



**VIETNAM AUDITING AND EVALUATION COMPANY LIMITED**

**Specialized Auditing, Evaluation, Consultancy on Finance, Accounting and Tax**

**PROJECT “DEFENDING LOCAL KNOWLEDGE BASED USE-RIGHTS  
IN CO-MANAGEMENT OF FOREST AND LAND  
IN THE CENTRAL VIETNAM”**

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

**AUDITED FINANCIAL STATEMENTS**

**For the fiscal year ended 31/12/2017**

**COMMUNITY ENTREPRENEUR DEVELOPMENT INSTITUTE**  
**PROJECT “DEFENDING LOCAL KNOWLEDGE BASED USE-RIGHTS IN CO-MANAGEMENT**  
**OF FOREST AND LAND IN THE CENTRAL VIETNAM”**  
Address: 12C Pham Huy Thong, Ngoc Khanh, Ba Dinh, Hanoi

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## BOARD OF DIRECTORS’ REPORT

We, members of Board of Directors of Community Entrepreneur Development Institute (hereinafter referred to as “Cendi”) present this Report together with the audited Financial Statements of the project “Defending local knowledge based use-rights in co-management of forest and land in the Central Vietnam” (hereinafter referred to as “the Project”) for the fiscal year ended 31/12/2017.

### Board of Directors

Members of Board of Directors who held the Cendi during the fiscal year ended 31/12/2017 and to the Reporting date, include:

Ms. Tran Thi Lanh	Director
Ms. Dang To Kien	Deputy Director
Ms. Nguyen Minh Phuong	Deputy Director

### Respective responsibilities of Board of Directors

Cendi’s Board of Directors is responsible for the preparation of the Financial Statements for the fiscal year ended 31/12/2017 which give a true and fair view of:

- The financial position of the Project;
- The funds received and expenses in the period;
- The receipt and payment amounts in the period.

In preparing the Cendi’s financial statements, the Board of Directors are required to:

- To choose suitable accounting policies and consistently apply them;
- Make judgments and estimates that are reasonable and prudent;
- State whether appropriate accounting standards are respected or any application of material misstatements needs to be disclosed and justified in Financial statements;
- Prepare Financial statements on the going concern basis unless it is inappropriate to presume that the Project will continue in operation; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize risks and frauds.

The Cendi’s Board of Directors takes the 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 Cendi at anytime and that the accounting records comply with the selected accounting system. Board of Directors is also responsible for safeguarding the assets of the Cendi and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BOARD OF DIRECTORS' REPORT**  
*(continued)*

The 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 ENTREPRENEUR DEVELOPMENT INSTITUTE**



**Dang To Kien**  
**Deputy Director**  
*Hanoi, Vietnam*  
*January 08<sup>th</sup> 2018*



No.: *10* -18/BC-TC/IV-VAE

Hanoi, January 15<sup>th</sup> 2018

## INDEPENDENT AUDITOR'S REPORT

**To:** Management Board - Community Entrepreneur Development Institute ("Cendi")

**Copied to:** Secours Catholique/Caritas France (Caritas)

### Opinion

We have audited the Financial Statements of the Project "Defending Local Knowledge Based Use-Rights in Co-Management of Forest and Land in central Vietnam" (hereinafter referred to as "the Project"), including: Balance sheet as at 31/12/2017, Statement of Income and Expenditures, Statement of Receipts and Payments, Notes to the Financial Statements (hereinafter referred to as "the Financial Statements") for the fiscal year ended 31/12/2017 which were prepared by the Community Entrepreneur Development Institute (hereinafter referred to as "Cendi").

In our opinion, the accompanying Financial Statements of the Project, in all material respects, give a true and fair view of the Project's financial position as at 31/12/2017, income and expenditures for the operating period from 01/01/2017 to 31/12/2017, in accordance with the accounting principles disclosed in Note No. 3 of Notes to the Financial Statements.

### Basis for audit opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibility in accordance with such standards is presented in Respective responsibilities of Auditor hereby. We undertake our independence from the Project in accordance with ethical and professional regulations in relation to the audit of financial statements, and we exercise other responsibilities following these regulations. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

We draw attention to Note 3 of the Notes to the financial statements, which describes the accounting convention for preparing the Financial Statements and the summary of the significant accounting policies. The financial statements are prepared in accordance with the accounting convention and the accounting policies set out in Note 3 of the Notes to the financial statements. As a result, the financial statements may not be suitable for another purpose. Our audit report is solely intended for Cendi and Caritas and it should not be provided to any other party. Our opinion is not modified in respect of this matter.

