335,000.00
	<b>Total</b>		<b>1,913,088,638</b>	<b>1,977,625,553</b>

**5. EQUIPMENT**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	IT / Computers		18,690,000.00	1,820,000.00
2	Furniture/Fittings		15,083,516.00	-
3	Inventory		8,384,024.00	1,380,000.00
	<b>Total</b>		<b>42,157,540.00</b>	<b>3,200,000.00</b>

**FRIENDS-INTERNATIONAL LAO PDR****NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017****6. DIRECT COSTS**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Hygiene costs		65,174,378	28,687,500
2	Medical costs		30,606,000	66,945,000
3	Communication (IEC) material		-	1,605,000
4	Clothing for Beneficiaries		13,485,000	18,589,000
5	Non-formal educational material		4,665,000	2,964,000
6	Food/drink for Beneficiaries		225,676,500	358,791,500
7	Family/school support		7,074,000	20,896,000
8	Centre supplies		45,810,036	46,510,000
9	Other activity costs		11,778,500	12,517,500
10	Family reintegration travel		17,937,500	19,495,000
11	Recreational activity support		19,212,500	18,642,000
12	Outreach Materials		1,625,000	-
13	School reintegration support		28,532,000	83,514,000
14	Vocational training materials		2,890,000	16,587,000
15	Placement support		22,497,000	21,611,000
16	ChildSafe materials		19,532,259	7,681,000
17	Foster care families		3,675,000	4,500,000
18	Staff Uniforms		10,810,000	-
19	Family Income Generation Support		6,074,000	8,290,000
	<b>Total</b>		<b>537,054,673</b>	<b>737,825,500</b>



**FRIENDS-INTERNATIONAL LAO PDR**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

**7. INDIRECT COSTS**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Communication		26,264,500	30,154,500
2	Transport/gasoline		40,844,000	50,646,000
3	Maintenance/renovations		46,247,000	49,513,500
4	Office supplies		14,849,177	13,924,500
5	Rent		71,971,450	77,585,048
6	Utilities		37,081,500	47,778,000
7	Printing/photocopying		2,583,538	4,044,500
8	Postage & shipping		1,803,000	1,824,000
9	Bank charge		5,035,901	2,236,526
10	External audit		101,242,062	20,042,678
11	Vehicle/building insurance		17,338,500	19,855,000
12	Subscriptions		-	1,440,000
13	Other expenses		1,494,031	9,179,214
	<b>Total</b>		<b>366,754,659</b>	<b>328,223,466</b>

**FRIENDS-INTERNATIONAL LAO PDR**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

**8. CAPACITY BUILDING/MONITORING & EVALUATION**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	International travel		43,208,722	19,332,244
2	National travel		15,911,000	21,154,000
3	External staff training		1,515,000	2,000,000
4	Internal training		3,539,500	2,524,500
5	Research / assessments		54,466,283	10,435,000
	<b>Total</b>		<b>118,640,506</b>	<b>55,445,744</b>

**9. COORDINATION/MANAGEMENT MONITORING**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	International travel		6,072,372	6,183,942
2	National travel		1,930,000	-
3	Bod/Adcom meeting		655,000	883,000
	<b>Total</b>		<b>8,657,372</b>	<b>7,066,942</b>



**FRIENDS-INTERNATIONAL LAO PDR**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017**

**10. OTHER INCOME GENERATION COSTS**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Cost of income generation		9,815,000	1,395,210
2	Business Uniforms		-	801,000
	<b>Total</b>		<b>9,815,000</b>	<b>2,196,210</b>

**11. TRANSFERS TO PROGRAM**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Head Office		126,476,680	134,852,815
2	Other expenses		-	-
	<b>Total</b>		<b>126,476,680</b>	<b>134,852,815</b>

**12. OTHER EXPENSES**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Intra Purchase		10,258,000.00	23,534,000.00
2	Other expenses		-	-
	<b>Total</b>		<b>10,258,000.00</b>	<b>23,534,000.00</b>

FRIENDS-INTERNATIONAL LAO PDR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017

