

**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

**AUDIT REPORT**

**31 DECEMBER 2022**

**WIN THIN & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION  
FINANCIAL STATEMENTS  
31 DECEMBER 2022**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

It is the responsibility of the management to prepare the financial statements which gives a true and fair view of the Financial Position of Friends Social Development Organization (the Organization) as at 31 December 2022 and the statement of revenue and expenses for the year then ended. In preparing the financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Organization. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Organization and to prevent and detect fraud and other irregularities.

On behalf of Management



Naw Rita  
Finance, HR and Admin Officer  
Friends Social Development Organization



Thin Thin Aung  
Program Coordinator  
Friends Social Development Organization

29 March 2023



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# WIN THIN & ASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 863/F-57/December2022

## INDEPENDENT AUDITOR'S REPORT

To the management of Friends Social Development Organization

### Opinion

We have audited the accompanying financial statements of Friends Social Development Organization, which comprise the Statement of Financial Position as at 31 December 2022 and the Income Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friends Social Development Organization (the Organization) as of 31 December 2022 and the results of its operation for the year then ended in accordance with modified cash basis of accounting described in Note 2.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial information" section of our report.

We are independent of the Organization in accordance with the requirements of the IESBA Code of Ethics for Professional Accountants, 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.

### Management's Responsibility for the Financial Statement

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

### Auditor's responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statements 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 ISAs always detects 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 ISAs, we exercise professional judgment and maintain professional skepticism 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.

We communicate with the management, 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.



Nu War (PAPP - 599)  
Engagement Partner  
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No. 182/194, Batahtaung Pagoda Road,  
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Yangon Region, Myanmar



29 March 2023

**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2022**

Currency – Myanmar Kyats

	Notes	2022	2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	19,804,701	15,669,305
Receivables	4	29,762,754	205,000
<b>Total Current Asset</b>		<b>49,567,455</b>	<b>15,874,305</b>
<b>Total Asset</b>		<b>49,567,455</b>	<b>15,874,305</b>
<b>EQUITY AND LIABILITIES</b>			
Fund balance	5	44,030,703	15,555,199
<b>Total Equity</b>		<b>44,030,703</b>	<b>15,555,199</b>
<b>CURRENT LIABILITIES</b>			
Account payables	6	5,536,752	319,106
<b>Total Current Liabilities</b>		<b>5,536,752</b>	<b>319,106</b>
<b>Total Equity and Liabilities</b>		<b>49,567,455</b>	<b>15,874,305</b>

*See accompanying Notes to the Financial Statements*

**Authenticated by:**



Naw Rita  
Finance, HR and Admin Officer  
Friends Social Development Organization



Thin Thin Aung  
Program Coordinator  
Friends Social Development Organization

**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

**STATEMENT OF REVENUE AND EXPENSES**

**FOR THE YEAR FROM 1 JANUARY 2022 TO 31 DECEMBER 2022**

Currency – Myanmar Kyats

	Note	2022	2021
<b>INCOME</b>			
Donor Funding	7	176,439,192	28,158,536
Private Donations		11,317,629	13,532,479
Other Income		158,608	
<b>Total Income</b>		<b>187,915,429</b>	<b>41,691,015</b>
<b>EXPENDITURE</b>			
Personnel costs	8	58,262,573	24,686,767
Direct costs	9	69,149,468	14,025,997
Equipment/assets costs	10	4,548,000	239,800
Indirect costs	11	24,883,757	13,486,796
Transfer to Cambodia Head Office	12	2,468,127	3,551,655
Travel and training	13	128,000	–
<b>Total Expenditure</b>		<b>159,439,925</b>	<b>55,991,015</b>
<b>Net (deficit)/surplus for the year</b>		<b>28,475,504</b>	<b>(14,300,000)</b>

*See accompanying Notes to the Financial Statements*

Authenticated by:



Naw Rita  
Finance, HR and Admin Officer  
Friends Social Development Organization



Thin Thin Aung  
Program Coordinator  
Friends Social Development Organization



**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR FROM 1 JANUARY 2022 TO 31 DECEMBER 2022**  
Currency –Myanmar Kyats

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**1. Introduction**

Brief profile of Friends Social Development Organization

Friends Social Development Organization (“the Organization”), known locally as “Tha Ngae Chin Myar” (TNCM) was established on 27 December 2019 in Yangon, Myanmar, and works with vulnerable children/youth, their families and their communities. The Organization is registered as a local NGO (Registration No. 1/Local/1024) with the Ministry of Home Affairs, Union Registration Board on 27 December 2019.

The registration certificate issued to the Organization valid up to 31 December 2024.

The Organization’s objective is to support marginalized children, youth and families in Myanmar to become productive, functional citizens of their country through a range of protection, social and empowerment services. The Organization achieves this through community outreach, drop-in-centres and provision of emergency support services, with the objective of stabilizing and securing children, young people and caregivers' situations, before supporting them to build their futures. After stabilization, the Organization focuses on building futures, reintegrating children into school, and youth/caregivers into vocational training and then dignified employment.

The Organization is a part of the Friends Alliance, powered by Friends-International (“FI”), with its legal headquarters in France, and operational headquarters in Phnom Penh, Cambodia.

The address of its registered office is No. 141, B-1, Seikkanthar Street (Lower Block), Ward (7), Kyauktada Township, Yangon Region, Myanmar.

The Financial Statements related to the period from 1 January 2022 to 31 December 2022.

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**2. Summary of Significant Accounting Policies**

The following significant accounting policies have been adopted by the Organization in the preparation of this statement.

**2.1 Basis of Accounting**

The accompanying financial statements are prepared in accordance with modified cash basis.



## 2.2 Foreign currency translation

The financial statements are presented in Myanmar Kyats (MMK), which is also the functional currency of the Organization. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Exchange differences on monetary items are recognised in the statement of income & expenditure in the period in which they arise.