### Respective responsibilities of Board of Directors

Cendi's Board of Directors is responsible for the preparation of the Project's financial statements in accordance with the basis for preparing financial statements and the accounting policies set out in Note 3 of the Notes to the financial statements, and for such internal control as the Board of Directors determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



# INDEPENDENT AUDITOR'S REPORT

(continued)

## Respective responsibilities of Auditor

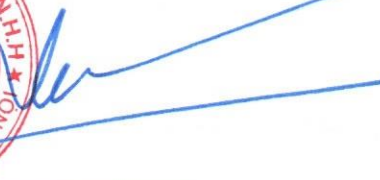
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 audit opinion. The detection risk over a material misstatement resulting from fraud is higher than the 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 Project's internal control.
- 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 Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related information made by Cendi's Board of Directors.

We communicate with the Cendi's Board of Directors, 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.



  
**Pham Hung Son**  
Deputy General Director  
*Certificate of audit practice registration No.: 0813-2018-034-1*  
For and on behalf of  
**VIETNAM AUDITING AND EVALUATION CO., LTD.**

  
**Dang Thi Kim Trinh**  
Auditor  
*Certificate of audit practice registration No.: 1229-2018-034-1*

**BALANCE SHEET**

As at 31/12/2017

Unit: VND

<b>ASSETS</b>	Notes	As at 31/12/2017	As at 31/12/2016
Cash	4.1	268,287,952	61,850,619
Cash and cash equivalents		-	23,903,977
Bank deposit		268,287,952	37,946,642
<b>Current assets</b>		<b>3,000,000</b>	<b>109,879,755</b>
Other receivables	4.2	3,000,000	82,502,765
Advances	4.3	-	27,376,990
<b>Non-current assets</b>		<b>-</b>	<b>-</b>
Tangible assets		-	-
<b>TOTAL ASSETS</b>		<b>271,287,952</b>	<b>171,730,374</b>
<b>CAPITAL</b>			
<b>Liabilities</b>		<b>484,619,014</b>	<b>677,171,523</b>
Short term borrowings	4.4	150,000,000	500,000,000
Paying taxes, insurance to the governance	4.5	28,236,322	(3,034,260)
Payable for employees		-	35,615,298
Other payable	4.6	306,382,692	144,590,485
<b>Project balance</b>		<b>(213,331,062)</b>	<b>(505,441,149)</b>
Project balance carried forward to the next period		(213,331,062)	(505,441,149)
<b>TOTAL CAPITAL</b>		<b>271,287,952</b>	<b>171,730,374</b>

Prepared by



**TRAN THI HONG THAM**  
Project Accountant

Approved by



**DANG TO KIEN**  
Deputy Director  
Hanoi, Vietnam  
January 08th 2018

(Notes from page 09 to page 16 are an integral part of these Financial Statements).



STATEMENT OF INCOME AND EXPENSES

Year 2017

Unit: VND

Contents	Notes	Year 2017	Year 2016
<b>INCOMES</b>		<b>2,329,931,902</b>	<b>1,731,649,611</b>
Funded from Caritas	4.7	2,325,204,432	1,725,481,780
Project Balance carried forward from Caritas project 2015		-	1,994,400
Bank interests		627,800	5,214,700
Exchange-rate gains		4,099,670	(1,041,269)
<b>EXPENSES</b>	<b>4.8</b>	<b>2,037,821,815</b>	<b>2,237,090,760</b>
Equipment		93,832,000	44,028,400
Personnel costs		647,249,982	890,518,887
Project's direct expenses		1,043,724,112	1,118,277,806
Administration management		203,015,721	134,135,667
Auditing		50,000,000	50,130,000
<b>RECONCILIATION OF DIFFERENCE BETWEEN INCOME AND PROJECT OPENING BALANCE</b>		<b>292,110,087</b>	<b>(505,441,149)</b>
<b>PROJECT CLOSING BALANCE</b>		<b>(505,441,149)</b>	<b>-</b>
		<b>(213,331,062)</b>	<b>(505,441,149)</b>

