



**Mai Nha Children Foundation
(Vietnam)**

**USD-converted special-
purpose financial statements**

31 December 2018

A red circular stamp from the Mai Nha Children Foundation in Vietnam, with the text 'CƠ SỞ NUÔI DƯỠNG TRẺ MÔ CỘI MÁI NHÀ' and 'TỈNH BÌNH THUAN' around the perimeter. A signature in black ink, 'MAZARS WITBOX', is written over the stamp.

MAZARS VIETNAM

Mai Nha Children Foundation (Vietnam)

CONTENTS

	<i>Pages</i>
General information	1
Report of the Director	2
Independent auditors' report	3 - 4
USD-converted special-purpose balance sheet	5 - 6
USD-converted special-purpose statement of funds and use of funds	7
Notes to the USD-converted special-purpose financial statements	8 - 13

Mai Nha Children Foundation (Vietnam)

GENERAL INFORMATION

THE FOUNDATION

Mai Nha Children Foundation (Vietnam) ("the Foundation") is a non-governmental organisation operating in Vietnam, under the Decision No.1049/QD-UBND issued by the People's Committee of Binh Thuan Province on 11 May 2011.

The Foundation's current principal activities are to adopt, take care of, nurture and educate orphaned or abandoned children.

The Foundation operates as a self-financing organisation. The operating funds include the funds in cash and equipment from other Mai Nha alliances, consisting of Mai Nha France, Mai Nha Netherlands and Mai Nha United State of America, and from other donors.

The Foundation's office is located in Thien Hoa Village, Thien Nghiep Commune, Phan Thiet City, Binh Thuan Province, Vietnam.

Director of Foundation

The Director of Foundation during the year and at the date of this report is Mr. Marc Witlox.

Auditors

The auditor of Mai Nha Children Foundation (Vietnam) is Mazars Vietnam Co., Ltd.

Mai Nha Children Foundation (Vietnam)

REPORT OF THE DIRECTOR

The Director of Mai Nha Children Foundation (Vietnam) ("the Foundation") is pleased to present this report and the USD-converted special-purpose financial statements of the Foundation for the year ended 31 December 2018.

THE DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS

The Director is responsible for the USD-converted special-purpose financial statements of each financial year which give a true and fair view of the USD-converted special-purpose financial position of the Foundation and of the results of USD-converted special-purpose funds and use of funds for the year. In preparing those USD-converted special-purpose financial statements, the Director is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the USD-converted special-purpose financial statements; and
- ▶ prepare the USD-converted special-purpose financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue its business.

The Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the USD-converted special-purpose financial positions of the Foundation and to ensure that the accounting records comply with the applied accounting system. He is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director confirmed that he has complied with the above requirements in preparing the accompanying USD-converted special-purpose financial statements.

STATEMENT BY THE DIRECTOR

The Director does hereby state that, in his opinion, the accompanying USD-converted special-purpose financial statements give a true and fair view of the USD-converted special-purpose financial position of the Foundation as at 31 December 2018 and of the results of USD-converted special-purpose funds and use of funds for the year then ended, in accordance with the basis of preparation and accounting policies set out in *Note 2* and *Note 3*, respectively, to the USD-converted special-purpose financial statements.



Marc Witlox
Director

Ho Chi Minh City, Vietnam
28 November 2019

INDEPENDENT AUDITORS' REPORT**To: The Donors and Director of Mai Nha Children Foundation (Vietnam)**

We have audited the accompanying USD-converted special-purpose financial statements of Mai Nha Children Foundation (Vietnam) ("the Foundation") as prepared on 28 November 2019 and set out on pages 8 to 13, which comprise the USD-converted special-purpose balance sheet as at 31 December 2018, the USD-converted special-purpose statement of funds and use of funds for the year then ended and the notes thereto.

The Director's responsibility

The Foundation's Director is responsible for the preparation and fair presentation of these USD-converted special-purpose financial statements in accordance with the basis of preparation and accounting policies set out in *Note 2* and *Note 3*, respectively, to the USD-converted special-purpose financial statements, and for such internal control as the Director determines is necessary to enable the preparation and presentation of the USD-converted special-purpose 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 USD-converted special-purpose financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the USD-converted special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the USD-converted special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the USD-converted special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the USD-converted special-purpose 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the USD-converted special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the USD-converted special-purpose financial statements as at 31 December 2018 and for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting and accounting policies as described in *Note 2* and *Note 3* to the USD-converted special-purpose financial statements.



Emphasis of matter

We draw attention to *Note 2* to the USD-converted special-purpose financial statements which describes that the USD-converted special-purpose financial statements are prepared on the basis of accounting policies as set out in *Note 3* solely for use by the Director. The USD-converted special-purpose financial statements may not be suitable for another purpose. This audit report is intended solely for use by the Director and should not be used by anyone other than the specified party.

Mazars Vietnam Co., Ltd.



