

**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

**AUDIT REPORT**

**31 DECEMBER 2024**

**WIN THIN & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**



FRIENDS SOCIAL DEVELOPMENT ORGANIZATION  
FINANCIAL STATEMENTS  
31 DECEMBER 2024

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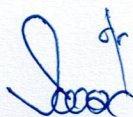
**STATEMENT OF MANAGEMENT’S RESPONSIBILITY  
FOR FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**

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 2024 and the statement of income and expenses for the year then ended. In preparing the financial statements, the management is required to:

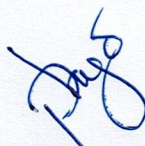
- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

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 Phyto**  
Finance, HR and Admin Officer  
Friends Social Development Organization



**Naw Wint Nway Phyto**  
Interim Program Coordinator  
Friends Social Development Organization

28 March 2025





ဝင်းသင်နှင့်အဖွဲ့လီမိတက်

**WIN THIN & ASSOCIATES LTD**

**CERTIFIED PUBLIC ACCOUNTANTS**

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Ref: 705/F-57/December2024

## **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 2024 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 2024 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



28 March 2025

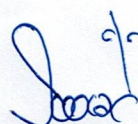


**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024****Currency – Myanmar Kyats**

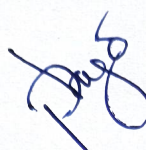
	Notes	2024	2023
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	<b>35,995,578</b>	57,889,522
Receivables	4	<b>25,769,478</b>	9,173,654
<b>Total Current Asset</b>		<b>61,765,056</b>	67,063,176
<b>Total Asset</b>		<b>61,765,056</b>	67,063,176
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Unearned income	5	<b>24,815,690</b>	16,189,121
Accrued and other payables	6	<b>10,745,780</b>	9,128,582
<b>Total current liabilities</b>		<b>35,561,470</b>	25,317,703
<b>EQUITY</b>			
Retained Earnings		<b>41,745,473</b>	25,584,518
Net Surplus / (Deficit) for the year		<b>(15,541,887)</b>	16,160,955
<b>Total equity</b>		<b>26,203,586</b>	41,745,473
<b>Total equity and liabilities</b>		<b>61,765,056</b>	67,063,176

*See accompanying Notes to the Financial Statements*

Authenticated by:



**Yamin Phyto**  
**Finance, HR and Admin Officer**  
**Friends Social Development Organization**



**Naw Wint Nway Phyto**  
**Interim Program Coordinator**  
**Friends Social Development Organization**



**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION****STATEMENT OF INCOME AND EXPENSES****FOR THE YEAR FROM 1 JANUARY 2024 TO 31 DECEMBER 2024**

Currency – Myanmar Kyats

	Note	2024	2023
<b>Income</b>			
Donor funding	7	225,957,533	162,203,566
Private donations	8	30,811,520	70,788,034
		256,769,053	232,991,600
Add: Other income	9	1,516,800	482,642
<b>Total income</b>		<b>258,285,853</b>	<b>233,474,242</b>
<b>Less: Expenditures</b>			
Personnel costs	10	109,247,674	99,230,002
Direct costs	11	94,472,950	68,052,506
Equipment/assets costs	12	374,900	1,100,000
Indirect costs	13	42,974,312	35,015,028
Headquarters Support	14	24,720,144	9,437,215
Travel & training	15	2,037,760	4,478,536
<b>Total expenditures</b>		<b>273,827,740</b>	<b>217,313,287</b>
<b>Net (deficit)/surplus for the year</b>		<b>(15,541,887)</b>	<b>16,160,955</b>
Balance brought forward		41,745,473	25,584,518
<b>Closing equity balance</b>		<b>26,203,586</b>	<b>41,745,473</b>

*See accompanying Notes to the Financial Statements*



**FRIENDS SOCIAL DEVELOPMENT ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR FROM 1 JANUARY 2024 TO 31 DECEMBER 2024**

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**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 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 2024 to 31 December 2024.

Number of staff on payroll as of 31 December 2024: 9, and as of 31 December 2023: 8.

**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 Organisation'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 recognised when "earned" regardless of when the grant instalments are paid, i.e. a) for the period in which expenses for the related grant are recognised for which the grant is intended to compensate and b) where grant conditions are met. Where the grant instalments have been received, but not recognised 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 recognised when they are deemed receivable. A private donation is deemed to be receivable when actually received from individuals, companies, organisations or institutions which are not covered by specific grant agreements with terms & conditions. Donations in kind, if any, are recognised 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 recognised for the period to which it relates.