Prepared by



**TRAN THI HONG THAM**  
 Project Accountant

Approved by



**DANG TO KIEN**  
 Deputy Director  
 Hanoi, Vietnam  
 January 08th 2018



## STATEMENT OF RECEIPTS AND PAYMENTS

Year 2017

Unit: VND

Contents	Notes	Year 2017	Year 2016
<b>RECEIPTS</b>		<b>2,329,931,902</b>	<b>1,731,649,611</b>
Funded from Caritas	4.2	2,325,204,432	1,725,481,780
Project Balance carried forward from Caritas project 2015		-	1,994,400
Bank interests		627,800	5,214,700
Exchange-rate gains		4,099,670	(1,041,269)
<b>PAYMENTS</b>		<b>2,123,494,569</b>	<b>1,669,798,992</b>
Equipment		93,832,000	44,028,400
Personnel costs		682,865,280	854,903,589
Project's direct expenses		1,093,781,568	633,697,076
Administration management		203,015,721	137,169,927
Auditing		50,000,000	-
<b>DIFFERENCE BETWEEN RECEIPTS AND PAYMENTS</b>		<b>206,437,333</b>	<b>61,850,619</b>
<b>PROJECT OPENING BALANCE</b>		<b>61,850,619</b>	<b>-</b>
<b>PROJECT CLOSING BALANCE</b>	4.1	<b>268,287,952</b>	<b>61,850,619</b>

Prepared by



TRAN THI HONG THAM  
Project Accountant

Approved by



DANG TO KIEN  
Deputy Director  
Hanoi, Vietnam  
January 08th 2018

(Notes from page 09 to page 16 are an integral part of these Financial Statements).

## NOTES TO THE FINANCIAL STATEMENTS

(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)

### I. General information

#### 1. Overview of Community Entrepreneur Development Institute

Community Entrepreneur Development Institute (hereinafter referred to as “the Cendi”) was established under the Certificate of Scientific and Technological Activities No. A-1244 dated 19/01/2015 issued by Ministry of Science and Technology.

##### *Domain of scientific and technological 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 Cendi’s missions./.

##### *Headquarter*

Address: 12C Pham Huy Thong, Ngoc Khanh, Ba Dinh, Hanoi

#### 2. Overview of the Project “Defending local knowledge based use-rights in Co-management of forest and land in the Central of Vietnam”

The Project “Defending Local knowledge based use-rights in co-management of forest and land in the Central of Vietnam” (hereinafter referred to as “the Project”) funded and implemented in line with agreements between Secours Catholique/Caritas France (“Caritas”) and Community Entrepreneur Development Institute on November 25<sup>th</sup> 2015.

##### *Budget:*

- In 2016 Caritas France agreed to grant an amount of Euro 91,246.
- In 2017 Caritas France agreed to grant an amount of Euro 80,529.

##### *Implementation period:*

The Project is implemented from 01/01/2016 until 31/12/2017.

##### *Objectives:*

Strengthening the self-decision of ethnic minorities through assuring the land use rights.

- Outcome 1: 3 H’re villages obtain community title for 300 hectares of land and forests.
- Outcome 2: 4 villages obtain the rights to co-manage forestland.
- Outcome 3: Strengthening the capacity of grassroots, authorities and CENDI’s employee.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)

### *Location:*

The Project is implemented in Kon Tum province.

### 3. Summary of significant accounting policies

#### *Basis of preparing the Financial Statements*

Financial Statements are prepared on the basis of the adjusted actual income - actual expenditure, another basis that differs from accounting policies which 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 is transferred by the donors into the Project account at Vietnam Bank for Agriculture and Rural Development - Operations Center.

#### *Expenditure recognition*

Expenditure is recognized when actual expenses are incurred.

#### *Recognition of payables and accruals*

Payables and accruals are recognized for expense amounts incurred in the period but not paid at the end of the period.

#### *Recognition of short-term loans*

Short-term loans are made from Misereor Project 2017-2018 and Tam Dao Fund for the purpose of obtaining budget on time to implement the activities of the project in 2017.

#### *Currency Unit*

Transactions are recorded in Vietnamese dong ("VND").

#### *Transactions in foreign currencies*

Transactions in currencies other than VND in the period are converted into VND at the corresponding exchange rates on transaction date. Cash items dominated in different currency units other than VND will be converted into VND at transfer rate of Vietnam Bank for Agriculture and Rural Development on the cut-off date of accounting year. All exchange rate difference amounts are recorded into Statement of Incomes and Expenditures.

