

FRIENDS SOCIAL DEVELOPMENT ORGANIZATION

AUDIT REPORT

31 DECEMBER 2025

**WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION
FINANCIAL STATEMENTS
31 DECEMBER 2025**

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STATEMENT OF DONORS FUND BALANCE 31-Dec-2413

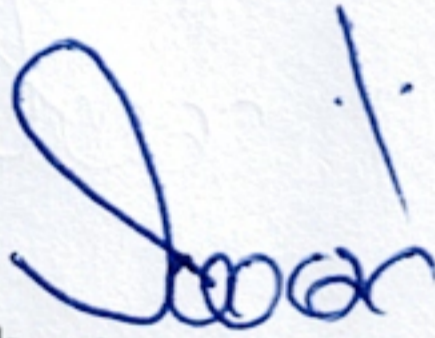
**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

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 2025 and the statement of income and expenses for the year then ended. In preparing the financial statements, the management is required to:

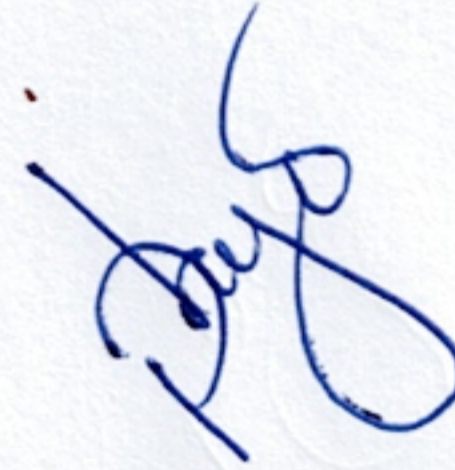
- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

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



Yamin Physo
Finance, HR and Admin Officer
Friends Social Development Organization



Naw Wint Nway Physo
Interim Program Coordinator
Friends Social Development Organization



30 March 2026



ဝင်းသင်နှင့်အဖွဲ့လီမိတက်

WIN THIN & ASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 766/F-57/December2025

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 2025 and the Statement of Income and Expenses for the year 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 2025 and the results of its operation for the year then ended in accordance with accrual 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 accrual 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 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
WIN THIN & ASSOCIATES LTD.
CERTIFIED PUBLIC ACCOUNTANTS
Firm Registration No. ACC 008




30 March 2026

FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2025****Currency – Myanmar Kyats**

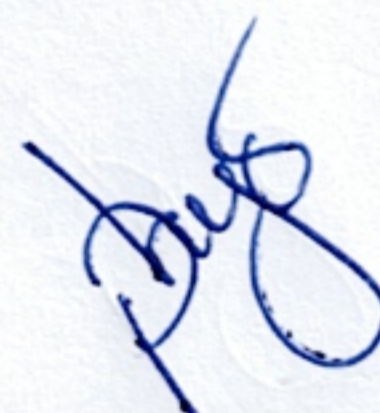
	Note s	2025	2024
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	72,003,162	35,995,578
Receivables	4	54,951,650	25,769,478
Total Current Asset		126,954,812	61,765,056
Total Asset		126,954,812	61,765,056
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Unearned income	5	64,402,731	24,815,690
Accrued and other payables	6	20,824,007	10,745,780
Total current liabilities		85,226,738	35,561,470
EQUITY			
Retained Earnings		26,203,586	41,745,473
Net Surplus / (Deficit) for the year		15,524,488	(15,541,887)
Total equity		41,728,074	26,203,586
Total equity and liabilities		126,954,812	61,765,056

See accompanying Notes to the Financial Statements

Authenticated by:



Yamin Phyo
Finance, HR and Admin Officer
Friends Social Development Organization



Naw Wint Nway Phyo
Interim Program Coordinator
Friends Social Development Organization

FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**STATEMENT OF INCOME AND EXPENSES****FOR THE YEAR FROM 1 JANUARY 2025 TO 31 DECEMBER 2025**

Currency – Myanmar Kyats

	Note	2025	2024
Income			
Donor funding	7	282,138,820	225,957,533
Private donations	8	40,904,985	30,811,520
		323,043,805	256,769,053
Add: Other income	9	4,310,525	1,516,800
Total income		327,354,330	258,285,853
Less: Expenditures			
Personnel costs	10	126,901,949	109,247,674
Direct costs	11	116,385,778	94,472,950
Equipment/assets costs	12	2,467,000	374,900
Indirect costs	13	55,379,561	42,974,312
Headquarters support	14	10,195,554	24,720,144
Travel & training	15	500,000	2,037,760
Total expenditures		311,829,842	273,827,740
Net (deficit)/surplus for the year		15,524,488	(15,541,887)
Balance brought forward		26,203,586	41,745,473
Closing equity balance		41,728,074	26,203,586

See accompanying Notes to the Financial Statements

FRIENDS SOCIAL DEVELOPMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2025 TO 31 DECEMBER 2025

Currency –Myanmar Kyats

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 prior registration certificate expired on 31 December 2024. Subsequently, the organization applied for renewal in accordance with the prevailing laws. On 22 January 2026, the Yangon Region Registration Body under the Ministry of Home Affairs issued a Temporary Registration Certificate for Local Association. (Registration No. Local/0185-2022) to the Organization.

