



VIET NAM AUDITING AND EVALUATION COMPANY LIMITED
AN INDEPENDENT MEMBER OF BKR INTERNATIONAL
Specialized in Auditing, Evaluation, Consultancy on Finance, Accounting and Tax

**PROJECT "COMMUNITY DEVELOPMENT APPLIED RESEARCH ON
REGAINING LIVELIHOOD SECURITY FOR INDIGENOUS ETHNIC
MINORITIES IN VIETNAM"**

**FUNDED BY SECOURS CATHOLIQUE/CARITAS FRANCE IMPLEMENTED BY
COMMUNITY ENTREPRENEURS DEVELOPMENT INSTITUTE**

AUDITED FINANCIAL STATEMENTS

For the period from 01/01/2015 to 31/03/2016

**COMMUNITY ENTREPRENEURS DEVELOPMENT INSTITUTE
PROJECT "COMMUNITY DEVELOPMENT APPLIED RESEARCH ON REGAINING LIVELIHOOD
SECURITY FOR INDIGENOUS ETHNIC MINORITIES IN VIETNAM"**

Address: No. 12C Pham Huy Thong - Ba Dinh - Hanoi
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BOARD OF DIRECTORS' REPORT

We, members of Board of Directors of Community Entrepreneurs Development Institute (hereinafter referred to as "CENDI"), present this report together with the audited Financial Statements of the Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam" (hereinafter referred to as "the Project") for the period from 01/01/2015 to 31/03/2016.

Board of Directors

Members of CENDI's Board of Directors who held office during the the period from 01/01/2015 to 31/03/2016 and to the date of preparing this Report, including:

Ms. Tran Thi Lanh	Director
Mr. Pham Van Dung	Deputy Director (Dismissed from dated 01/01/2016)
Ms. Dang To Kien	Deputy Director
Ms. Nguyen Minh Phuong	Deputy Director (Appointed from dated 01/01/2016)

Respective responsibilities of Board of Directors

CENDI's Board of Directors is responsible for the preparation of the Project's financial statements for the period from 01/01/2015 to 31/03/2016 which give a true and fair view of:

- The financial position of the Project;
- The funds received and expenses in the period;
- The receipts and expenditures in the period.

In preparing the Project's financial statements, CENDI's Board of Director is required to:

- Select suitable accounting policies and then consistently apply them;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Project will continue in business; and
- Design and implement an affective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

CENDI's Board of Directors take responsibilities to ensure that the accounting transactions are booked reasonably and sufficiently to give a true and fair view of the financial status of the Project at anytime and that the accounting records comply with the selected accounting system. CENDI's Board of Directors is also responsible for assets' safety of the Project and therefore takes reasonable measures to prevent and find out the other frauds and errors.

BOARD OF DIRECTORS' REPORT
(Cont.,)

CENDI's Board of Directors confirm that they have complied with the above requirements in preparing the financial statements.

For and on behalf of Board of Directors,

COMMUNITY ENTREPRENEURS DEVELOPMENT INSTITUTE



Dang To Kien
Deputy Director
Hanoi, Vietnam
April 12th, 2016



No.: 271 -16/BC-TC/IV-VAE

Hanoi, April 21st, 2016

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors - Community Entrepreneurs Development Institute

And: Secours Catholique/ Caritas France

We, Vietnam Auditing and Valuation Co., Ltd, have audited the accompanying Financial Statements of the Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam" (hereinafter referred to as "the Project"), prepared on April 12th, 2016, from pages 06 to pages 15 which is implemented by Community Entrepreneurs Development Institute (hereinafter referred to as "CENDI"), including: Balance sheet as at 31/03/2016, Statement of Incomes and Expenses, Statement of Receipts and Expenditures and Notes to the Financial Statements ("the Financial Statements") for the period from 01/01/2015 to 31/03/2016.