**NOTES TO THE FINANCIAL STATEMENT** (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**

	31/12/2017	31/12/2016
	VND	VND
<b>Cash on hand</b>	-	<b>23,903,977</b>
VND	-	11,972,977
EUR	-	11,931,000
<b>Cash in bank</b>	<b>268,287,952</b>	<b>37,946,642</b>
Operation Centre’s Branch of Vietnam Bank for Agriculture and Rural Development	268,287,952	37,946,642
VND	30,129,728	28,203,772
USD	-	4,549,393
EUR	238,158,224	5,193,477
<b>Total</b>	<b>268,287,952</b>	<b>61,850,619</b>

**4.2 Other receivables**

	31/12/2017	31/12/2016
	VND	VND
Manh Truong Binh Co., Ltd.	3,000,000	3,000,000
CHESH Center	-	79,502,765
<b>Total</b>	<b>3,000,000</b>	<b>82,502,765</b>

**4.3 Advances**

	31/12/2017	31/12/2016
	VND	VND
Duong Quang Chau	-	3,410,000
Nguyen Van Dung	-	12,656,990
Tran Thi Lanh	-	11,310,000
<b>Total</b>	<b>-</b>	<b>27,376,990</b>

**4.4 Short term borrowings**

	31/12/2017	31/12/2016
	VND	VND
Project Misereor 2017-2018	50,000,000	250,000,000
Tam Dao fund	100,000,000	250,000,000
<b>Total</b>	<b>150,000,000</b>	<b>500,000,000</b>

(\*) Loans from Misereor Project 2017-2018 and Tam Dao Fund are for the purpose of Project activities, incurring no interest expense and being repaid when the Project receives the final budget from the Donor Caritas.



**NOTES TO THE FINANCIAL STATEMENT** *(continued)**(These Notes are an integral part of and should be read in conjunction with the attached Financial Statements)***4.5 Taxes and amounts payable to the State budget**

	31/12/2017	31/12/2016
	VND	VND
Personal income tax	28,236,322	(3,034,260)
<b>Total</b>	<b>28,236,322</b>	<b>(3,034,260)</b>

**4.6 Other payables**

	31/12/2017	31/12/2016
	VND	VND
Vietnam Auditing and Evaluation Co., Ltd	50,000,000	50,000,000
Bauxite project (*)	229,814,561	-
Pham Van Dung	4,867,500	-
Tran Thi Lanh	20,246,231	-
Rao An Co-operative	-	24,332,000
Pham Bich Thuy	-	16,534,086
CENDI risk reserve fund	-	15,452,881
Development Consultant Institute	-	17,116,600
Social Policy Ecology Research Institute	-	20,000,000
Social insurance	1,454,400	1,154,918
<b>Total</b>	<b>306,382,692</b>	<b>144,590,485</b>

*(\*)*: This is a fund transferred by CCFD for Bauxite project via foreign account of Caritas project.**4.7 Funded from Caritas**

Date received	31/12/2017	
	Original currency (EUR)	Converted into VND (*)
02.02.2017	20,703	502,441,107
29.03.2017	36,217	886,048,905
07.04.2017	13,783	330,626,604
15.09.2017	22,476	606,087,816
<b>Total</b>	<b>93,179</b>	<b>2,325,204,432</b>

*(\*)*: The funds were received in EUR and translated into VND account at the actual exchange rate by Operation Centre's Branch of Vietnam Bank for Agriculture and Rural Development on the actual transaction date.

