

KARUNA MISSION SOCIAL SOLIDARITY

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 2018

**WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

KARUNA MISSION SOCIAL SOLIDARITY

CONTENTS

	Page No.
Statement of Management's Responsibility	3
Independent Auditor's Report	4-5
Statement of financial position	6
Statement of Income and Expenditure	7-14
Notes to the Financial Statements	15-22
List of Fixed Asset: Annex-1	23-24



KMSS

Karuna Mission Social Solidarity

ကရုဏာမစ္ဆာလူမှုစည်းလုံးညီညွတ်ရေးအသင်း(စမ်းချောင်းမြို့နယ်)

မှတ်ပုံအမှတ်-(၁/ပြည်တွင်း/၀၀၄၇)

Catholic Bishops' Conference of Myanmar (C.B.C.M)

292 A, Pyay Road, Sanchaung P.O. 11111, Yangon, Myanmar

Tel: (95) 01- 705839, 01- 539277, Email: kmss@kmss-caritasmyanmar.org

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR KARUNA MISSION SOCIAL SOLIDARITY

It is the responsibility of the management to prepare the financial statements which give a true and fair view of the financial position of Karuna Mission Social Solidarity (the Organization) as of 31 December 2018, and the Statement of Income and Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently: and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Organization. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Organization and to prevent and detect fraud and other irregularities.

On behalf of Management

Dr. Win Tun Kyi
National Director
Karuna Mission Social Solidarity



Date: 18 June 2019



ဝင်းသင်နှင့်အဖွဲ့၊ စာရင်းစစ်များ။

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

HEAD OFFICE:- Room (2B/2C) 1st Floor, Rose Condominium, No.182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel : 95-1-201798, 296164, Fax: 9 5-1-245671 Email : winthin9@myanmar.com.mm

MANDALAY BRANCH:- Room (9/10), East Wing of Bahtoo Stadium, 70th Street (Between 29th & 30th Street), Mandalay Region, Myanmar. Tel : 95-2-34451, Fax: 95-2-34498

Ref: 290/K-57/December 2018

INDEPENDENT AUDITOR'S REPORT

To the Management of Karuna Mission Social Solidarity ("KMSS").

We have audited the accompanying financial statements of KMSS for the year 2018 which comprise the statement of financial position as at 31 December 2018, the statement of income and expenditure for the year then ended and a summary of significant accounting policies and other explanatory notes. The financial statements have been prepared by the management of the KMSS using the basis of accounting and the accounting policies described in Note 2 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgement, 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 entity'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 entity'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.

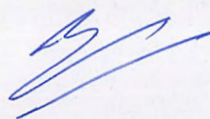
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the KMSS have been prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements have been prepared to assist the KMSS to report to its management. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for information and use by the organization and should not be distributed to or used by parties other than its management and its donors.



Soe Soe Htay (PA - 600)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



Place: Yangon

Date: 18 June 2019

KARUNA MISSION SOCIAL SOLIDARITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
 Currency – United States dollar (USD)

	Note	2018	2017
ASSETS			
Non-Current Assets			
Fixed Asset (Property and Equipment)	6	122,118.36	125,661.38
		122,118.36	125,661.38
Current Assets			
Checking and Saving (Cash and cash equivalents)	7	1,850,686.35	1,087,322.86
Accounts Receivable	8	412,459.76	245,399.89
Other Current Assets	9	4,448.23	10,415.72
		2,267,594.34	1,343,138.47
		2,389,712.70	1,468,799.85
LIABILITIES & EQUITY:			
CURRENT LIABILITIES			
Account Payable	10	948,113.06	137,550.38
		948,113.06	137,550.38
LONG TERM LIABILITIES			
Long Term Liabilities	11	89,047.56	109,013.05
		89,047.56	109,013.05
FUND BALANCE			
Fund Balance	12	1,207,253.57	1,646,403.91
Net Income/(Expenses)		145,298.51	(424,167.49)
		1,352,552.08	1,222,236.42
		2,389,712.70	1,468,799.85

See Accompanying Notes to the Financial Statements.