Board of Directors' respective responsibility for the Financial Statements

CENDI's Board of Directors is responsible for the preparation and presentation of the Project's financial statements in compliance with Note No. 3 of Notes to the Financial Statements and for such internal control as CENDI's Board of Directors determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's respective responsibility

Our responsibility is to express an opinion on these financial statements based on the audit result. We conducted the audit in accordance with International Auditing Standards. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Project 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 auditor's 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 auditor considers internal control relevant to the CENDI'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 CENDI's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Auditor's opinion

In our opinion, the accompanying Financial Statements of the Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam" implemented by CENDI, in all material respects, which have given a true and fair view of financial position of the Project as at 31/03/2016, Income and Expense for the period from 01/01/2015 to 31/03/2016, in accordance with the accounting principles presented in Note No.3 of the Notes to the Financial Statements.

INDEPENDENT AUDITOR'S REPORT
(continued)

Accounting basis and restriction of object receiving and using the Audit Report

Although giving out overall accepted opinion but we draw financial statements readers' attention to Note No.3 of Notes to the Financial Statements describing the accounting basis. These Financial Statements are prepared to help Cendi comply with the terms of the preparation and presentation of the Project's financial statements in accordance with donors' regulations. Therefore, the Financial Statements may not be appropriate to use for other purposes. Our audit report is intended solely for CENDI and Secours Catholique/ Caritas France and not be provided to any other parties.



Phạm Hưng Sơn
Deputy General Director

Certificate of Audit practice Registration
No.: 0813-2013-034-1

For and on behalf of

VIETNAM AUDITING AND EVALUATION CO., LTD

Le Thi Huong Lan
Auditor

Certificate of Audit practice Registration
No.: 2506-2013-034-1



Address: No.12C, Pham Huy Thong, Ba Dinh, Ha Noi
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BALANCE SHEET

As at 31/03/2016

Unit: VND

ASSETS	Note	As at 31/03/2016
Cash	4.1	137,826,123
Cash on hand		76,383,366
Cash in bank		61,442,757
Current assets		3,000,000
Advances	4.2	3,000,000
Long-term assets		-
Tangible fixed assets		-
TOTAL ASSETS		140,826,123

RESOURCES

Liabilities		139,726,119
Payables to employees	4.3	15,000,000
Tax and amounts payables to the State budget	4.4	2,339,775
Other liabilities	4.5	122,386,344
Project's balance		1,100,004
Project's balance amount carried forward into the next period		1,100,004
TOTAL RESOURCECS		140,826,123

Preparer



TRAN THI HONG THAM
Accountant



DANG TO KIEN
Deputy Director
Hanoi, Vietnam
April 12th, 2016

(Notes from pages 09 to pages 15 are an integral part of the Financial Statements)

STATEMENT OF INCOMES AND EXPENSES

For the period from 01/01/2015 to 31/03/2016

Contents	Note	Unit: VND From 01/01/2015 to 31/03/2016
INCOMES		1,193,580,673
Funded from Caritas	4.6	1,146,854,200
Bank interests		1,466,821
Exchange-rate gains		45,259,652
EXPENSES		1,192,480,669
Personnel costs		149,323,452
Project's direct expenses		909,525,124
Administration management		109,378,693
Auditing		24,253,400
RECONCILIATION OF DIFFERENCE BETWEEN INCOME AND EXPENDITURES		1,100,004
PROJECT'S BALANCE AT THE BEGINNING OF THE PERIOD		-
PROJECT'S BALANCE AT THE END OF THE PERIOD		1,100,004

Preparer



TRAN THI HONG THAM
Accountant

Approved by



DANG TO KIEN
Deputy Director
Hanoi, Vietnam
April 12th, 2016

(Notes from pages 09 to pages 15 are an integral part of the Financial Statements)

Address: No.12C, Pham Huy Thong, Ba Dinh, Ha Noi
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STATEMENT OF RECEIPTS AND EXPENDITURES

For the period from 01/01/2015 to 31/03/2016

Unit: VND

Contents	Note	From 01/01/2015 to 31/03/2016
RECEIPTS		1.193.580.673
Funded from Caritas	4.2	1.146.854.200
Bank interests		1.466.821
Exchange-rate gains		45.259.652
EXPENDITURES		1.055.754.550
Personnel costs		149.323.452
Project's direct expenses		787.799.005
Administration management		109.378.693
Auditing		9.253.400
RECONCILIATION OF DIFFERENCE BETWEEN INCOME AND EXPENDITURES		137.826.123
PROJECT'S BALANCE AT THE BEGINNING OF THE PERIOD		-
PROJECT'S BALANCE AT THE END OF THE PERIOD	4.1	137.826.123

