



Mai Nha Children Foundation (Vietnam)

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

31 December 2020

Mai Nha Children Foundation (Vietnam)

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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

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

Auditors

The auditor of the Foundation is Mazars Vietnam Company Limited.

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 2020.

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. The Director 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 2020 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
25 March 2022

Audit Report No: *HCMC-AU/2021/MAINHA*

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 25 March 2022 and set out on pages 5 to 13, which comprise the USD-converted special-purpose balance sheet as at 31 December 2020 and 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 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 2020 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 Company Limited



Bui Xuan Vinh
Deputy General Director
Audit Practicing Registration Certificate
No. 0842-2018-177-1

Ho Chi Minh City, Vietnam
25 March 2022

Nguyen Thao Thanh Van
Auditor
Audit Practicing Registration Certificate
No. 3268-2020-177-1

Mai Nha Children Foundation (Vietnam)

USD-CONVERTED SPECIAL-PURPOSE BALANCE SHEET
as at 31 December 2020

USD

<i>ITEMS</i>	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
A. CURRENT ASSETS		291,901	249,985
<i>I. Cash</i>		277,195	249,985
1. Cash	4	277,195	249,985
<i>II. Current accounts receivable</i>		13,992	-
1. Other short-term receivables	5	13,992	-
<i>III. Other current assets</i>		714	-
1. Short-term prepaid expenses	6	714	-
B. NON-CURRENT ASSETS		160,161	173,943
<i>I. Fixed assets</i>		159,152	168,405
1. Tangible fixed assets	7	133,334	142,010
Cost		198,097	197,712
Accumulated depreciation		(64,763)	(55,702)
2. Intangible fixed assets	8	25,818	26,395
Cost		31,422	31,361
Accumulated amortisation		(5,604)	(4,966)
<i>II. Other non-current assets</i>		1,009	5,538
1. Long-term prepaid expenses	6	1,009	5,538
TOTAL ASSETS		452,062	423,928

Mai Nha Children Foundation (Vietnam)

USD-CONVERTED SPECIAL-PURPOSE BALANCE SHEET (continued)
as at 31 December 2020

USD

<i>ITEMS</i>	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
C. LIABILITIES		19,595	15,790
<i>I. Current liabilities</i>		13,369	12,684
1. Short-term accrued expenses	9	3,496	3,489
2. Other short-term payables	10	9,873	9,195
<i>II. Non-current liability</i>		6,226	3,106
1. Other long-term liability	10	6,226	3,106
D. FUNDS		432,467	408,138
<i>I. Funds</i>		432,467	408,138
1. Funds balance		432,467	408,138
TOTAL LIABILITIES AND FUNDS		452,062	423,928

OFF-BALANCE SHEET ITEM

<i>ITEMS</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Cash in foreign currencies		
- USD	269,256	246,536
- EUR	756	609

Marc Witlox
Director

Ho Chi Minh City, Vietnam
25 March 2022

Mai Nha Children Foundation (Vietnam)

USD-CONVERTED SPECIAL-PURPOSE STATEMENT OF FUNDS AND USE OF FUNDS
as at 31 December 2020 and for the year then ended

USD

<i>ITEMS</i>	<i>Notes</i>	<i>Current year</i>	<i>Previous year</i>
FUNDS RECEIPTS			
Funds received from Mai Nha alliances		53,312	51,425
Funds received from other donors		79,660	106,146
Total funds receipts	11	132,972	157,571
USE OF FUNDS			
Project management and implementation costs	12	(108,728)	(122,667)
Other losses		(18)	-
Financial losses		(692)	(50)
Total use of funds		(109,438)	(122,717)
Net increase of funds during the year		23,534	34,854
Funds balance, beginning of the year		408,138	372,802
Foreign exchange rate difference arisen from conversion		795	482
Funds balance, end of the year		432,467	408,138

Marc Witlox
Director

Ho Chi Minh City, Vietnam
25 March 2022

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS
as at 31 December 2020 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

The financial statements have been prepared on a modified cash-basis method of accounting. Funds are recognised upon actual receipts of cash and equipment. Expenditures for management and implementation of projects are recorded upon occurrence.