Authenticated by:



Dr. Win Tun Kyi
National Director





Daw Zar Zar Myo
Senior Finance Manager

KARUNA MISSION SOCIAL SOLIDARITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018
 Currency – United States dollar (USD)


		Note	2018			2017
			Restricted (USD)	Unrestricted (USD)	Total (USD)	Total (USD)
	INCOME					
1	4000 · Restricted Income from Donors	13	7,059,697.29	98,436.24	7,158,133.53	5,314,022.36
2	4110 · Bank Interest		—	46,372.52	46,372.52	41,091.59
3	4120 · Donations & fundraising		2,203.66	33,632.21	35,835.87	56,622.04
4	4130 · Sales of Obsolete Items		—	—	—	226.76
5	4140 · Miscellaneous Income		325.85	16,316.45	16,642.30	3,824.76
6	4150 · Exchange Gain/(Loss)		6,628.37	(1,985.37)	4,643.00	(75,309.67)
7	4160 · Management fees (%)		—	33,528.54	33,528.54	50,304.44
	Total Income		7,068,855.17	226,300.59	7,295,155.76	5,390,782.28
	EXPENDITURE (Running Expense)					
1	6100 · Personnel Cost		1,632,813.28	48,652.87	1,681,466.15	1,492,142.08
2	6200 · Programme Administration		586,455.41	35,478.87	621,934.28	356,448.72
3	6300 · Travel Costs		396,616.26	7,020.6	403,636.86	328,031.84
4	6400 · Advocacy & Capacity Building		823,686.36	20,980.76	844,667.12	765,678.38
5	6500 · Community Supplies		3,203,522.98	124,194.24	3,327,717.22	2,739,229.11
6	6600 · Survey & Evaluation		17,595.98	—	17,595.98	6,718.92
7	6700 · Project Support		148,687.19	—	148,687.19	56,043.81
	Total Running Expenses		6,809,377.46	236,327.34	7,045,704.80	5,744,292.86
	6800 · Capital Equipment		119,095.92	(21,977.91)	97,118.01	70,656.91
	6900 · Depreciation		—	7,034.44	7,034.44	—
	Total Expenditure		6,928,473.38	221,383.87	7,149,857.25	5,814,949.77
	Surplus/(Deficit) of income over expenditure		140,381.79	4,916.72	145,298.51	(424,167.49)

See Accompanying Notes to the Financial Statements.

Authenticated by:


 Dr. Win Tun Kyi
 National Director




 Daw Zar Zar Myo
 Senior Finance Manager

KARUNA MISSION SOCIAL SOLIDARITY - NATIONAL OFFICE
REPORTING PERIOD : 1ST JANUARY TO 31ST DECEMBER 2018
INCOME & EXPENSE STATEMENT - SECTOR WISE

I.PROGRAMME COST

Sr.	Sector	Funding Source	Opening balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
1	Health	Misereor, KZE, CAFOD, CRS, Secours Catholique, UKAID	41,816.68	425,217.50	396,128.95	70,905.23	85%
2	Education	Misereor, KZE, Kindermissionswerk & SCIAF	15,088.71	198,961.49	158,334.70	55,715.49	74%
3	Livelihood	Caritas Denmark, Stromme foundation	39,000.18	1,064,609.70	1,026,447.73	77,162.15	93%
4	Disaster Risk Reduction/ Emergency Assistance	EU/ Oxfam, UNICEF, CAFOD, HARP/ Trocaire, CIMOs, UNOCHA/MHF, HARP and Cordaid	525,490.89	4,009,900.46	4,170,057.08	365,334.26	92%
5	Social Protection	CAFOD, Australia & Trocaire, Caritas Korea, CHARIS, Caritas Japan, Kindermissionswerk, Caritas Spain, Porticus Asia, UNICEF, USAID & IOM	89,207.26	675,390.92	640,266.12	124,332.06	84%
	TOTAL		710,603.71	6,374,080.07	6,391,234.59	693,449.19	90%

III.OTHER COST

Sr.	Sector	Funding Source	Opening balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
1	Program Management	CAFOD, Caritas Japan, UNOPS/LIFT, Secours Catholique, Caritas Austria, Caritas Australia, CRS, Caritas Swiss, All Projects & Others	126,290.82	837,001.52	633,368.83	329,923.50	66%
2	Reserved Fund	KMSS-NO	286,480.52	45,160.54	104,470.55	227,170.51	32%
3	Lenten Fund	KMSS-NO, Dioceses and Other Individual	81,767.53	38,913.56	18,672.28	102,008.80	15%
	TOTAL		494,538.87	921,075.61	756,511.67	659,102.81	53%
	GRAND TOTAL		1,205,142.57	7,295,155.68	7,147,746.25	1,352,552.00	84%

Prepared By;

Chaw Su San

Chaw Su San
Accountant
KMSS National Office



Verified By;

Zin Zin Mye

Zin Zin Mye
Senior Finance Manager
KMSS National Office



Approved By;

