

LIN Center for Community Development

Financial statements

31 December 2016



LIN Center for Community Development

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LIN Center for Community Development

GENERAL INFORMATION

ORGANIZATION

LIN Center for Community Development ("the Organization") was established pursuant to Decision No. 741/QĐ-LHH of the Vietnam Union of Science and Technology Association dated 26 May 2009 and the Science and Technology Operation Registration No. A-840, issued by the Ministry of Science and Technology on 29 June 2009 and as amended.

The current principal activities of the Organization are as follows:

- Provide support services for capacity improvement of community development individuals and organizations through transferring technology, conference, training communication and scientific and technological services;
- Perform research, investigation and evaluation of issues which impact to community development to support organizations operating for disadvantage group;
- Perform projects for community development, organization development, mobilization capacity improvement in community; and
- Integrate, co-operate with organizations, individual both national and international to implement the Organization's missions.

The Organization's registered office is located at 180/47 Nguyen Huu Canh Street, Ward 22, Binh Thanh District, Ho Chi Minh City, Vietnam.

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Ms. Tran Vu Ngan Giang	Executive Director	
Mr. Pham Truong Son	Deputy Director/ Director of NPO Services	
Ms. Nguyen Thi Thanh Truc	Director of Programs	
Ms. Lam Ngoc Thao	Finance Manager	appointed on 12 September 2017
Ms. Dau Thi Hong Anh	Chief Accountant	appointed on 1 September 2016 and resigned on 30 March 2017
Ms. Le Thi Thanh Dung	Chief Accountant	resigned on 31 May 2016

LEGAL REPRESENTATIVE

The legal representative of the Organization during the year and at the date of this reporting is Ms. Tran Vu Ngan Giang.

AUDITOR

The auditor of the Organization is Ernst & Young Vietnam Limited.

LIN Center for Community Development

REPORT OF THE MANAGEMENT

Management of LIN Center for Community Development ("the Organization") is pleased to present its report and the financial statements of the Organization for the year ended 31 December 2016.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of the Organization which give a true and fair view of the financial position of the Organization, and of the results of its operations and its cash flows for the year. In preparing those financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Organization will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Organization and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirms that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at 31 December 2016, and of the results of its operations and its cash flows for the year then ended in accordance with accounting policies as described in Note 2 to the financial statements.

On behalf of management:



Tran Vu Ngan-Giang
Executive Director

10 October 2017



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Reference: 61052060/18590598

INDEPENDENT AUDITORS' REPORT

To: **The Management of LIN Center for Community Development**

We have audited the accompanying financial statements of LIN Center for Community Development ("the Organization") as prepared on 10 October 2017 and as set out on pages 5 to 15, which comprise the balance sheet as at 31 December 2016, and the statement of receipts and disbursements, and the cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting policies as described in Note 2 to the financial statements relevant to preparation and presentation of the financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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



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Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Organization as at 31 December 2016, and of the results of its operations and its cash flows for the year then ended in accordance with accounting policies as described in Note 2 to the financial statements.

The financial statements have been prepared solely for the information of the Organization's management and its donors, and should not be used for any other purposes.



Ernst & Young Vietnam Limited
Ho Chi Minh City, Vietnam

10 October 2017

LIN Center for Community Development


BALANCE SHEET
as at 31 December 2016

			VND
	Notes	Ending balance	Beginning balance
ASSETS			
Cash	4	6,272,782,138	6,113,090,860
Value-added tax ("VAT") deductible		-	100,260,413
Other current asset	5	46,955,036	30,000,000
Advances to suppliers		-	16,393,000
Other receivables		6,837,401	5,489,943
TOTAL ASSETS		<u>6,326,574,575</u>	<u>6,265,234,216</u>
LIABILITIES AND FUND BALANCE			
Fund balance	6	4,457,283,577	6,083,625,707
Deferred income		1,285,897,189	-
Other payable for partners/suppliers		315,346,284	122,198,731
Trade payable		-	725,079
Statutory payables		65,975,525	53,877,699
Reserve fund	7	200,000,000	-
Accrued expenses		322,000	322,000
Payable to employees		1,750,000	4,485,000
TOTAL LIABILITIES AND FUND BALANCE		<u>6,326,574,575</u>	<u>6,265,234,216</u>

(*) As the Organization was unable to claim the VAT deductible, the Organization wrote-off VAT deductible during the year.