### 3. Cash and banks

The above consist of:

	2024	2023
Cash at bank	35,783,178	31,373,122
Cash on hand	212,400	26,516,400
	35,995,578	57,889,522

### 4. Account receivables

The above consist of:

	2024	2023
Prepayments	5,617,375	5,307,708
Staff loan	6,000,000	500,000
Health insurance	698,000	180,000
Guarantee deposits	700,000	500,000
Earned income	12,754,103	2,685,946
	25,769,478	9,173,654

### 5. Unearned income

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

	2024	2023
FI/PRO VICTIIMIS	20,806,330	–
FI/Allan Murray Jones	4,009,360	–
FI / The Cold Mountain Fund of RSF Social Finance	–	16,189,121
	24,815,690	16,189,121

### 6. Payables

The above consist of:

	2024	2023
Electricity	200,000	–
Audit Fees	10,545,780	9,128,582
	10,745,780	9,128,582



## 7. Donor funding

The above consists of recognised and earned funding for the year, not cash instalments received:

	2024	2023
FI / Credit Suisse Asia Pacific Foundation	–	18,417,275
Anonymous donor (OFF)	–	28,494,597
FI / The Cold Mountain Fund of RSF Social Finance	16,189,121	107,999,285
FI / The Intrepid Foundation	20,197,932	7,292,409
FI / CW Asia Fund Foundation	50,926,787	–
FI / Give2Asia	83,098,268	–
FI / PRO VICTIIMIS	55,090,784	–
FI / Allan Murray Jones	454,640	–
	225,957,533	162,203,566

## 8. Private donation

The above consist of:

	2024	2023
General Donations	–	12,530
FI / Paul Newfield	30,811,520	70,775,504
	30,811,520	70,788,034

## 9. Other income

The above consist of:

	2024	2023
Bank interest	1,516,800	482,570
Other income	–	72
	1,516,800	482,642

## 10. Personnel costs

The above consist of:

	2024	2023
National staff salaries	105,355,141	98,876,669
Health & pensions	3,272,533	235,333
Consultancies/professional fees	–	118,000
Stipend	620,000	–
	109,247,674	99,230,002



## 11. Direct costs

The above consist of:

	2024	2023
Hygiene costs	1,603,000	232,350
Medical costs	3,971,850	2,288,750
IEC material	–	11,600
Clothing for beneficiaries	27,000	991,800
Non-formal education materials	823,050	349,150
Food/drink for beneficiaries	31,982,100	23,232,958
Family support	17,162,300	23,697,750
Centre supplies	4,073,500	3,037,710
Case Manager travel	13,600	32,500
Recreational activity support	841,750	327,400
Outreach materials	68,000	75,000
School reintegration support	7,702,300	3,078,550
Vocational training materials/referrals	8,212,500	3,176,938
Employment activities	7,131,950	1,755,200
Foster Care families	–	80,000
Child safe activities	484,550	–
Uniforms	1,547,200	–
Independent living	6,494,400	1,833,250
Beneficiary transport	2,273,900	3,848,100
Beneficiary trainings / meetings	60,000	3,500
	94,472,950	68,052,506

## 12. Equipment /assets costs

The above consist of:

	2024	2023
Inventory	374,900	1,100,000
	374,900	1,100,000



### 13. Indirect costs

The above consist of:

	2024	2023
Communications	1,649,399	1,675,000
Transport/ gasoline/ maintenance	1,907,600	783,200
Maintenance/renovations	384,000	287,300
Office supplies	3,720,800	1,606,890
Rent	19,325,000	16,411,500
Utilities	2,448,150	1,341,580
Printing/photocopying	113,450	13,550
Postage & shipping	2,000	4,100
Bank charges	2,587,793	2,617,328
External audits	10,104,197	9,958,082
Vehicle/building Insurance	293,500	24,459
Donor/staff/authority relations	283,000	76,650
Other expenses	155,423	215,389
	42,974,312	35,015,028

### 14. Headquarters Support

The above consist of:

	2024	2023
FI Headquarters support	24,720,144	9,437,215
	24,720,144	9,437,215

### 15. Travel & training

The above consist of:

	2024	2023
International travel	-	4,400,536
Staff training	2,015,760	70,000
Workshops / meetings	22,000	8,000
	2,037,760	4,478,536

### 16. Authorization of Financial Statements

The financial statements of the Organization for the year 31 December 2024 were authorized for issue on 28 March 2025.



**ANNEX: DISCLOSURE OF DONORS FUND BALANCES****STATEMENT OF DONORS FUND BALANCES****31-Dec-24**

FUND ACCOUNT	OPENING	INCOME	UN/EARNED INCOME	EXPENSES	CLOSING
FI / Allan Murray Jones	-	4,464,000	(4,009,360)	454,640	-
FI / CW Asia Fund Charitable Foundation	-	48,738,522	2,188,266	50,926,788	-
FI / G2ASIA	-	72,532,431	10,565,837	83,098,268	-
FI / Intrepid Foundation	-	20,197,932	-	20,197,932	-
FI / Pro Victimis Fondation	-	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	-
TNCM 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



**STATEMENT OF DONORS FUND BALANCES**
**31-Dec-23**

<b>FUND ACCOUNT</b>	<b>OPENING</b>	<b>INCOME</b>	<b>UN/EARNED INCOME</b>	<b>EXPENSES</b>	<b>CLOSING</b>
FI / Credit Suisse APAC Foundation	-	18,417,274	-	18,417,274	-
FI / Intrepid Foundation	-	4,606,464	2,685,946	7,292,410	-
FI / Anonymous (OFF)	-	28,494,597	-	28,494,597	-
FI / The Cold Mountain Fund of RSF Social Finance	-	124,188,406	(16,189,121)	107,999,285	-
FI / Paul Newfield	(116,300)	70,775,505	-	58,001,632	12,657,573
TNCM Reserves	25,700,818	495,172	-	(2,891,910)	29,087,900
	<b>25,584,518</b>	<b>246,977,418</b>	<b>(13,503,175)</b>	<b>217,313,288</b>	<b>41,745,473</b>