Dr. Win Tun Kyi

Dr. Win Tun Kyi
National Director
KMSS National Office

KARUNA MISSION SOCIAL SOLIDARITY - NATIONAL OFFICE
REPORTING PERIOD : 1ST JANUARY TO 31ST DECEMBER
INCME & EXPENSE STATEMENT - PROJECT WISE
I. PROGRAMME COST

Sr. No	Proj Code	Project Name	Funding Source	Opening Balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
I		HEALTH						
1	HE5	Strengthening Community Based Skills Birth Attendant Mechanism for safe mother and safe delivery (324-900-1138ZG)	CRS, Misereor & KZE	14,203.29	56,143.47	58,722.62	11,624.13	83%
2	HE7	Scaling up Nutrition for Maternal & Child Health in Myanmar (SUN--MACH)	UKAID	-	244,195.14	253,416.31	(9,221.16)	104%
3	HE7	Scaling up Nutrition for Maternal & Child Health in Myanmar (SUN--MACH)	Secours Catholique, Caritas Spain	-	85,878.89	35,838.48	50,040.41	42%
4	HE6	Strengthening the Catholic Church coordination and support in the health sector in Myanmar - MYA202	CAFOD	27,613.39	39,000.00	48,151.54	18,461.85	72%
				41,816.68	425,217.50	396,128.95	70,905.23	85%
II		EDUCATION						
1	ED1	Early childhood Care & Development Programme(324-900-1125ZG)	Misereor, KZE Kindermissionswerk	(9,520.49)	87,048.76	45,951.46	31,576.81	59%
2	ED2	Strengthening Capacity of KMSS network in holistic development through the solidarity project and Networking of Community Development Alumni) (324-900-1126ZG)	Misereor & KZE	9,566.47	41,776.24	52,282.94	(940.23)	102%
3	ED6	Scholarship Program for Community Development workers in Myanmar-(2015-2017) (324-900-1094)	Misereor	2,040.12	(2,040.12)	-	(0.00)	0%
4	ED8	Extended and Continuous Education and Learning for out of school children (10-17 years +) (EXCEL)	SCIAF	13,002.61	(13,002.61)	-	(0.00)	0%

Sr. No	Proj Code	Project Name	Funding Source	Opening Balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
5	ED9	Future Leadership and Manager Empowerment Program (FLAME)	Misereor & KZE	-	62,250.86	43,808.41	18,442.45	70%
6	ED10	Hotel Hospitality Training for Youth in Myeik Township (EXCEL)	SCIAF	-	9,482.51	8,877.50	605.01	94%
7	ED11	Student Participation Initiative	UNICEF		13,445.85	7,414.39	6,031.45	55%
				15,088.71	198,961.49	158,334.70	55,715.49	74%
III		LIVELIHOOD						
1	LH1	Civil Society & Pro-poor Market	Caritas Denmark	14,022.36	476,616.73	471,721.19	18,917.90	96%
2	LH1	Danish Broadcasting Corporation (DBC) Programme	Caritas Denmark	526.47	72,800.84	69,927.44	3,399.87	95%
3	LH2	DREAM (Development and Rehabilitation of the Economy of the Poor Thru Alternative Means) Project	Stromme Foundation	5,773.28	421,427.85	393,489.60	33,711.53	92%
4	LH3	Border Region Programme	Caritas Denmark	781.10	71,084.07	71,280.59	584.58	99%
5	LH4	Myanmar School support Project - Taungngu	Caritas Denmark	17,896.97	-	17,853.41	43.56	100%
6	LH5	Pesitho Pilot Project (2018 - 2019)	Caritas Denmark		22,680.21	2,175.51	20,504.70	10%
				39,000.18	1,064,609.70	1,026,447.73	77,162.15	93%
IV		DRR/EMERGENCY						
1	DR1	Community Based Disaster Risk Reduction - II	Cafod, Caritas Swiss	8,227.70			8,227.70	0%
2	DR16	Promoting Durable Peace and Development Project in Kachin	EU/Oxfam	90,905.35	54,327.98	124,052.65	21,180.68	85%
3	DR18	Education in emergency (EIE) support for IDP Children in NGCA area	UNICEF	(8,938.61)	8,938.57	-	(0.04)	0%
4	DR24	Consortium Humanitarian Response Programme (CHARP) BMA 1701-02Y1	HARP/Trocaire	8,492.01	(8,492.02)	-	(0.01)	0%