Preparer



TRAN THI HONG THAM
Accountant



DANG TO KIEN
Deputy Director

Hanoi, Vietnam

April 12th, 2016

NOTES TO THE FINANCIAL STATEMENTS

(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)

I. General information

1. Overview of Community Entrepreneur Development Institutue

Community Entrepreneurs Development Institute (hereinafter referred to as "CENDI") was established according to the Certificate of Scientific and Technical Activities No. A-1244 dated 19/01/2015 issued by the Ministry of Science and Technology.

Domain of scientific and technology operation

- Scientific research into biodiversity, ecology, sociology; Research into each ethnic culture in each different region; Research into conservation and sustainable development of natural resources and biodiversity on each ethnic and ecological areas.
- Consulting, scientific criticism, compiling documents, organizing scientific conferences, seminars and training to improve professional qualifications in the above mentioned research field.
- Co-operate with local and foreign organizations, individuals to carry out the Cendi's missions.

Headquarters

Address: No.12C, Pham Huy Thong , Ba Dinh, Ha Noi
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2. Overview of the Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam"

The Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam" (hereinafter referred to as "the Project") funded and implemented in line with agreements between Secours Catholique/Caritas France ("Caritas") and Community Entrepreneurs Development Institute on 03/02/2015.

Funded Budget

According to budget plan, the total direct grant from Caritas for the Project is EUR 45,487.

Implementation period

The Project is implemented from 01/01/2015 to 31/03/2016.

Project scope

- Livelihood pilots demonstration development;
- MECO – ECOTRA's organizational and Institutional empowerment;
- Organizational reforming.

Implementation place

The Project is implemented in Lao Cai province.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)

Disbursement plan

Grant shall be transferred within 5 weeks since the contract date is signed by Caritas.

3. Summary of significant accounting policies

Basis of preparing the Financial Statements

The financial statements are prepared on the basis of the adjusted actual income- actual expenditure, another basis differs from accounting policies that are widely accepted in the world. The significant accounting policies are adopted to prepare the report presented below.

Income recognition

Income is recognized when money amounts are transferred into the Project's account by the donor at Operation Centre's Branch of Vietnam Bank for Agriculture and Rural Development.

Expense recognition

Expense is recognized based on actual expense amounts incurred.

Recognition of liabilities and prepayments

Liabilities and prepayments are recognized for expenses amounts incurred in the period but not paid at the end of the period.

Currency unit

Incurred accounting transactions are recognized in Vietnam Dong ("VND").

Transactions in foreign currencies

Transactions in other foreign currencies than VND incurred during the period are converted into VND according to equivalent exchange rate at the transaction date. Monetary items dominated in other foreign currencies than VND are converted into VND according to transfer exchange rate of Vietnam Bank for Agriculture and Rural Development as at ending the Balance sheet date. All exchange rate differences are recorded into the Statements of incomes and expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)*(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)***4. Notes to some items presented in the Financial Statements****4.1 Cash**

	31/12/2015
	VND
Cash on hand	76,383,366
In VND	57,392,751
In EUR	18,990,615
Cash in bank	61,442,757
Operation Centre's Branch of Vietnam Bank for Agriculture and Rural Development	61,442,757
In VND	52,064,836
In USD	4,264,489
In EUR	5,113,432
Total	137,826,123

4.2 Advance

	31/12/2015
	VND
Chao A Phin	3,000,000
Total	3,000,000

4.3 Payable to supplier

	31/12/2015
	VND
Vietnam Auditing and Evaluation Co., ltd	15,000,000
Total	15,000,000

4.4 Tax and amounts payables to the State budget

	31/12/2015
	VND
Personal income tax	2,339,775
Total	2,339,775

4.5 Liabilities

	31/12/2015
	VND
Hoang Trong Tue	25,617,000
Hepa office	96,769,344
Total	122,386,344