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-centers 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 2025 to 31 December 2025.

Number of staff on payroll as of 31 December 2025: 8, and as of 31 December 2024: 9.

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 have been prepared in accordance with the accrual basis of accounting.

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 recognized at the rates of exchange prevailing at the dates of the transactions. Exchange differences on monetary items are recognized in the statement of income and expenditure in the period in which they arise.

2.3 Property and equipment

Property and equipment purchased for less than MMK 2,800,000, are directly charged to the project expenses. Property and equipment for MMK 2,800,000 or more, will be capitalized and depreciated in accordance with the Organization's financial policies.

2.4 Cash and banks

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

2.5 Account payables

Funding payable refers to amounts owed to other Friends Alliance program offices or external organizations for expenses they have incurred.

2.6 Income recognition

Donor funding from restricted grants is only recognized when "earned" regardless of when the grant instalments are paid, i.e. a) for the period in which expenses for the related grant are recognized for which the grant is intended to compensate and b) where grant conditions are met. Where the grant instalments have been received, but not recognized or utilized, they are presented in the Statement of Financial Position as a current liability under "Unearned Income". Where grant instalments have not been received, are committed and utilized in advance of payment, they are presented in the Statement of Financial Position as a current asset under "Earned Income".

Private donations are recognized when they are deemed receivable. A private donation is deemed to be receivable when actually received from individuals, companies, organizations or institutions which are not covered by specific grant agreements with terms & conditions. Donations in kind, if any, are recognized at fair value when received using a reliable estimate of the cost of the donated goods or services.

2.7 Project expenditures

Expenditure incurred consists of personnel costs, direct costs, indirect costs, travel & training, Headquarters support, and equipment/assets with a value below MMK 2,800,000. Expenditure is only recognized for the period to which it relates.

3. Cash and banks

The above consists of:

	2025	2024
Cash at bank	71,217,862	35,783,178
Cash on hand	785,300	212,400
	72,003,162	35,995,578

4. Account receivables

The above consists of:

	2025	2024
Prepayments	4,138,200	5,617,375
Staff loan	1,440,000	6,000,000
Health insurance	1,846,800	698,000
Guarantee deposits	500,000	700,000
Earned income	47,026,650	12,754,103
	54,951,650	25,769,478

5. Unearned income

This represents restricted amounts received by the Organization but not yet spent. These funds are carried over to the following fiscal year.

	2025	2024
FI/ Pro Victimis Foundation	–	20,806,330
FI/ Anonymous (AMJ)	22,019,354	4,009,360
FI/ Gisela Stichting	11,302,041	–
FI/ Anonymous (TO)	31,081,336	–
	64,402,731	24,815,690

6. Payables

The above consist of:

	2025	2024
Friends-International Head Quarter	8,917,758	–
Fixed deposit interest	1,006,849	–
Water tax	15,000	–
Electricity	134,400	200,000
Audit Fees	10,750,000	10,545,780
	20,824,007	10,745,780

7. Donor funding

The above consists of recognized and earned funding for the year. It does not represent cash instalments received:

	2025	2024
FI / The Cold Mountain Fund of RSF Social Finance	–	16,189,121
FI / The Intrepid Foundation	–	20,197,932
FI / CW Asia Fund Foundation	9,508,897	50,926,787
FI / Give2Asia	37,381,761	83,098,268
FI / Pro Victimis Foundation	211,655,723	55,090,784
FI / Anonymous (AMJ)	–	454,640
FI/ Gisela Stichting	22,119,888	–
FI/ Anonymous (TO)	1,472,551	–
	282,138,820	225,957,533

8. Private donation

The above consists of:

	2025	2024
General Donations	–	–
FI / Anonymous (AMJ)	21,412,086	–
FI / Paul Newfield	19,492,899	30,811,520
	40,904,985	30,811,520

9. Other income

The above consists of:

	2025	2024
Bank interest	3,778,880	1,516,800
Other income	531,645	–
	4,310,525	1,516,800