Sr. No	Proj Code	Project Name	Funding Source	Opening Balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
5	DR27	Climate Resilient Agriculture - MF III	DFID/CAFOD	7,187.13	88,654.30	95,841.43	0.00	100%
6	DR28	Early Recovery for flood affected villages in Tharbaung Tsp	Stomme Foundation	28.24			28.24	0%
7	DR31 & 32	Relief & Rehabilitation on current flood 2016	Stomme Foundation	5,025.34			5,025.34	0%
8	DR33	Emergency Food Ration Provision and Response to the urgent needs of the IDPs in Kachin and Shan States(MHF)	UNOCHA/MHF	100,643.34	(100,516.74)	126.60	0.00	100%
9	DR34	Shelter Replacement and Repair in Selected IDP Camps of Kachin and Northern Shan states(MHF)	UNOCHA/MHF	25,144.78	(25,109.52)	35.26	0.00	100%
10	DR35	Emergency WASH for Kachin IDP - Myitkyina	UNICEF	(22.81)	22.81	-	0.00	0%
11	DR36	MHF SHELTER - WAIEMAW	UNOCHA/MHF	21,931.91	(21,900.28)	31.63	(0.00)	100%
12	DR37	Shelter Reconstruction and Repair in selected IDP Camps of Kachin and Shan States	UNOCHA/MHF	266,866.52	(17,471.81)	249,394.71	(0.00)	100%
13	DR38	Humanitarian Response and Transition to Localization Project (MMR0004Y1) - HARP	HARP/Trocaire	-	2,901,663.99	2,732,953.75	168,710.24	94%
14	DR39	Women Enterprise Development & Gender Empowerment for Internally Displaced Women of Kachin, Myanmar (WEDGE) EA38/2017	CIMOS(Caritas Japan, Germany)	-	85,543.35	70,298.46	15,244.89	82%
15	DR40	Emergency Wash for Kachin IDPs - Myitkyina	UNICEF	-	104,027.27	133,988.68	(29,961.41)	129%
16	DR41	Rapid Emergency Response for Conflict Affected People/IDPs in Tanai Township and Njang Yang Township, Kachin State, Myanmar (HARP-RRF-001)	HARP	-	402,925.76	397,392.25	5,533.51	99%
17	DR42	Shelter Program for IDPs in Kachin and North Shan State Conflict Areas, Myanmar - 200371	Cordaid	-	158,012.69	190,813.99	(32,801.30)	121%

Sr. No	Proj Code	Project Name	Funding Source	Opening Balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
18	DR43	Shelter Program for IDPs of Kachin & Northern Shan State (MM-18/DDA-3415/SA1/SNFI/NGO/9623)	UNOCHA/MHF	-	131,392.05	76,256.82	55,135.22	58%
19	DR44	Durable Peace Programme {DPP} - MYAB75	EU/Oxfam	-	226,002.87	78,661.47	147,341.40	0
20	DR45	Flood Resilience Project, Dry Zone Myanmar (ID-200423)	Cordaid	-	21,879.19	20,209.37	1,669.82	92%
				525,490.89	4,009,900.46	4,170,057.08	365,334.26	92%
V		SOCIAL PROTECTION						
1	SP4	Strengthening of KMSS CP System and Child Protection Policy in KMSS Net work	CAFOD, Australia & Trocaire	630.65			630.65	0%
2	SP5	Humanitarian and Empowerment Development Program for People Living in with Disability in Southern Shan State, Myanmar (Taunggyi)	Caritas Korea	12,812.95	60,000.00	65,275.63	7,537.32	90%
3	SP7	Combating Anti human trafficking & Migration in Myanmar	CAFOD, C. Spain, C.Japan, CHARIS & Porticus Asia	42,132.36	197,513.54	198,970.29	40,675.61	83%
4	SP13	Protecting of Children in Conflicts and against violation	Kindermissionswerk	4,866.70			4,866.70	0%
5	SP14	Protecting of Children in Emergency and against violation	Kindermissionswerk	10,726.44			10,726.44	0%
6	SP15	Prevention of Grave Violations against children and immediate care of child survivors including children formerly associated with armed groups (CAAC)	UNICEF	1,670.19	98,303.06	99,973.23	0.02	100%
7	SP16	Promoting transitional food security for 15 Vulnerable villages in west Pekhon Diocese	Caritas Korea	16,475.73	90,000.00	93,945.32	12,530.41	88%
8	SP17	Reducing of Human trafficking Program in Myanmar	USAID	(6,298.24)	45,908.10	39,609.86	-	100%
9	SP18	Provision of Direct Assistance & Reintegration Assistance for victims of trafficking & vulnerable migrants in Myanmar	IOM	6,190.48	10,779.22	17,203.71	(234.01)	101%

