

Friends Social Development Organization
(Registration No. 1/Local/1024)

Financial statements for the period from
27 December 2019 (Date of registration)
to 31 December 2020

and

Independent auditors' report

Contents	Page
Statement of management’s responsibilities	1
Independent auditors’ report	2
Statement of financial position	5
Statement of income and expenditures	6
Statement of changes in equity	7
Notes to the financial statements	8
Appendix I – Schedule of funds received and expenditures by donor	13

Organization Information

Organization Name	Friends Social Development Organization (aka. Tha Ngae Chin Myar)
Organization Document	Memorandum of Understanding (“MoU”) issued by the Government of the Republic of the Union of Myanmar represented by the Ministry of home Affairs Union Registration Board from 27 December 2019 – 31 December 2024
Board of Directors	Daw Su Su (Executive Director) Daw Kay Thew Than (Advisor) Daw Khin Hnit Thit Oo (Director) U Phyo Min Thant (Operations) Ma War War Swe (Finance)
Management	Sebastien Marot (Friends-International Executive Director and Founder) Thin Thin Aung (Program Coordinator) Naw Rita (Finance, Admin & HR Officer)
Registered Office	No. 141, B-1, Seikkanthar Street (Lower Block), Ward (7), Kyauktada Township, Yangon Region, Myanmar
Principal Banker	Ayeyarwady Bank Ltd. (AYA)
Auditors	The Right Partner Consulting Group Company Limited Suite 01-06, Union Business Centre (UBC) Nat Mauk Road, Bo Cho Quarter Bahan Township, Yangon Myanmar Tel: +95 9409-253-017 / 9451-062-790

Statement of management’s responsibilities

For the period from 27 December 2019 (Date of registration) to 31 December 2020

Management of **Friends Social Development Organization** (the “Organization”) is responsible for the preparation of the financial statements which comprise statement of financial position and the statement of income and expenditures for the period from 27 December 2019 (Date of registration) to 31 December 2020, in accordance with the accounting policies as described in Note 2 to the financial statements. In preparing the financial statements, management is required to:

- Adopt accounting policies as described in Note 2 to the financial statements, which are supported by reasonable and prudent judgments and estimates and apply them consistently;
- Maintain adequate accounting records and an effective system of internal controls which disclose with a reasonable accuracy at any time, funds requested, authorized for, received and disbursed by the Organization;
- Take reasonable steps for safeguarding the assets of the Organization and for preventing and detecting fraud, error and other irregularities;
- Effectively control and direct the Organization and be involved in all material decisions affecting the Organization’s operations and ascertain that such have been properly reflected in the financial statements.

Management confirms that they have complied with the above requirements in preparation of the financial statements.

Management’s statement

In our opinion, the accompanying financial statements are drawn up, in all material aspects, so as to give a true and fair view of the statement of financial position of the Organization as at 31 December 2020 and the statement of income and expenditures of the Organization for the period from 27 December 2019 (Date of registration) to 31 December 2020 in accordance with the accounting policies as described in Note 2 to the financial statements.

On behalf of Management of Friends Social Development Organization



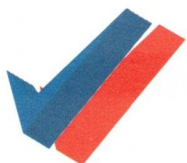
Naw Rita
Finance, HR and Admin Officer

Date: 28 April 2022



Thin Thin Aung
Program Coordinator





THE RIGHT PARTNER CONSULTING GROUP CO., LTD

Suite #01-06, Union Business Centre (UBC),
Nat Mauk Road, Bo Cho Quarter, Bahan Township, Yangon, Myanmar
Tel: 09 409 253017 Email: contact@theright-partner.com

Independent auditors' report To the Management of Friends Social Development Organization

Opinion

We have audited the accompanying financial statements of **Friends Social Development Organization** (the "Organization"), which comprise the statement of financial position as at 31 December 2020 and the statement of income and expenditures for the period from 27 December 2019 (Date of registration) to 31 December 2020, and notes to the financial statements including a summary of significant accounting policies and other explanatory information as set on Page 9 to 13.

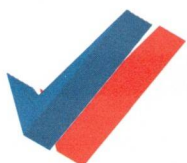
In our opinion, the accompanying financial statements of the Organization presents fairly, in all material respects, in accordance with the accounting policies as described in Note 2 to the financial statements so as to give a true and fair view of the statement of financial position of the Organization as at 31 December 2020, and of its statement of income and expenditures for the period then ended.