10. Personnel costs

The above consists of:

	2025	2024
National staff salaries	122,658,916	105,355,141
Health & pensions	3,080,533	3,272,533
Stipend	1,162,500	620,000
	126,901,949	109,247,674

11. Direct costs

The above consists of:

	2025	2024
Hygiene costs	5,130,100	1,603,000
Medical costs	3,385,750	3,971,850
Clothing for beneficiaries	–	27,000
Non-formal education materials	926,600	823,050
Food/drink for beneficiaries	34,501,100	31,982,100
Family support	31,912,350	17,162,300
Centre supplies	1,817,000	4,073,500
Other activity cost	28	–
Case Manager travel	105,000	13,600
Recreational activity support	2,478,800	841,750
Outreach materials	433,000	68,000
School reintegration support	8,938,400	7,702,300
Vocational training materials/referrals	8,612,250	8,212,500
Employment activities	6,980,500	7,131,950
Child safe activities	433,500	484,550
Uniforms	–	1,547,200
Independent living	3,977,300	6,494,400
Beneficiary transport	6,651,100	2,273,900
Beneficiary training / meetings	103,000	60,000
	116,385,778	94,472,950

12. Equipment /assets costs

The above consists of:

	2025	2024
IT/Computers	2,467,000	–
Inventory	–	374,900
	2,467,000	374,900

13. Indirect costs

The above consists of:

	2025	2024
Communications	2,080,600	1,649,399
Transport/ gasoline/ maintenance	2,251,700	1,907,600
Maintenance/renovations	1,610,200	384,000
Office supplies	2,129,150	3,720,800
Rent	21,770,000	19,325,000
Utilities	7,061,150	2,448,150
Printing/photocopying	296,700	113,450
Postage & shipping	2,700	2,000
Bank charges	3,491,909	2,587,793
External audits	11,265,310	10,104,197
Vehicle/building Insurance	562,542	293,500
Donor/staff/authority relations	2,857,600	283,000
Other expenses	–	155,423
	55,379,561	42,974,312

14. Headquarters Support

The above consists of:

	2025	2024
FI Headquarters support	10,195,554	24,720,144
	10,195,554	24,720,144

15. Travel & training

The above consists of:

	2025	2024
Staff training	500,000	2,015,760
Workshops / meetings	–	22,000
	500,000	2,037,760

16. Authorization of Financial Statements

The financial statements of the Organization for the year 31 December 2025 were authorized for issue on 30 March 2026.

ANNEX: DISCLOSURE OF DONORS FUND BALANCES

STATEMENT OF DONORS FUND BALANCES

31-Dec-25

FUND ACCOUNT	OPENING	INCOME	UN/EARNED INCOME	EXPENSES	CLOSING
Myanmar Reserve	33,298,651	4,310,525	–	(4,118,897)	41,728,074
FI / Paul Newfield	(7,095,066)	19,492,899	–	12,397,833	–
FI / Anonymous (AMJ)	–	39,422,080	(18,009,994)	21,412,086	–
FI / CW Asia Fund Charitable Foundation	–	11,697,162	(2,188,265)	9,508,897	–
FI / Gisela Stichting	–	33,421,929	(11,302,041)	22,119,888	–
FI / Anonymous (TO)	–	32,553,887	(31,081,336)	1,472,551	–
FI / Give2Asia	–	47,947,598	(10,565,837)	37,381,761	–
FI / Pro Victimis Foundation	–	143,822,743	67,832,980	211,655,723	–
	26,203,586	332,668,824	(5,314,493)	311,829,842	41,728,074

STATEMENT OF DONORS FUND BALANCES

31-Dec-24

FUND ACCOUNT	OPENING	INCOME	UN/EARNED INCOME	EXPENSES	CLOSING
FI / Anonymous (AMJ)	–	4,464,000	(4,009,360)	454,640	–
FI / CW Asia Fund Charitable Foundation	–	48,738,522	2,188,266	50,926,788	–
FI / Give2Asia	–	72,532,431	10,565,837	83,098,268	–
FI / Intrepid Foundation	–	20,197,932	–	20,197,932	–
FI / Pro Victimis Foundation	–	75,897,114	(20,806,330)	55,090,784	–
FI / Paul Newfield	12,657,573	30,811,520	–	50,564,159	(7,095,066)
FI / The Cold Mountain Fund of RSF Social Finance	–	16,189,121	–	16,189,121	–
Myanmar Reserve	29,087,900	1,516,800	–	(2,693,952)	33,298,652
	41,745,473	270,347,440	(12,061,587)	273,827,740	26,203,586