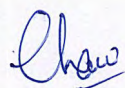
Sr. No	Proj Code	Project Name	Funding Source	Opening Balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
10	SP19	National Catholic Commission on Migration(NCCM)	Caritas Spain	-	25,081.49	22,296.69	2,784.80	89%
11	SP20	Strengthening Child Protection System in addressing all forms of violence, abuse and exploitation in regular and emergency context including MRM	UNICEF		147,805.52	102,991.39	44,814.13	70%
				89,207.26	675,390.92	640,266.12	124,332.06	84%
		TOTAL		710,603.71	6,374,080.07	6,391,234.59	693,449.19	90%

II. PROGRAM MANAGEMENT COST

Sr. No	Prj Code	Project Name	Funding Source	Balance-USD	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
1	PM2	Office Core Cost	All Projects & Others	(43,985.47)	142,226.49	98,241.02	0.00	100%
2	PM4	Leadership and management support for strengthening financial system in KMSS network	Caritas Japan	10,510.01	-	6,281.98	4,228.04	60%
3	PM5	Support to the Strategic Planning Process of KMSS (2016-2018) No. PI 160 032	Secours Catholique	4,844.47	323.32	5,167.79	(0.00)	100%
4	PM6	European-Asian Partnership for Building Capacities in Humanitarian Action (PEACH)	Caritas Austria	(10,738.84)	74,626.87	46,655.91	17,232.12	73%
5	PM7	COBOD support Project	Trocaire Mgt Fees	18,160.63	-	8,712.48	9,448.14	48%
6	PM8	HCD Grant Project (Ref # MYA 179)	CAFOD	12,855.15	9,316.00	8,911.07	13,260.08	40%
7	PM9	Strategic Partnership for Civil Society Empowerment (SPaCE)	UNOPS/LIFT	106,205.86	449,719.15	385,172.68	170,752.33	69%
8	PM11	Finance Accompanier Programme	CAFOD,C.Swiss, C.Australia,CRS	6,091.87	38,737.62	15,724.05	29,105.44	35%
9	PM13	Capacity Strengthening to support country strategic plan of KMSS	Caritas Australia	11,167.14		3,248.49	7,918.65	29%

Sr. No	Proj Code	Project Name	Funding Source	Opening Balance	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
10	PM14	Capacity Strengthening for exchange visit to Sri Lanka	Caritas Australia	11,180.00	-	4,158.74	7,021.26	37%
11	PM17	Southeast Border Strategy Development Program	Caritas Australia	-	37,971.00	3,787.29	34,183.71	10%
12	PM18	KMSS Network in localisation of Humanitarian aid in Myanmar	Caritas Australia	-	11,371.00	8.35	11,362.65	0%
13	PM19	Humanitarian Capacity Strengthening, ENHANCE project	CAFOD	-	34,084.70	11,555.24	22,529.46	0%
14	PM20	Strategic Plan Review & Renewal Project (2019-2023)	CRS, Secours Catholique, Caritas Australia, National Office		38,625.37	35,743.74	2,881.63	93%
		TOTAL		126,290.82	837,001.52	633,368.83	329,923.50	66%
III. OTHER COST								
Sr. No	Prj Code	Project Name	Funding Source	Balance-USD	Receipt-USD	Expenditure-USD	Balance-USD	Utilization %
1	OT1	Lenten Fund	KMSS-NO, Dioceses and Other Individual	81,767.53	38,913.56	18,672.28	102,008.80	15%
2	OT2	Reserved Fund (included Fixed Assets costs)	KMSS-NO	286,480.52	45,160.54	104,470.55	227,170.51	32%
		TOTAL		368,248.05	84,074.10	123,142.83	329,179.31	27%
		GRAND TOTAL		1,205,142.57	7,295,155.68	7,147,746.25	1,352,552.00	84%

Prepared By;



Chaw Su San
Accountant
KMSS National Office



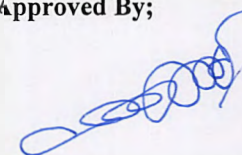
Verified By;



Zar Zar Myo
Senior Finance Manager
KMSS National Office



Approved By;



Dr. Win Tun Kyi
National Director
KMSS National Office

KARUNA MISSION SOCIAL SOLIDARITY
NOTES TO THE FINANCIAL STATEMENTS
Currency –United States dollar (USD)

1. General

Background

Catholic Bishops' Conference Myanmar (CBCM) was formed by the Vatican and received government registration on 2nd May 1964. Karuna Myanmar Social Services (KMSS) is a faith-based social organization established and mandated by the Catholic Bishops' Conference Myanmar (CBCM) to serve the poor and the needy as its official social action arm specifically in the areas of the church's mission with regards to holistic development, environmental protection, welfare and emergency relief services. It is accountable to CBCM for the Mission in accordance with the statutes of KMSS prescribed by CBCM. Later, as the new name of "Karuna Mission Social Solidarity (KMSS)" has received registration certificate from Ministry of Home Affairs on 8 April 2016.