4.6 Funded from Caritas

	31/12/2015
	VND
Date received	VND
Disbursed on 20/03/2015	1,066,735,800
Disbursed on 30/09/2015	80,118,400
Total	1,146,854,200

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)

4.7 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation	Deviation in percentage (%)	Remark
A	B	1	2	3 = 1-2	4 = 3/1	C
B.	Recurrent costs	1,146,854,200	1,192,480,669	(45,626,469)	(4.0%)	
B.1	Personnel costs	141,804,000	149,323,452	(7,519,452)	(5.3%)	
B1.1	Programmes	91,260,000	105,426,112	(14,166,112)	(15.5%)	
B1.1.1	A project officer	91,260,000	105,426,112	(14,166,112)	(15.5%)	
B1.2	Administration/Management	50,544,000	43,897,340	6,646,660	13.2%	
B1.2.1	A chief administrative officer	18,954,000	43,897,340	(24,943,340)	(131.6%)	
B1.2.2	A financial officer	18,954,000	-	18,954,000		
B1.2.3	One cashier (50%)	12,636,000	-	12,636,000		
B.2.	Costs of materials and other non-personnel costs	982,235,200	1,018,903,817	(36,668,617)	(3.7%)	
B2.1	Programmes	882,832,000	909,525,124	(26,693,124)	(3.0%)	
Object 1	<i>Reinforced existing pilot models on three interactive thematic couples under the leadership of Laos-Vietnam MECO-ECOTRA's key farmers / leaders for replication to other indigenous communities in cultural-ecological-economic watershed areas, which are under increased pressures caused by forced natural resources use planning and land grabbing.</i>	646,588,800	673,070,800	(26,482,000)	(4.1%)	
ER.1.1	A community Red Book Title with about 174 ha was handled to Community of H're ethnic minority, Violack village, Po E commune, KonPlong district, Kon Tum province	646,588,800	673,070,800	(26,482,000)	(4.1%)	
Act 1.1.1	Lobby local authorities and functional government offices for co-implementation of the pilots	4,212,000	4,670,000	(458,000)	(10.9%)	

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)

4.7 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation	Deviation in percentage (%)	Remark
A	B	1	2	3 = 1-2	4 = 3/1	C
Act 1.1.2	Conduct field studies on current situations of land use planning and forest resources governance and review relevant policies relating to community spirit forest and forest and land rights	99,450,000	94,880,850	4,569,150	4.6%	
Act 1.1.3	Conduct in-depth researches on customary ownership regime, forestland governance and land conflict resolutions	37,931,400	24,008,910	13,922,490	36.7%	
Act 1.1.4	Conduct community based participatory surveys on current land use planning/plans, natural resources usage; classifying types of forest, land borders; measuring land and forest areas; identifying and solving forestland conflicts / overlap.	125,541,000	141,524,200	(15,983,200)	(12.7%)	
Act 1.1.5	Conduct forestland use planning based on customary law, local knowledge and landscape settings	234,000,000	260,705,000	(26,705,000)	(11.4%)	
Act 1.1.6	Re-clarify and re-map the forestland resources for different users					
Act 1.1.7	Implement forestland (re)allocation / (re)distribute to 1 pilot communities;					
Act 1.1.8	Facilitate setting up customary law based regulations on forestland management and use.					
Act 1.1.9	Organize training workshops for development of approaches, steps and detailed action plans on community based forestland allocation and conflict resolutions	30,841,200	31,617,200	(776,000)	(2.5%)	
Act 1.1.10	Organize training-workshops on roles of the traditional governance and formal policies in FLA and natural resources management and usage.	29,203,200	30,000,000	(796,800)	(2.7%)	

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)