Bùi Xuân Anh
Deputy General Director
Audit Practicing Registration Certificate
No. 0842-2018-177-1

Ngo Thi Thanh Nga
Auditor
Audit Practicing Registration Certificate
No. 3239-2015-177-1

Ho Chi Minh City, Vietnam
28 November 2019

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Mai Nha Children Foundation (Vietnam)

USD-CONVERTED SPECIAL-PURPOSE BALANCE SHEET
as at 31 December 2018

USD

ITEMS	Notes	Ending balance	Beginning balance
A. CURRENT ASSETS		205,928	193,033
<i>I. Cash</i>	4	205,468	193,033
1. Cash		205,468	193,033
<i>II. Other current assets</i>		460	-
1. Short-term prepaid expenses	5	460	-
B. NON-CURRENT ASSETS		189,855	193,930
<i>I. Fixed assets</i>		178,793	193,930
1. Tangible fixed assets	6	151,805	165,686
Cost		197,456	201,958
Accumulated depreciation		(45,651)	(36,272)
2. Intangible fixed assets	7	26,988	28,244
Cost		31,321	32,035
Accumulated amortisation		(4,333)	(3,791)
<i>II. Other non-current assets</i>		11,062	-
1. Long-term prepaid expenses	5	11,062	-
TOTAL ASSETS		395,783	386,963

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Mai Nha Children Foundation (Vietnam)

USD-CONVERTED SPECIAL-PURPOSE BALANCE SHEET (continued)
as at 31 December 2018

USD

ITEMS	Notes	Ending balance	Beginning balance
C. LIABILITIES		22,981	22,972
<i>I. Current liabilities</i>		18,198	16,624
1. Short-term trade payables		-	5,026
2. Payables to employees		5,305	-
3. Short-term accrued expenses	8	3,485	3,471
4. Other short-term payables	9	9,408	8,127
<i>II. Non-current liability</i>		4,783	6,348
1. Other long-term liability	9	4,783	6,348
D. FUNDS		372,802	363,991
<i>I. Funds</i>		372,802	363,991
1. Funds balance		372,802	363,991
TOTAL LIABILITIES AND FUNDS		395,783	386,963

OFF-BALANCE SHEET ITEM

ITEMS	Ending balance	Beginning balance
Cash in foreign currencies		
- USD	187,588	146,938
- EUR	619	713



Marc Witlox
Director

Ho Chi Minh City, Vietnam
28 November 2019

Mai Nha Children Foundation (Vietnam)

USD-CONVERTED SPECIAL-PURPOSE STATEMENT OF FUNDS AND USE OF FUNDS
as at 31 December 2018 and for the year then ended

USD

ITEMS	Notes	Current year	Previous year
FUNDS RECEIPTS			
Funds received from Mai Nha alliances		67,485	142,779
Funds received from other donors		104,619	112,855
Total funds receipts	10	172,104	255,634
USE OF FUNDS			
Project management and implementation costs	11	(159,205)	(120,288)
Financial profits		4,024	233
Total use of funds		(155,181)	(120,055)
Net Increase of funds during the year		16,923	135,579
Funds balance, beginning of the year		363,991	227,687
Foreign exchange rate difference arisen from conversion		(8,112)	725
Funds balance, end of the year		372,802	363,991



Marc Witlox
Director

Ho Chi Minh City, Vietnam
28 November 2019

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS
as at 31 December 2018 and for the year then ended

1. FOUNDATION INFORMATION

Mai Nha Children Foundation (Vietnam) ("the Foundation") is a non-governmental organisation operating in Vietnam under the Decision No. 1049/QĐ-UBND issued by the People's Committee of Binh Thuan Province on 11 May 2011.

The Foundation's current principal activities are to adopt, take care of, nurture, and educate orphans and abandoned children.

The foundation operates as a self-financing organisation. The operating funds include the funds in cash and equipment from the other Mai Nha alliances, consisting of Mai Nha France, Mai Nha Netherlands and Mai Nha United State of America, and from other donors.

The Foundation's office is located in Thien Hoa Village, Thien Nghiep Commune, Phan Thiet City, Binh Thuan Province, Vietnam.

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The USD-converted special-purpose financial statements are prepared considering the requirements of the Director and based on:

- The VND-denominated special-purpose financial statements which are prepared in accordance with the Foundation's accounting policy as presented in *Note 3*; and
- The format of the USD-converted special-purpose financial statements which is created by the Director.

2.2 *Going concern*

The accompanying USD-converted special-purpose financial statements have been prepared on the assumption that the Foundation will continue as a going concern.

2.3 *Applied accounting documentation system*

The Foundation's applied accounting documentation system is the General Journal system.

2.4 *Fiscal year*

The Foundation's fiscal year applicable for the preparation of its USD-converted special-purpose financial statements starts on 1 January and ends on 31 December.

2.5 *Accounting currency*

The Foundation's accounting currency is VND because majority of the Foundation's transactions are VND-based.

2.6 *Presentation currency*

For the purpose of reporting, the Foundation prepares the special-purpose financial statements using USD as presentation currency following the Foundation's accounting policy as presented in *Note 3.1*.