KMSS is at the service of the Church in Myanmar, sharing its mission and vision, through the promotion of total human development, the realization of justice and peace, and the provision of welfare and relief services to the poor and needy. KMSS works in five key areas: education, health, livelihoods, social protection, disaster risk reduction and emergency response.

KMSS is a network of 16 Diocesan Offices (DOs) and a Yangon-based National Office (NO). The DOs play the key role in implementing multi-sectorial programming, while the NO provides a technical support and coordination role. All over Myanmar, KMSS has been strengthening its capacity to deliver timely, relevant and cost effective humanitarian aid with highest levels of inclusiveness of the communities from various religious and ethnic groups. Relying on their experienced staff, their dedicated volunteer networks and their leaders' good relations with the local authorities, KMSS has been able to respond to the most challenging humanitarian crises. KMSS has a solid experience in child protection. They demonstrated their ability to repaid development after natural disasters (ie. the recent relief to Cyclone Nargis and Giri and earthquake in Shan State in 2010). Besides, they also play pivotal role in very difficult humanitarian access situation. In the Kachin IDPs crisis, KMSS appears as the most relevant partner, not only involved since the first day in day relief activities implementer but also as a central actor in negotiations for humanitarian access for OCHA and NGOs and longer-term peace process.

Vision

Our people empowered, transformed and integrally developed.

Mission

To serve our people, especially the poor, needy and marginalized by empowering them towards integral human development guided by the Gospel values and the social teachings of the Church

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

The financial statements of the organization have been prepared in accordance with generally accepted accounting principles (Accrual basis of Accountings).

2.2 Fiscal year

The organization's fiscal year starts on 1 January and ends on 31 December.

2.3 Foreign Currency Translation

(1) Functional and presentation currency

Items included in the financial statements of the Organization are measured using the currency of primary economic environment in which the entities operates (the "functional currency"). The financial statements are presented in United States dollar (USD), which is the presentation currency of the Organization.

(2) Transactions and balances

Fund remitted by donors (Euro, USD and MMK) are received and directly deposited into the respective bank accounts.

In order to meet the expenses in local currency Kyat, grant received from donors in USD and Euro are converted into Kyat at the prevailing market rates of conversion.

For the purpose of presenting the Project Financial Report to respective Donor, transactions in Kyats are translated into USD and Euro by applying the average exchange rates of actual conversion for each project period.

For the purpose of presenting the Organization's Financial Report in USD (for the whole organization), all transaction in Kyats are translated into USD by applying the yearly average exchange rate (Kyats 1,408 per USD) calculated based on the actual conversion of fund received for the whole organization. Opening balances of cash on hand in foreign currencies (Euro and THB) are translated into presentation currency (USD) by applying at the year-end exchange rate as per the currency website "<https://www.oanda.com>".

Exchange rate differential (gains/losses) arising from the translation are recognized in the statement of Income and expenditure.

2.4 Recognition of revenue

The organization classifies its income into two categories restricted and unrestricted and is recognized when cash is actually received.

(1) Restricted Funds

Where grants are received for use in an identified project or activity, such funds are held in a restricted fund account and transferred to the Statement of Comprehensive Income to match with expenses incurred in respect of that identified project.

(2) Unrestricted Funds

Unrestricted funds are those that are available for use by the KMSS for general objectives and which are not designated for any specific purpose. The activities for which these funds may be used are identified in the financial statements and used carefully in an effective way in the best interests of the organization.

2.5 Fixed Asset (Property and equipment)

From the beginning of current financial year, Motor Vehicles purchased at previous years (2012, 2013 and 2015) by National Office are re-measured at cost less accumulated depreciation on such assets. A retrospective adjustment for depreciations for previous years has been made at current year.

Other assets (such as Computer Equipment, Office Equipment and Project Equipment) purchased from the respective projects during the current financial year as project expenditures and re-recognized as fixed asset and measured at cost less accumulated depreciation on such assets.

The useful lives for above assets are as follow:

Motor Vehicle	8 to 10 year
Computer Equipment	3 year
Office Equipment	3 to 5 year
Project Equipment	3 to 5 year

3. Legal Status

KMSS is a social arm of the Catholic Bishops Conference of Myanmar (CBCM) which was registered on 2nd May 1964. With the Government's control changing situation, CBCM has commissioned KMSS to explore the possibility of having additional social registration under appropriate mechanism.