4.7 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation	Deviation in percentage (%)	Remark
A	B	1	2	3 = 1-2	4 = 3/1	C
Act 1.1.11	Conduct and publish case-study papers i.e. policy briefs for dissemination and lobby relevant government policies / laws on community spirit forest and land	-	-	-	0.0%	
Act 1.1.12	Conduct and publish book/ documentary films regarding (re)allocation of forest and land to local communities	85,410,000	85,664,640	(254,640)	(0.3%)	
Object 2	"Institutional and organizational capacity of MECO-ECOTRA in Vietnam and Laos will be strengthened. This aims to promote stronger local, national and regional grassroots civil society and young indigenous leadership empowerment via the wider connections with the strategic organizations / networks in order to put forward lobby / advocacy for the issues of indigenous ethnic minorities in Vietnam and Laos particularly, the Mekong sub-region in general".	236,243,200	236,454,324	(211,124)	(0.1%)	
ER. 2.1	MECO-ECOTRA Vietnam is institutionalized and capable to coordinate and facilitate the network activities	236,243,200	236,454,324	(211,124)	(0.1%)	
Act 1.2.1	Organize local meetings, dialogues and study exchange among local actors on forestland rights and management	8,658,000	9,239,980	(581,980)	(6.7%)	
Act 1.2.2	Organize a national workshop on community spirit forest and land rights in relations to cultural bio-diversity in watershed indigenous areas (shared with the global proposal)	147,466,800	148,021,763	(554,963)	(0.4%)	
Act 1.2.3	Flight ticket for seminar attendance in Bhutan	80,118,400	79,192,581	925,819	1.2%	
B2.2	Administration /Management	99,403,200	109,378,693	(9,975,493)	(10.0%)	
B2.2.1	Maintanenance, insurance and car park	16,848,000	16,731,000	117,000	0.7%	

NOTES TO THE FINANCIAL STATEMENTS (continued)

(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)

4.7 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation	Deviation in percentage (%)	Remark
A	B	1	2	3 = 1-2	4 = 3/1	C
B2.2.2	Gasoline for administrative activities	2,527,200	4,910,000	(2,382,800)	(94.3%)	
B2.2.3	Office rent	48,438,000	48,000,000	438,000	0.9%	
B2.2.4	Consumables - office supplies	12,636,000	13,935,800	(1,299,800)	(10.3%)	
B2.2.5	Other service (tel/fax, electricity/maintenance)	18,954,000	25,801,893	(6,847,893)	(36.1%)	
B.3	Service	22,815,000	24,253,400	(1,438,400)	(6.3%)	
<i>B.3.1</i>	Annual audit	22,815,000	24,253,400	(1,438,400)	(6.3%)	
	Total cost	1,146,854,200	1,192,480,669	(45,626,469)	(4.0%)	

Preparer



TRAN THI HONG THAM
 Accountant



DANG TO KIEN
 Deputy Director
 Hanoi, Vietnam
 April 12th, 2016

Hanoi, April 21st, 2016

Ms. Dang To Kien
Deputy Director
Community Entrepreneurs Development Institute (CENDI)
No.12C, Pham Huy Thong, Ba Dinh, Ha Noi, Vietnam

Dear Madam,

Management Letter

For the Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam" for the period from 01/01/2015 to 31/03/2016

According to the provisions of International Standards on Auditing, auditors are encouraged to report various matters concerning an entity's internal control structure during an audit, and are required to report certain of those matters. The reported ones are "significant deficiencies in the the construction or operation of the internal control structure that, in the auditors' judgment, could adversely affect the Project's ability in record, solution, summarization and report the finance data in accordance with Board of Directors' confirmation in the Financial Statements".

As part of our audit of the Financial Statements of the Project "Community Development Applied Research on Regaining Livelihood Security for Indigenous Ethnic Minorities in Vietnam" for the period from 01/01/2015 to 31/03/2016, we have considered the Project's internal control system to determine the scope of our audit procedures for the purpose of expressing an opinion on the Financial Statements. However, in our audit process, we have not find any material matter related to the internal control system and the compliance matter that we should report to Community Entrepreneurs Development Institute (hereinafter referred to as "CENDI").

This management letter is intended solely for the use of CENDI and is not intended for any other purpose.

We wish to express our appreciation for the support and co-operation of CENDI's Board of Directors extended to our staffs during the course of our work.

Yours sincerely,



Pham Hung Son
Deputy General Director
Vietnam Auditing and Evaluation Co., Ltd