Lam Ngoc Thao
Finance Manager




Tran Vu Ngan Giang
Executive Director

10 October 2017

LIN Center for Community Development


STATEMENT OF RECEIPTS AND DISBURSEMENTS for the year ended 31 December 2016

	Notes	Current year	VND Previous year
RECEIPTS			
Project fund (restricted)	8	4,170,161,610	5,650,379,129
General fund (unrestricted)	8	850,554,261	502,059,331
TOTAL		5,020,715,871	6,152,438,460
DISBURSEMENTS			
Project expenditures (restricted)	8	6,076,350,950	5,649,867,798
General fund expenditures (unrestricted)	8	570,707,051	218,175,967
- Administrative expenses		345,117,051	167,666,159
- Reserve fund		200,000,000	-
- Core program expenditure		25,590,000	50,509,808
TOTAL		6,647,058,001	5,868,043,765
(Shortage) excess of receipts over disbursements		(1,626,342,130)	284,394,695
Fund balance at beginning of the year		6,083,625,707	5,799,231,012
Fund balance at end of the year		4,457,283,577	6,083,625,707


Lam Ngoc Thao

Lam Ngoc Thao
Finance Manager




Tran Vu Ngan Giang
Executive Director

10 October 2017

LIN Center for Community Development

CASH FLOW STATEMENT

for the year ended 31 December 2016

Items	Notes	VND	
		Current year	Previous year
Cash at beginning of the year		6,113,090,860	5,721,883,540
For restricted fund			
Receipts from project donors		5,456,058,799	5,760,945,264
Payments for projects' activities		(6,076,350,950)	(5,492,647,699)
For unrestricted fund			
Receipts from donors		1,350,690,480	341,448,254
Payments for activities not covered by restricted funds		(570,707,051)	(222,372,501)
Net cash flows from operating activities		159,691,278	387,373,318
Impact of exchange rate fluctuation		-	3,834,002
Cash at end of the year	4	<u>6,272,782,138</u>	<u>6,113,090,860</u>



Lam Ngoc Thao
Finance Manager




Tran Vu Ngan-Grang
Executive Director

10 October 2017

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2016

1. THE ORGANIZATION INFORMATION

LIN Center for Community Development ("the Organization") was established pursuant to Decision No. 741/QĐ-LHH of the Vietnam Union of Science and Technology Association dated 26 May 2009 and the Science and Technology Operation Registration No. A-840, issued by the Ministry of Science and Technology on 29 June 2009 and as amended. LIN's mission is to "help local NPOs, skilled volunteers, and donors to fulfill their potential as vehicles for sustainable development, poverty alleviation, and citizen participation in Vietnam". In 2016, the organization ran 14 services and community programs targeted local nonprofit organizations (NPOs) and individual and institutional philanthropists. LIN's programs and services are categorized as follows:

Information Sharing	Capacity Development	Resources Mobilization
<ul style="list-style-type: none"> - Conference, talk-show, workshop on Community Philanthropy topics - Networking events: Mandala night, NPO Morning Cafe - Online NPO Forum 	<ul style="list-style-type: none"> - Online toolkits on not-for-profit organizational development - Peer consultation on not-for-profit organizational development - Leadership experience peer sharing: Leadership Circle - Community Partnership Initiative (leadership mentoring program) - LIN OI, Where Are We Going? (helping corporate donors with understanding on social causes and identifying strategic CSR partners) 	<ul style="list-style-type: none"> - Narrow The Gap Community Fund (supporting finance, skills, and network for grassroots social and environmental projects) - Access to office facilities and meeting room for NPOs - Offline volunteer matching - Online volunteer matching platform: www.BlueBees.org - Online local NPOs directory: www.VietnamCauses.org - Donor-Advised Fund

These services and programs were delivered under the following seven projects developed with different funding partners:

1.1 Project "Strengthening the Capacity of Nonprofit Organizations on Child Rights Governance"

Project site: Southern provinces
 Project objective: Strengthening the capacity and participation of non-profit organizations on Child Rights Governance in Vietnam.
 Project donor: Save The Children International
 Implementation agency: LIN Center for Community Development
 Project budget: USD 33,164
 Project status: Not yet started
 Starting date: September 2016
 Closing date: December 2017

1.2 Project "Leveraging local resources to meet local needs"

Project site: Ho Chi Minh City
 Project objective: Linkages are established between NPOs, philanthropists and volunteers
 Project donor: Bread for the World
 Implementation agency: LIN Center for Community Development
 Project budget: EUR 100,000
 Project status: In progress
 Starting date: September 2016
 Closing date: August 2017

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

1. THE ORGANIZATION INFORMATION (continued)

The Organization's main projects during the year were as follows (continued):

1.3 *Project "To strengthen ongoing efforts to promote community philanthropy in Vietnam by investing in LIN's organizational development (including communications), and focusing on building relations with government and corporate donors."*

Project site:	Ho Chi Minh City
Project objective:	Supporting LIN to develop the organization in strengthening the partnership with the government as well as maintaining its core operation.
Project donor:	Global Fund for Community Foundation
Implementation agency:	LIN Center for Community Development
Project budget:	USD 22,147
Project status:	In progress
Starting date:	August 2016
Closing date:	June 2017

1.4 *Project "Fiscal Sponsorship for Kids with Cancer Foundation of Vietnam"*

Project site:	Ho Chi Minh City
Project objective:	Serve as fiscal sponsor to Kids with Cancer Foundation of Vietnam. Receive, manage and disburse funds for not-for-profit purposes within the scope of the Foundation's mission to increase the cure rate for children with cancer in Vietnam.
Project donor:	Various donors
Implementation agency:	LIN Center for Community Development
Project budget:	EUR 102,640
Project status:	In progress
Starting date:	July 2012
Closing date:	Open

1.5 *Project "Vietnam NPOs Capacity Building System" (Phase II)*

Project site:	Ho Chi Minh City
Project objective:	The project builds on Phase I of the VNPO Capacity Building System project (2012-2014) and is designed to: (1) Promote widespread use of the VNPO Capacity Development Toolkits by converting them to an e-learning format. (2) Leverage local resources and enhance VNPO access to those resources by strengthening and expanding programs designed to create meaningful connections between VNPOs and corporate and individual philanthropists (3) Improve LIN's internal capacity to effectively administer its programs, including the hiring and training of dedicated program managers.
Project donor:	Embassy of Ireland, Irish Aid ("Irish Aid")
Implementation agency:	LIN Center for Community Development
Project budget:	EUR 179,000
Project status:	In progress
Starting date:	May 2015
Closing date:	May 2017

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

1. THE ORGANIZATION INFORMATION (continued)

The Organization's main projects during the year were as follows (continued):

1.6 *Project "Narrow the Gap Community Fund: Small Grants, Travel Grants & LIN Team Capacity Building"*

Project site:	Ho Chi Minh City
Project objective:	This project aims to enable the Community Fund to allocate grants to local non-profits and introduce small grants for domestic travel by non-profit staff. In addition, the grant supports the LIN team to build its capacity for reviewing applications as well as managing and reporting on an increasing number of grantees.
Project donor:	Philanthropic Venture Foundation (PVF, 2015)
Implementation agency:	LIN Center for Community Development
Project budget:	EUR 79,836.73
Project status:	In progress
Starting date:	21 October 2015
Closing date:	31 December 2016

1.7 *Project "Community Development" (1 June 2015 to 31 May 2016)*

Project site:	Ho Chi Minh City
Project objective:	To strengthen the LIN Center's on-going efforts to promote community philanthropy in Vietnam by: Investing in its infrastructure and by improving stakeholder communications.
Project donor:	Global Fund for Community Foundations
Implementation agency:	LIN Center for Community Development
Project budget:	USD 20,000
Project status:	Completed
Starting date:	1 June 2015
Closing date:	31 May 2016

The Organization's registered office is located at 180/47 Nguyen Huu Canh Street, Ward 22, Binh Thanh District, Ho Chi Minh City, Vietnam.