Registration of Local Associations Number of KMSS is 1/Local/0047 (dated 8 April 2016) and valid up to 31 December 2020.

4. Policies and Procedures

KMSS has prescribed and applied the following policies and procedures for the purposes of internal control.

1. Administrative Policy and Procedure (December 2015)
2. Human Resources Policy (January 2016)
3. Assets Management Policy (January 2017)
4. Financial Policy and Procedure (January 2016)

5. Books of Account

KMSS maintains computerized accounting records by using "Quick Book Accounting Software" and has produced project-wise general ledger, trial balance, income and expenses accounts and consolidated income and expenses account and balance sheet.

6. **Property and equipment**

The details are as follows:

	Land and Building	Motor Vehicle	Computer Equipment	Office Equipment	Project Equipment	Total
2018						
Cost						
At 1 January 2018	88,586.55	37,074.83	—	—	—	125,661.38
Adjustment for Closing Exchange Rate Revaluation	(5,347.91)	(2,238.18)	—	—	—	(7,586.09)
Addition during the year	—	—	20,795.37	964.22	4,300.80	26,060.39
At 31 December 2018	83,238.64	34,836.65	20,795.37	964.22	4,300.80	144,135.68
Depreciation						
At 1 January 2018	—	—	—	—	—	—
Adjustment for Depreciation for the previous year	—	14,982.85	—	—	—	14,982.85
Depreciation for the year	—	3,626.63	2,623.25	151.24	633.35	7,034.47
At 31 December 2018		18,609.48	2,623.25	151.24	633.35	22,017.32
Net Book Value						
At 31 December 2018	83,238.64	16,227.17	18,172.12	812.98	3,667.45	122,118.36
At 31 December 2017	88,586.55	37,074.83	—	—	—	125,661.38

7. Checking and Savings (Cash and Cash Equivalents)

Cash and cash equivalents consist of:

Particular	2018			2017
	Original		Equivalent US\$	US\$
	Currency	Amount		
Checking				
Cash at CBCM	MMK	19,817,644.00	14,075.03	12,554.34
Cash at KMSS-National	MMK	16,276,992.00	11,560.36	4,176.30
Cash at Hong Kong (USD)	USD	111,547.26	111,547.26	96,536.86
Cash at KMSS-(USD)	USD	5,490.26	5,490.26	5,139.04
Cash at KMSS-(EURO)	EURO	3,698.27	4,230.04	4,942.33
Cash at KMSS-(THB)	THB	23,188.00	715.71	1,337.54
Sub Total			147,618.66	124,686.41
Savings				
First Private Bank-Saving Account	MMK	475,211.91	337.51	331.23
Myanmar Economic Bank-Saving Account	MMK	149,160,000	105,937.5	17,850.56
YOMA Bank-Saving Account	MMK	59,176,688.45	42,028.90	41,578.30
KBZ Bank- Current Account	MMK	644,517,336.45	457,753.79	93,256.40
KBZ Bank- Current Account	USD	503,310.15	503,310.15	258,301.76
KBZ Bank- Saving Account	MMK	274,339,296.19	194,843.25	106,280.44
KBZ Bank -Fixed Deposit	MMK	200,000,000.00	142,045.45	370,370.37
CB Bank -Current	MMK	232,841,925.37	165,370.68	73,606.12
CB Bank -Current	EURO	17,075.14	19,530.37	173.91
Myanmar Foreign Trade Bank-Current	USD	887.36	887.36	887.36
Myanmar Securities Exchange Centre Co., Ltd.	MMK	100,000,000.00	71,022.73	—
Sub Total			1,703,067.69	962,636.45
Total			1,850,686.35	1,087,322.86

8. Accounts Receivable

Account Receivable consists of:

	2018	2017
Account Receivable - Diocese	2,427.73	126.80
Account Receivable - Staff	43,972.26	242,537.33
Account Receivable – Others	42,207.86	2,735.76
Account Receivable – Donor	323,851.91	—
	412,459.76	245,399.89

9. Other Current Asset

Other Current Asset consists of:

	2018	2017
Staff Advance	1,394.25	7,366.59
Prepaid Expenses	—	25.70
Loan to Staff	3,053.98	3,023.43
	4,448.23	10,415.72

10. Account Payable

Account Payable consists of:

	2018	2017
Bonus	228.22	—
Project (Note:10-A)	243,118.54	117,457.25
Diocese	8,744.05	15,642.82
Australia Account	11,286.29	960.10
Withholding Tax	2,865.24	3,490.21
Grant Received In Advance (Note:10-B)	681,870.72	—
	948,113.06	137,550.38