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Conversion of VND-denominated financial statements to USD-converted financial statements*

The VND-denominated special-purpose financial statements were converted to USD-converted special-purpose financial statements in accordance with the following principles:

Balances as at 31 December 2017 and transactions for the year ended 31 December 2017

Balances as at 31 December 2017 and transactions for the year ended 31 December 2017 in VND-denominated special-purpose financial statements were converted to USD using the average of buying and selling exchange rate ruling at 31 December 2017 as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam (VND22,683 for every USD).

Balances as at 31 December 2018 and transactions for the year ended 31 December 2018

Balances as at 31 December 2018 and transactions for the year ended 31 December 2018 in VND-denominated special-purpose financial statements were converted to USD using the average of buying and selling exchange rate ruling at 31 December 2018 as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam (VND23,200 for every USD).

3.2 *Cash*

Cash comprises cash on hand and cash in banks.

3.3 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the special-purpose statement of funds and use of funds as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the special-purpose statement of funds and use of funds.

3.4 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the special-purpose statement of funds and use of funds as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the special-purpose statement of funds and use of funds.

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use right	50 years
Buildings and structures	25 years
Machinery and equipment	3 - 7 years

3.6 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expenses and are amortised to the income statement within 3 years:

- ▶ Renovation expenses

3.7 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Foundation.

3.8 Recognition of funds

Funds are recognised upon actual receipts of cash and equipment.

3.9 Project management and implementation costs

Expenditures for management and implementation of projects are recorded on accrual basis, upon occurrence.

4. CASH

	USD	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	838	1,334
Cash in banks	204,630	191,699
TOTAL	205,468	193,033

5. PREPAID EXPENSES

	USD	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Tools and supplies	460	-
Long-term		
- Renovation expenses	11,062	-
TOTAL	11,522	-

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

6. TANGIBLE FIXED ASSETS

	<i>USD</i>			
	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Cost:				
Beginning balance	186,374	14,264	1,320	201,958
- Foreign exchange rate differences arisen from conversion	<u>(4,155)</u>	<u>(318)</u>	<u>(29)</u>	<u>(4,502)</u>
Ending balance	<u>182,219</u>	<u>13,946</u>	<u>1,291</u>	<u>197,456</u>
Accumulated depreciation:				
Beginning balance	32,467	3,365	440	36,272
- Depreciation for the year	7,289	2,475	430	10,188
- Foreign exchange rate differences arisen from conversion	<u>(724)</u>	<u>(75)</u>	<u>(10)</u>	<u>(809)</u>
Ending balance	<u>39,032</u>	<u>5,759</u>	<u>860</u>	<u>45,651</u>
Net carrying amount:				
Beginning balance	<u>153,907</u>	<u>10,899</u>	<u>880</u>	<u>165,686</u>
Ending balance	<u>143,187</u>	<u>8,187</u>	<u>431</u>	<u>151,805</u>

7. INTANGIBLE FIXED ASSETS

	<i>USD</i>
	<i>Land use right</i>
Cost:	
Beginning balance	32,035
- Foreign exchange rate differences arisen from conversion	<u>(714)</u>
Ending balance	<u>31,321</u>
Accumulated amortization:	
Beginning balance	3,791
- Amortisation for the year	626
- Foreign exchange rate differences arisen from conversion	<u>(84)</u>
Ending balance	<u>4,333</u>
Net carrying amount:	
Beginning balance	<u>28,244</u>
Ending balance	<u>26,988</u>

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

8. SHORT-TERM ACCRUED EXPENSES

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Accrued Personal Income Tax for expats	2,748	2,810
Others	737	661
TOTAL	3,485	3,471

9. OTHER PAYABLES

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Social, Health, Unemployment Insurance	6,343	5,621
- Personal Income Tax	724	741
- Trade Union Fee	2,341	1,765
	<u>9,408</u>	<u>8,127</u>
Long-term		
- Provision for Pension (*)	4,783	6,348
TOTAL	14,191	14,475

(*) This is the provision for the pension promised to Ms. Nguyen Thi Kieu. The promised pension will be paid monthly from the day she retired from her position as Mother until her death.

10. FUNDS RECEIPTS

	<i>USD</i>	
	<i>Current year</i>	<i>Previous year</i>
Mai Nha affiliates	67,485	142,779
Donation from other donors	104,619	112,855
TOTAL	172,104	255,634

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

11. PROJECT MANAGEMENT AND IMPLEMENTATION COSTS

	<i>USD</i>	
	<i>Current year</i>	<i>Previous year</i>
Wages and salaries	53,269	61,361
Children related cost	25,176	23,442
Building related cost	25,729	14,262
Scholarships	14,377	10,004
Others	40,654	11,219
TOTAL	159,205	120,288

12. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the USD-converted special-purpose financial statements of the Foundation.



Marc Witlox
Director

Ho Chi Minh City, Vietnam
28 November 2019

13