Basis for Opinion

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those provisions and 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 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 (a) to the financial statements, which describes the basis of accounting policies. The financial statements have been prepared in accordance with the accounting policies as described in Note 2 to the financial statements. As a result, the financial statements may not be suitable for any another purpose. Our report is intended solely for the Organization and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.



THE RIGHT PARTNER CONSULTING GROUP CO., LTD

Suite #01-06, Union Business Centre (UBC),
Nat Mauk Road, Bo Cho Quarter, Bahan Township, Yangon, Myanmar
Tel: 09 409 253017 Email: contact@theright-partner.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

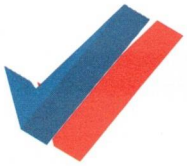
In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the financial statements

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 MSAs and always detect 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 MSAs, we exercise professional judgment 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 entity'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, 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.



THE RIGHT PARTNER CONSULTING GROUP CO., LTD

Suite #01-06, Union Business Centre (UBC),
Nat Mauk Road, Bo Cho Quarter, Bahan Township, Yangon, Myanmar
Tel: 09 409 253017 Email: contact@theright-partner.com

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

Tin Swe Aye
Audit Partner
Certified Public Accountant (P.A. 830)

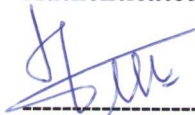


Date: 28 April 2022

Friends Social Development Organization
Statement of financial position

	<i>Note</i>	31 December 2020 <i>(in MMK)</i>
Asset		
Cash and cash equivalents	3	33,634,638
Total current asset		33,634,638
Total asset		33,634,638
Equity		
Fund balance	4	29,855,199
Total equity		29,855,199
Liability		
Funding payables	5	3,779,439
Total current liability		3,779,439
Total equity and liability		33,634,638

Authenticated by:



Naw Rita
 Finance, HR and Admin Officer
 Date: 28 April 2022



Thin Thin Aung
 Program Coordinator
 Date: 28 April 2022



The accompanying notes form an integral part of the financial statements.

Friends Social Development Organization

Statement of income and expenditures

		For the period from 27 December 2019 to 31 December 2020 (in MMK)
	<i>Note</i>	
Income		
Funding from donors	6	46,548,381
Total income		46,548,381
Expenditures		
Personnel costs	7	8,308,863
Direct costs	8	1,604,350
Equipment/assets costs	9	1,980,000
Indirect costs	10	1,120,662
Advisory and management service fees	11	3,679,307
Total expenditures		16,693,182
Net surplus for the period		29,855,199

Authenticated by:



Naw Rita
Finance, HR and Admin Officer
Date: 28 April 2022



Thin Thin Aung
Program Coordinator
Date: 28 April 2022



The accompanying notes form an integral part of the financial statements.

Friends Social Development Organization
Statement of changes in equity

	Retained earnings	Total fund balance
	<i>(in MMK)</i>	
Period ended 31 December 2020		
At 27 December 2019 (Date of registration)	-	-
Net surplus for the period	29,855,199	29,855,199
At 31 December 2020	29,855,199	29,855,199

The accompanying notes form an integral part of the financial statements.

Friends Social Development Organization

Notes to the financial statements

For the period from 27 December 2019 (Date of registration) to 31 December 2020

The accompanying notes form an integral part of the financial statements.

1 General information

Friends Social Development Organization (“the Organization”), known locally as “Tha Ngae Chin Myar” 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 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 operational headquarters in Phnom Penh, Cambodia.

2 Significant accounting policies

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

(a) Basis of preparation

The financial statements of the Organization have been prepared from the accounting records maintained by the Organization in accordance with modified cash basis of accounting and cannot be construed as conforming to the generally accepted accounting principles in Myanmar.

(b) Functional and presentation currency

These financial statements are prepared and presented in Myanmar Kyats (“MMK”) which is also the Organization’s functional currency. All amounts have been rounded to the nearest MMK unless otherwise stated.

(c) Use of estimates and judgements

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and disbursements. Actual results may differ from these estimates.