The number of the Organization's employees as at 31 December 2016 was eight, including:

- Community programs/services	5
- Finance, admin, office	2
- Director	1

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The financial statements, expressed in Vietnam dong ("VND"), are prepared for the purpose of reporting the general fund and project fund received from donors and the use of each fund. The financial statements are prepared under the accrual basis except for donation income which is recognised when received rather than when earned or committed. The significant policies adopted in the preparation of the financial statements are set out below.

2.2 *Fiscal year*

The Organization's fiscal year applicable for preparation of its financial statements starts on 1 January and ends on 31 December.

2.3 *Accounting currency*

The financial statements are prepared in VND which is also the Organization's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash*

Cash comprises cash on hand and cash in banks.

3.2 *Recognition of fund received*

Fund from donors for specific projects and general fund are recognised when the fund is received from donors. General fund represents the amount donated to the Organization without restricted instruction on the usage of the donation. Project fund is the donation given for a specific purpose.

3.3 *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 Organization.

3.4 *Expenditures*

Expenditures are recognized when incurred and approved by the Organization's management.

3.5 *Interest income*

Interest income from fund maintained with banks is recognized when earned.

3.6 *Foreign currency transactions*

The Organization follows the guidance under Vietnamese Accounting Standard No. 10- Effects of Changes in Foreign Exchange Rates ("VAS 10") and Circular 179/2012/TT-BTC providing guidance on recognition, measurement and treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 in relation to foreign currency transactions as applied consistently in prior year.

Transactions in currencies other than the Organization's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Organization maintains bank accounts at balance sheet date. All foreign exchange differences arising from translation are included in the other receipts/disbursement account in the statement of receipts and disbursements.

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

4. CASH

	<i>Ending balance</i>	<i>Beginning balance</i>	<i>VND</i>
Cash on hand	7,081,035	10,218,943	
Cash in banks	<u>6,265,701,103</u>	<u>6,102,871,917</u>	
TOTAL	<u>6,272,782,138</u>	<u>6,113,090,860</u>	

5. OTHER CURRENT ASSET

This amount represents short-term deposit for office rental.

6. STATEMENT OF CHANGES IN FUND

	<i>Project fund (restricted) (Note 8)</i>	<i>General fund (unrestricted) (Note 8)</i>	<i>VND Total</i>
Previous year:			
Beginning balance	5,499,512,676	299,718,336	5,799,231,012
Receipts	5,650,379,129	502,059,331	6,152,438,460
Disbursements	<u>(5,649,867,798)</u>	<u>(218,175,967)</u>	<u>(5,868,043,765)</u>
Ending balance	<u>5,500,024,007</u>	<u>583,601,700</u>	<u>6,083,625,707</u>
Current year:			
Beginning balance	5,500,024,007	583,601,700	6,083,625,707
Receipts (Note 8)	4,170,161,610	850,554,261	5,020,715,871
Disbursements (Note 8)	<u>(6,076,350,950)</u>	<u>(570,707,051)</u>	<u>(6,647,058,001)</u>
Ending balance	<u>3,593,834,667</u>	<u>863,448,910</u>	<u>4,457,283,577</u>

7. RESERVE FUND

The balance represents the reserve fund to enable LIN to fulfil its commitment to its stakeholders for a certain amount of time, in any potential risks, where the organization is not able to receive funding to operate. This fund was approved by Board of Management.

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

8. FUND MOVEMENTS

Details of fund movements during the year were as follows:

	Donor							Total
	Anonymous Donor (via PVF)	GFCF	Irish Aid	Bread for the World	Kids With Cancer	Others		
Beginning balance	722,155	135,338	975,196	358,324	1,863,793	2,028,820	6,083,626	
Project fund (restricted)	722,155	135,338	902,179	358,324	1,863,793	1,518,235	5,500,024	
General fund (unrestricted)	-	-	73,017	-	-	510,585	583,602	
Fund receipts	168,358	196,592	2,034,118	1,057,162	42,422	1,522,054	5,020,716	
Restricted	168,358	196,592	2,023,200	1,054,809	42,422	684,781	4,170,162	
- Leadership Circle	-	-	31,105	-	-	-	31,105	
- NPO Morning Café	-	-	-	-	-	-	-	
- Peer consultations	-	-	389	-	-	-	389	
- Online toolkits	-	-	507,141	-	-	-	507,141	
- Volunteer networking - Mandala Night	-	-	-	-	-	648	648	
- Community Partnership Initiative	168,358	-	92,384	-	-	78,100	338,842	
- Bluebees + Vietnamcauses	-	-	90,090	287,609	-	-	377,699	
- LIN Oi, Where Are We Going?	-	-	51,916	29,497	-	-	81,413	
- Narrow the Gap 2012 - 2015	-	-	-	-	-	30,000	30,000	
- Donor-Advised Fund	-	-	-	-	42,422	-	42,422	
- Narrow the Gap 2016	-	49,148	508,663	330,903	-	84,170	126,592	
- Innovation Lab	-	-	-	18,900	-	269,225	1,157,939	
- Project Support	-	147,444	741,512	387,900	-	222,638	1,499,494	
Unrestricted	-	-	10,918	2,353	-	837,283	850,554	
- Fundraising events	-	-	-	-	-	436,817	436,817	
- Merchandise	-	-	-	-	-	19,795	19,795	
- General donation	-	-	-	-	-	314,538	314,538	
- LIN Oi, Where Are We Going? Events	-	-	-	-	-	26,253	26,253	
- Office renting	-	-	-	-	-	300	300	
- Others	-	-	10,918	2,353	-	39,580	52,851	

LIN Center for Community Development

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

8. FUND MOVEMENTS (continued)

Details of fund movements during the year were as follows: (continued)

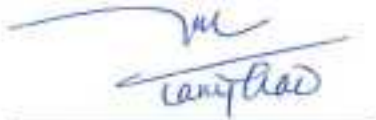
	Donor							VND'000
	Anonymous Donor (via PVF)	GFCF	Irish Aid	Bread for the World	Kids with Cancer	Others	Total	
Fund expenditures	569,604	331,930	1,785,261	878,741	437,990	2,543,532	6,647,058	
Restricted	569,604	331,930	1,784,877	878,741	437,990	2,073,209	6,076,351	
- Leadership Circle	-	41,467	21,217	-	-	-	62,684	
- NPO Morning Café	-	-	9,187	-	-	-	9,187	
- Peer consultations	-	-	580	-	-	-	580	
- Online toolkits	-	-	530,502	-	-	-	530,502	
- Volunteer networking - Mandala Night	-	-	-	-	-	32,394	32,394	
- Community Partnership Initiative	4,757	-	162,839	-	-	24,428	192,024	
- Bluebees + Vietnamcauses	-	-	16,563	41,204	-	-	57,767	
- LIN Oi, Where Are We Going?	-	-	26,899	51,300	-	-	78,199	
- Narrow the Gap 2012-2015	-	-	93,461	45,405	-	309,161	448,027	
- Travel Grant	115,870	-	-	-	-	-	115,870	
- Donor-Advised Fund	278,058	-	-	188,074	437,565	63,886	779,509	
- Narrow the Gap 2016	-	49,148	429,403	552,758	-	358,564	1,025,189	
- Project Support	170,919	241,315	494,226	552,758	425	1,284,776	2,744,419	
Unrestricted	-	-	384	-	-	570,323	570,707	
- Cost for organizing fundraising events	-	-	-	-	-	25,206	25,206	
- Cost for projects' administration not covered by restricted	-	-	384	-	-	345,117	345,501	
- Reserve fund	-	-	-	-	-	200,000	200,000	
Ending balance	320,909	-	1,224,053	536,745	1,468,225	907,352	4,457,284	
Project fund (restricted)	320,909	-	1,140,502	534,392	1,468,225	129,807	3,593,835	
- Balance for programs	248,830	-	1,140,502	534,392	-	109,522	2,033,245	
- Balance for Donor-Advised Fund	72,079	-	-	-	1,468,225	20,285	1,560,589	
General funds (unrestricted)	-	-	83,551	2,353	-	777,545	863,449	

LIN Center for Community Development


NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2016

9. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.



Lam Ngoc Thao
Finance Manager



Tran Vu Ngan Giang
Executive Director

10 October 2017