13. CASH ON HAND AND AT BANK

No.	Descriptions	Notes	Current year	
			2017	2016
	<b>Cash on hand</b>	(13.1)	<b>LAK</b>	<b>LAK</b>
1	Petty Cash -Office		2,909,000	8,364,500
2	Cash in Luang Prabang		7,314,500	7,040,500
3	Center Cash			400,000
	<b>Total Cash on hand</b>		<b>10,223,500</b>	<b>15,805,000</b>
	<b>Cash at bank</b>	(13.2)		
1	BCEL USD General Office		5,245,466	178,716,523
2	BCEL Kip General Office		118,306,882	54,994,072
3	BCEL Kip bank in Luang Prabang		4,129,000	28,591,000
	<b>Total Cash at bank</b>		<b>127,681,348</b>	<b>262,301,596</b>
	<b>Advance</b>			
1	Advance account		-	-
	<b>Total Advance</b>		<b>-</b>	<b>-</b>
	<b>Total Cash on hand and at bank</b>		<b>137,904,848</b>	<b>278,106,596</b>



**FRIENDS-INTERNATIONAL LAO PDR****NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD FROM 1<sup>ST</sup> JANUARY 2017 TO 31<sup>ST</sup> DECEMBER 2017****14. OTHER CURRENT RECEIVABLES**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Funding Receivable		111,138,177	5,436,837
2	Business Receivable		7,529,575	130,526,678
3	Staff Loans		13,500,000	4,000,000
4	Miscellaneous A/R		461,720	-
5	Prepaid Rent		22,000,000	-
6	Other current receivable		-	-
	<b>Total</b>		<b>154,629,472</b>	<b>139,963,515</b>

**15. OTHER CURRENT LIABILITIES**

No.	Descriptions	Notes	Current year	
			2017	2016
			LAK	LAK
1	Funding Payable		-	81,943,018
2	Miscellaneous Payable		75,168,500	33,356,832
3	Other expenses		-	-
	<b>Total</b>		<b>75,168,500</b>	<b>115,299,850</b>

FRIENDS -INTERNATIONAL LAO PDR - Peuan Mit  
STATEMENT OF CHANGES IN EQUITY  
For year ending 31 December 2017

	FUND ACCOUNT	TYPE	OPENING 01-Jan-17	INCOME 2017	EXPENSES 2017	TRANSFER 2017	CLOSING 31-Dec-17
1	Aide et Action	Donor	0	405,200,140	403,409,984	(1,790,157)	(0)
2	Amadeus Asia	Donor	1,922,000	0	1,922,000	0	0
3	Association Amies	Donor	42,740,000	28,188,000	70,928,000	0	0
4	Caritas Australia	Donor	15,738,546	767,359,611	611,498,793	(1,370,000)	170,229,363
5	Czech Official Development Assistance	Donor	0	82,348,700	81,889,776	(458,924)	0
6	European Union	Donor	364,800,381	0	469,871,937	(5,633,000)	(110,704,556)
7	Friends France	Donor	4,931,278	77,808,335	82,738,509	(1,103)	0
8	Gisela Foundation	Donor	0	122,859,440	122,109,403	(750,037)	0
9	Intrepid Foundation	Donor	0	196,112,926	188,400,281	(145)	7,712,500
10	Kadoorie Foundation	Donor	(72,223,461)	419,751,367	344,120,873	(3,407,033)	(0)
11	Responsible Travel	Donor	0	24,283,812	14,617,348	0	9,666,464
12	Save the Children	Donor	(1,419,527)	31,032,500	29,821,054	208,081	0
13	Small Steps Project	Donor	0	233,366,964	99,106,845	(270,000)	133,990,119
14	Spellbrook Foundation	Donor	203,580,731	237,400,325	252,909,989	(285,135)	187,785,932
15	The Australian Embassy	Donor	0	44,229,378	44,229,378	0	0
16	Nakalath Tour Company	Private	0	3,082,000	3,082,000	0	0
17	Peuan Mit Reserves	Private	(262,548,138)	385,749,582	308,014,898	3,499,452	(181,314,003)
18	Travel Indochina	Private	5,248,453	(11,274,453)	(6,026,000)	1	0
			302,770,262	3,047,498,626	3,122,645,068	(10,258,000)	217,365,820