(d) Income

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

Friends Social Development Organization

Notes to the financial statements

For the period from 27 December 2019 (Date of registration) to 31 December 2020

(e) Expenditures

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

(f) Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the date of the transactions, Foreign currency differences are generally recognized in the statement of income and expenditures.

(g) Fixed assets

All fixed assets purchases are recognized as expenditures in the statement of income and expenditures in the year of purchase. The Organization maintains a register of fixed assets for proper control and monitoring purposes.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

(i) Funding payables

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

3 Cash and cash equivalents

	31 December 2020 (in MMK)
Cash at bank	33,634,638
Total	33,634,638

4 Fund balance

	31 December 2020 (in MMK)
Skoll Foundation (via FI HQ)	24,515,573
COVID-related Donations (via FI HQ)	4,539,545
Myanmar Reserves	800,081
Total	29,855,199

Schedule of funds received and expenditures by donor is attached in Appendix I.

Friends Social Development Organization**Notes to the financial statements****For the period from 27 December 2019 (Date of registration) to 31 December 2020****5 Funding payables**

	31 December 2020 (in MMK)
Skoll Foundation	3,679,307
License fees renewal payable	100,132
Total	3,679,307

6 Funding from donors

	For the period from 27 December 2019 to 31 December 2020 (in MMK)
Skoll Foundation (via FI HQ)	28,208,000
Anonymous Donor (TO) (via FI HQ)	8,929,893
COVID-related Donations (via FI HQ)	7,210,407
Planeterra International Foundation (via FI HQ)	1,343,384
Myanmar Reserves	856,697
Total	46,548,381

7 Personnel costs

	For the period from 27 December 2019 to 31 December 2020 (in MMK)
National staff	7,691,363
Health Benefits	560,000
Recruitment costs	57,500
Total	8,308,863

Friends Social Development Organization**Notes to the financial statements****For the period from 27 December 2019 (Date of registration) to 31 December 2020****8 Direct costs**

	For the period from 27 December 2019 to 31 December 2020 <i>(in MMK)</i>
Hygiene costs	18,600
Food/Drink for Beneficiaries	5,000
Family Support	180,750
Beneficiary Trainings / Meetings	1,400,000
Total	1,604,350

9 Equipment/assets costs

	For the period from 27 December 2019 to 31 December 2020 <i>(in MMK)</i>
IT / Computers	1,980,000
Total	1,980,000

10 Indirect costs

	For the period from 27 December 2019 to 31 December 2020 <i>(in MMK)</i>
Communications	169,000
Transport/ Gasoline/ Maintenance	12,200
Maintenance/Renovations	64,500
Office Supplies	45,950
Utilities	158,110
Printing/Photocopying	2,500
Bank Charges	13,120
Vehicle/Building Insurance	391,250
Subscriptions	100,132
Donor/staff/Authority relations	163,900
Total	1,120,662

Friends Social Development Organization

Notes to the financial statements

For the period from 27 December 2019 (Date of registration) to 31 December 2020

11 Advisory and management service fees

The costs represent the fees charged by Friends-International, Phnom Penh, Cambodia (“FI”) for its technical advisory and core management services provided to the Organization.

12 Authorization of financial statements

The financial statements of the Organization for the period from 27 December 2019 (Date of registration) to 31 December 2020 was authorized for issue on 28 April 2022.

13 Comparative figures

There are no comparative figures as this is the first set of financial statements prepared since the date of its registration on 27 December 2019.

Friends Social Development Organization

Appendix (I) Schedule of funds received and expenditures by donor

For the period from 27 December 2019 (Date of registration) to 31 December 2020

	Opening Fund balance	Funds Received	Expenditures	Ending fund balance
Planeterra International Foundation/FI	-	1,343,384	(1,343,384)	-
Skoll Foundation (via FI HQ)	-	28,208,000	(3,692,427)	24,515,573
Anonymous Donor (TO) (via FI HQ)	-	8,929,893	(8,929,893)	-
COVID-related Donations (via FI HQ)	-	7,210,407	(2,670,862)	4,539,545
Myanmar Reserves	-	856,697	(56,616)	800,081
Total	-	46,548,381	(16,693,182)	29,855,199

Source: This appendix was provided by the management and does not form part of this financial statements and are included solely for information purpose.