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 2020 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 2019 and transactions for the year ended 31 December 2019

Balances as at 31 December 2019 and transactions for the year ended 31 December 2019 in VND-denominated special-purpose financial statements were converted to USD using the average of buying and selling exchange rate ruling at 31 December 2019 as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam (VND23,170 for every USD).

Balances as at 31 December 2020 and transactions for the year ended 31 December 2020

Balances as at 31 December 2020 and transactions for the year ended 31 December 2020 in VND-denominated special-purpose financial statements were converted to USD using the average of buying and selling exchange rate ruling at 31 December 2020 as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam (VND23,125 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.

Land use rights

The advance payment for land rental, of which the Land use right certificate is issued, are recorded as intangible fixed assets.

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

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 prepaid expenses and are amortised to the special-purpose income statement within 3 years:

- ▶ Tools and supplies

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

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	2,020	912
Cash in banks	275,175	249,073
TOTAL	277,195	249,985

5. OTHER SHORT-TERM RECEIVABLES

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payment on behalf of Mai Nha Fund	13,992	-

6. PREPAID EXPENSES

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Tools and supplies	714	-
Long-term		
- Renovation expenses	1,009	5,538
TOTAL	1,723	5,538

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. 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	182,456	13,964	1,292	197,712
- Foreign exchange rate differences arisen from conversion	355	27	3	385
Ending balance	<u>182,811</u>	<u>13,991</u>	<u>1,295</u>	<u>198,097</u>
Accumulated depreciation:				
Beginning balance	46,381	8,029	1,292	55,702
- Depreciation for the year	7,312	1,641	-	8,953
- Foreign exchange rate differences arisen from conversion	90	16	2	108
Ending balance	<u>53,783</u>	<u>9,686</u>	<u>1,294</u>	<u>64,763</u>
Net carrying amount:				
Beginning balance	<u>136,075</u>	<u>5,935</u>	<u>-</u>	<u>142,010</u>
Ending balance	<u>129,028</u>	<u>4,305</u>	<u>-</u>	<u>133,334</u>

8. INTANGIBLE FIXED ASSETS

	<i>USD</i>
	<i>Land use right</i>
Cost:	
Beginning balance	31,361
- Foreign exchange rate differences arisen from conversion	61
Ending balance	<u>31,422</u>
Accumulated amortization:	
Beginning balance	4,966
- Amortisation for the year	628
- Foreign exchange rate differences arisen from conversion	10
Ending balance	<u>5,604</u>
Net carrying amount:	
Beginning balance	<u>26,395</u>
Ending balance	<u>25,818</u>

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

9. SHORT-TERM ACCRUED EXPENSES

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Accrued Personal Income Tax for expats	2,757	2,751
Others	739	738
TOTAL	3,496	3,489

10. OTHER PAYABLES

	<i>USD</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
- Social, Health, Unemployment Insurance	5,513	5,502
- Personal Income Tax	726	725
- Trade Union Fee	3,634	2,968
	<u>9,873</u>	<u>9,195</u>
Long-term		
- Provision for pension (*)	6,226	3,106
TOTAL	16,099	12,301

(*) This is provision for the pension promised to Ms. Nguyen Thi Kieu. The promised pension will be paid monthly from the date she retired from her position as mother in the Foundation till her death.

11. FUNDS RECEIPTS

	<i>USD</i>	
	<i>Current year</i>	<i>Previous year</i>
Funds from Mai Nha affiliates	53,312	51,425
Donation from other donors	79,660	106,146
TOTAL	132,972	157,571

12. PROJECT MANAGEMENT AND IMPLEMENTATION COSTS

	<i>USD</i>	
	<i>Current year</i>	<i>Previous year</i>
Wages and salaries	59,532	55,590
Children related cost	24,147	28,655
Building related cost	17,923	21,002
Scholarships	2,893	10,998
Others	4,233	6,422
TOTAL	108,728	122,667

Mai Nha Children Foundation (Vietnam)

NOTES TO THE USD-CONVERTED SPECIAL-PURPOSE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

13. 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
25 March 2022