## NOTES TO THE FINANCIAL STATEMENT (continued)

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

## 4.8 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation (VND)	Deviation in percentage (%)	Remark
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3 = 1-2</i>	<i>4 = 3/1</i>	<i>C</i>
<b>A.</b>	<b>Investments/NON- RECURRING COSTS (1)</b>	<b>94,472,000</b>	<b>93,832,000</b>	<b>640,000</b>	<b>0.7%</b>	
<b>A.1</b>	<b>Equipment</b>	<b>94,472,000</b>	<b>93,832,000</b>	<b>640,000</b>	<b>0.7%</b>	
A1.1	Laptop	30,000,000	40,489,000	(10,489,000)	(35.0)%	
A1.2	Camera	16,000,000	18,890,000	(2,890,000)	(18.1)%	
A1.3	Voice recorder	-	-	-	0.0%	
A1.4	Printer	-	-	-	0.0%	
A1.5	External HDD	2,000,000	-	2,000,000	100.0%	
A1.6	Projector	-	-	-	0.0%	
A1.7	Screen of the projector	-	-	-	0.0%	
A1.8	Motorbike	24,472,000	27,336,500	(2,864,500)	(11.7)%	
A1.9	3G device	5,000,000	-	5,000,000	100.0%	
A1.10	UPS	17,000,000	7,116,500	9,883,500	58.1%	
<b>B.</b>	<b>Recurrent costs</b>	<b>1,881,942,813</b>	<b>1,943,989,815</b>	<b>(62,047,002)</b>	<b>(3.3)%</b>	
<b>B.1</b>	<b>Personnel costs</b>	<b>635,442,813</b>	<b>647,249,982</b>	<b>(11,807,169)</b>	<b>(1.9)%</b>	
<b>B1.1</b>	<b>Programmes</b>	<b>396,295,821</b>	<b>400,493,003</b>	<b>(4,197,182)</b>	<b>(1.1)%</b>	
B1.1.1	CENDI director (47%)	73,629,000	75,111,200	(1,482,200)	(2.0)%	
B1.1.2	A full-time coordinator	152,166,600	153,159,657	(993,057)	(0.7)%	
B1.1.3	One full-time project officer	122,715,000	123,016,500	(301,500)	(0.2)%	
B1.1.4	One full-time trainer	46,631,700	48,058,646	(1,426,946)	(3.1)%	
B1.1.5	24 hours insurance for 5 staff (100%)	1,153,521	1,147,000	6,521	0.6%	



## NOTES TO THE FINANCIAL STATEMENT (continued)

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

## 4.8 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation (VND)	Deviation in percentage (%)	Remark
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3 = 1-2</i>	<i>4 = 3/1</i>	<i>C</i>
<b>B1.2</b>	<b>Administration /Management</b>	<b>239,146,992</b>	<b>246,756,979</b>	<b>(7,609,987)</b>	<b>(3.2)%</b>	
B1.2.1	A part-time chief administrative officer (shared 47% of CENDI overall budget)	24,297,570	25,753,034	(1,455,464)	(6.0)%	
B1.2.2	A part-time accountant (shared 47% of CENDI overall budget)	62,879,166	65,082,167	(2,203,001)	(3.5)%	
B1.2.3	A part-time cashier (shared 47% of CENDI overall budget)	24,297,570	23,739,240	558,330	2.3%	
B1.2.4	A full-time driver (shared 47% of CENDI overall budget)	46,631,700	49,053,938	(2,422,238)	(5.2)%	
B1.2.5	A full-time documentor/editor	70,929,270	72,981,600	(2,052,330)	(2.9)%	
B1.2.6	A part-time cleaner	8,958,195	9,000,000	(41,805)	(0.5)%	
B1.2.7	24 hours insurance for 6 staff (100%)	1,153,521	1,147,000	6,521	0.6%	
<b>B.2.</b>	<b>COST OF MATERIALS AND OTHER NON-PERSONNEL COSTS</b>	<b>1,196,500,000</b>	<b>1,246,739,833</b>	<b>(50,239,833)</b>	<b>(4.2)%</b>	
<b>B2.1</b>	<b>Programmes</b>	<b>999,700,000</b>	<b>1,043,724,112</b>	<b>(44,024,112)</b>	<b>(4.4)%</b>	
	<b>Strengthening villagers and villages and communal &amp; district &amp; provincial authorities in livelihoods options after securing access to land rights</b>	<b>999,700,000</b>	<b>1,043,724,112</b>	<b>(44,024,112)</b>	<b>(4.4)%</b>	
1	Organize learnings and field forest visits reflecting customary law based community based forestland co-management in Ha Tinh province, combined with Conference (5 days)	177,500,000	186,735,466	(9,235,466)	(5.2)%	
2	Organize a field visit for authorities and agencies to learn from forest sites at H're villages (5 days)	44,000,000	47,909,500	(3,909,500)	(8.9)%	