## 2.3 Property and equipment

Property and equipment purchased under the project are directly charged to the project expenses.

## 2.4 Cash and banks

Cash and banks comprise cash on hand and balance in bank.

## 2.5 Account Payables

Funding payable represents amounts due to other Friends Alliance program offices for their expenses incurred on behalf of the Organization.

## 2.6 Income Recognition

Income is recognized when funds remitted from Friends-International ("FI") or Other Donors are received by the Organization.

## 2.7 Project expenditures

Expenditures are recognized when the payments for the approved project related expenses are made by the Organization.

### 3. Cash and banks

The above consist of:

	December 2022	December 2021
Cash at bank	18,311,201	13,533,895
Cash on hand	1,493,500	2,135,410
	<u>19,804,701</u>	<u>15,669,305</u>

### 4. Account receivables

The above consist of:

	December 2022	December 2021
Prepayments	2,310,000	205,000
Funding	26,822,754	-
Health insurance	130,000	-
Guarantee deposits	500,000	-
	<u>29,762,754</u>	<u>205,000</u>

### 5. Fund balance

The above consist of:

	December 2022	December 2021
TNCM Reserves	25,782,558	14,259,629
Credit Suisse APAC Foundation Limited (Via FI HQ)	18,417,275	(4,190,563)
Anonymous (OFF) ( Via FI HQ )	15,833,828	-
The Intrepid Foundation ( Via FI HQ )	(116,300)	-
CW Asia Fund Foundation ( Via FI HQ )	(20,010,722)	-
Skoll Foundation ( Via FI HQ )	4,124,064	364,830
Angela Baker	-	118,676
Give2Asia ( Via FI HQ )	-	6,136,627
Fondation NEXT ( Via FI HQ )	-	(1,134,000)
	<u>44,030,703</u>	<u>15,555,199</u>

## 6. Accounts payables

Accounts payables includes amounts due to other Friends Alliance program offices for project expenditure incurred on behalf of the Organization and salary tax payable. Details consist of:

	<b>December 2022</b>	<b>December 2021</b>
FI HQ (Cambodia)	<u>4,276,068</u>	–
Salary Tax Payable	<u>1,260,684</u>	–
	<u><b>5,536,752</b></u>	–

## 7. Donor Funding

The above consist of:

	<b>December 2022</b>	<b>December 2021</b>
Credit Suisse APAC Foundation Limited(via FIHQ)	<b>63,639,811</b>	4,285,117
Anonymous (OFF) (via FIHQ)	<b>15,833,828</b>	–
The Intrepid Foundation(via FIHQ)	<b>32,337,282</b>	–
CW Asia Fund Foundation(via FIHQ)	<b>36,665,128</b>	8,956,445
Angela Baker	–	998,676
Give2Asia (via FIHQ)	<b>5,936,158</b>	13,918,298
Tourism Cares(via FIHQ)	<b>6,338,565</b>	–
Fondation NEXT (via FIHQ)	<b>15,688,420</b>	–
	<u><b>176,439,192</b></u>	<u><b>28,158,536</b></u>

## 8. Personnel costs

The above consist of:

	December 2022	December 2021
National staff	53,278,573	24,206,767
Health & pensions	4,226,000	480,000
Overtime	6,000	–
Consultancies/professional fees	752,000	–
	<u>58,262,573</u>	<u>24,686,767</u>

## 9. Direct costs

The above consist of:

	December 2022	December 2021
Hygiene costs	396,091	666,000
Medical costs	1,517,300	454,300
Clothing for beneficiaries	479,300	38,300
Non-formal education materials	171,300	128,150
Food/drink for beneficiaries	22,665,050	1,498,784
Family support	36,427,940	6,815,650
Centre supplies	1,368,955	193,050
Other activity costs	20,000	–
Case manager travel	69,900	–
Outreach materials	16,900	–
School reintegration support	2,734,050	1,000,350
Vocational training materials/referrals	1,367,982	2,043,013
Job placement support	81,700	–
Staff uniforms	326,700	86,000
Micro-enterprise support	129,600	–
Independent living	–	903,000
Beneficiary transport	1,376,700	199,400
	<u>69,149,468</u>	<u>14,025,997</u>

## 10. Equipment /assets costs

The above consist of:

	December 2022	December 2021
IT/computers	3,589,000	239,800
Furniture/fittings	836,000	–
Inventory	123,000	–
	<u>4,548,000</u>	<u>239,800</u>



## 11. Indirect costs

The above consist of:

	December 2022	December 2021
Communications	1,471,525	561,800
Transport/ gasoline/ maintenance	392,400	210,100
Maintenance/renovations	773,300	101,000
Office supplies	1,503,860	273,335
Rent	13,058,000	11,035,100
Utilities	1,486,671	78,825
Printing/photocopying	4,000	4,900
Postage & shipping	1,800	2,700
Bank charges	1,934,456	583,943
External audits	3,130,425	-
Vehicle/building insurance	293,488	293,488
Subscriptions	258,048	261,605
Donor/staff/authority relations	575,700	80,000
Other expenses	84	-
	<u>24,883,757</u>	<u>13,486,796</u>

## 12. Transfer to FI Cambodia Head Office

The above consist of:

	December 2022	December 2021
Transfer to Program (Head Quarter)	2,468,127	3,551,655
	<u>2,468,127</u>	<u>3,551,655</u>

## 13. Travel & training

The above consist of:

	December 2022	December 2021
Staff Training	101,000	-
Workshops / Meetings	27,000	-
	<u>128,000</u>	<u>-</u>

## 14. Authorization of Financial Statements

The financial statements of the Organization for the year 31 December 2022 were authorized for issue on 29 March 2023.