## NOTES TO THE FINANCIAL STATEMENT (continued)

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

## 4.8 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation (VND)	Deviation in percentage (%)	Remark
<i>A</i>	<i>B</i>	<i>1</i>	<i>2</i>	<i>3 = 1-2</i>	<i>4 = 3/1</i>	<i>C</i>
3	Trainings (2) to youths and villagers on forest restoration and landscape restoration (10 days)	75,000,000	78,985,242	(3,985,242)	(5.3)%	
4	Trainings (2) to youths and villagers in mapping the forests, mapping the Mother trees species (10 days)	84,000,000	86,246,400	(2,246,400)	(2.7)%	
5	Trainings and community education (2) to women and youths and villagers on nursery of native species: open to a diversity of species: timber, and non-timber and also edible herbs and forest vegetables) collection of seeds, nursery processes, and seedlings productions; (5 days * 4 = 20 days)	95,000,000	107,561,563	(12,561,563)	(13.2)%	
6	Trainings (2) to youths and villagers and women to not use of herbicides on the forested landscape and rice cropping areas; use eco-fertilizers (10 days)	88,000,000	97,931,329	(9,931,329)	(11.3)%	
7	Trainings and community education (2) to women and youths and villagers on gardening activities, ecological farms (from principle to practice) towards setting up agro-ecological farms at villages (5 days * 4 = 20 days)	135,000,000	154,970,393	(19,970,393)	(14.8)%	
8	Trainings (2) and community education to women and youths and villagers on agro-ecological methods for animals raising and husbandry; (10 days)	83,000,000	91,063,690	(8,063,690)	(9.7)%	
9	Empowering women's groups in savings and credits ( 2 trainings, community meetings) (10 days)	83,200,000	67,908,000	15,292,000	18.4%	
10	Documentation and Publication into the a Guideline on Agro-ecology farms (in practice) 3 types of documents (30 days)	135,000,000	124,412,529	10,587,471	7.8%	
11	Others	-	-	-	0.0%	



## NOTES TO THE FINANCIAL STATEMENT (continued)

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

## 4.8 Comparison of actual expenditures and approved budget by Caritas

	Budget Category	Approved budget (VND)	Total actual expenditures of the Project (VND)	Deviation (VND)	Deviation in percentage (%)	Remark
A	B	1	2	3 = 1-2	4 = 3/1	C
<b>B2.2</b>	<b>Administration /Management</b>	<b>196,800,000</b>	<b>203,015,721</b>	<b>(6,215,721)</b>	<b>(3.2)%</b>	
B2.2.1	Office rent	42,000,000	42,000,000	-	0.0%	
B2.2.2	Maintenance, insurance and car park (47%)	48,000,000	50,279,520	(2,279,520)	(4.7)%	
B2.2.3	Gasoline for administrative activities (car and moto)	36,000,000	39,240,020	(3,240,020)	(9.0)%	
B2.2.4	Consumables - office supplies	27,600,000	27,475,277	124,723	0.5%	
B2.2.5	Other service (tel/fax, electricity / maintenance)	43,200,000	44,020,904	(820,904)	(1.9)%	
<b>B.3</b>	<b>SERVICES</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>0.0%</b>	
<b>B.3.1</b>	<b>Annual audit</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>0.0%</b>	
<b>C.</b>	<b>CONTINGENCIES: 5% x (A+B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	
	<b>TOTAL COSTS</b>	<b>1,976,414,813</b>	<b>2,037,821,815</b>	<b>(61,407,002)</b>	<b>(3.1)%</b>	

Prepared by



TRAN THI HONG THAM  
Project Accountant

Approved by



DANG TO KIEN  
Deputy Director  
Hanoi, Vietnam  
January 08th 2018

Hanoi, January 15<sup>th</sup> 2018

**Ms Dang To Kien**  
**Deputy Director**  
**Community Entrepreneur Development Institute**  
12C Pham Huy Thong, Ngoc Khanh, Ba Dinh, Hanoi

Dear Madam,

**Management Letter**

**Project “Defending local knowledge based use-rights in co-management of forest and land in the Central of Vietnam” for the fiscal year ended 31/12/2017**

Under International Standards for Auditing, auditors are encouraged to report various matters concerning your entity’s internal control system detected during an audit, and are required to report those specific matters to you. Matters that are required to be reported are “significant deficiencies in the design or operation of the internal control system that, in the auditors’ judgement, could adversely affect the information the entity presents in the Financial Statements”.

As part of our audit of the Financial Statements of the Project “Defending local knowledge based use-rights in Co-management of forest and land in Central of Vietnam” for the fiscal year ended 31/12/2017, 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, during the audit process, we have not found any material matter related to internal control system and compliance that we should report to Community Entrepreneur Development Institute (hereinafter referred to as “the Cendi”).

This management letter is intended solely for the use of the Cendi and is not intended for any other purposes.

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

Yours sincerely,



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