10-A. Account Payable-Project

Account Payable -Project consists of:

	2018	2017
Audit Fee	12,065.08	23,078.46
Management Cost	144,994.94	30,122.31
Project Activity	86,058.52	64,256.48
	243,118.54	117,457.25

10-B. Grant Received In Advance

Grant Received in advance consists of receipts from the following donors:

	2018	2017
UNOCHA/MHF	364,049.49	—
UNICEF	107,656.89	—
UNOPS/LIFT	210,164.34	—
	681,870.72	—

11. Long Term Liabilities

Long Term Liabilities consists of:

	2018	2017
Staff Social Fund	6,229.96	24,932.80
Medical Fund	19,847.17	16,748.51
Gratuity	62,970.43	67,331.74
	89,047.56	109,013.05

12. Fund Balance

Fund balance consists of:

	2018	2017
Opening balance	1,222,236.42	1,646,403.91
Depreciation of vehicle for previous years	(14,982.85)	—
Net Income/(Expenses)	145,298.51	(424,167.49)
	1,352,552.08	1,222,236.42

13. Restricted Income from Donors

Restricted Income from Donors consists of:

Donor Name	2018	2017
KMSS National Office	5,629.20	5,313.00
Caritas Internationalist	—	1,280.61
Caritas Denmark	638,269.16	627,107.55
Caritas France (Secours Catholique)	95,226.79	(8,985.35)
Caritas Spain/ Espanola	42,032.83	82,789.13
Caritas Korea	147,389.92	148,512.46
Caritas Austria	81,959.92	
Caritas Australia	62,404.36	51,954.62
Caritas Switzerland	16,082.24	8,192.46
Caritas Japan	46,924.71	52,253.41
Misereor	209,936.52	148,308.10
CAFOD	217,747.15	95,003.89
CRS	5,608.31	73,840.16
CORDAID	179,891.88	6,749.10
EU/ Oxfam	280,330.85	276,322.85
Stromme Foundation	430,638.54	115,860.73
UNICEF	371,980.66	331,724.26
DFID/Trocaire	2,894,177.56	1,756,843.18
Irish Aid/ Trocaire	—	(1,690.58)
UNOCHA- MHF	(28,922.27)	900,957.79

METTA	—	3,779.29
UNOPS/LIFT	449,719.15	271,848.84
HARP	394,209.30	—
Porticus Asia	21,830.03	33,097.64
Caritas Thailand	—	1,029.48
Caritas Singapore - CHARIS	90,238.59	6,167.80
Caritas Asia	—	3,083.90
USAID	45,908.10	27,440.64
UKAID	241,321.38	—
IOM	10,779.22	6,190.48
Caritas Canada	57,664.58	—
Kinder missions werk	33,098.90	—
Caritas Germany	17,619.71	—
DFID/ CAFOD	—	289,046.92
	7,059,697.29	5,314,022.36

14. Approval of Financial Statements

The financial statements of the Organization for the year ended 31 December 2018 were approved by the Organization's Board of Directors and authorized for issue on 18 June 2019.

Annex-1 List of Fixed Asset

No.	Catetory	Item	Technical Specification	Tag No	Acquisition Date	Cost (MMK)	Subtotal (MMK)	Cost (USD)
1	Land and Building	Hmaw Bi Plot North Dagon Plot			1-Jul-11 30-Oct-17	27,200,000 90,000,000	117,200,000	83,238.64
2	Motor Vehicle	Toyota- Granvia 4E/9386 Mitsubishi 9F/5726 Honda- Cargo 9J/4340			27-Nov-12 20-Dec-13 20-Aug-15	20,500,000 20,500,000 8,050,000	49,050,000	34,836.65
3	Computer Equipment	Laptop	ASUS Vivo Book S 510U, Core i5	KMSS-FLAME-IT02-95	13-Feb-18	936,000		
		Laptop	ASUS Vivo Book S 510U, Core i7	KMSS-HARP-IT02-96	6-Mar-18	1,042,700		
		Laptop	ASUS Vivo Book S 510U, Core i7	KMSS-HARP-IT02-97	6-Mar-18	1,042,700		
		Laptop	ASUS Vivo Book S 510U, Core i7	KMSS-HARP-IT02-98	6-Mar-18	1,042,700		
		Laptop	ASUS Vivo Book S 510U, Core i7	KMSS-HARP-IT02-99	6-Mar-18	1,042,700		
		Laptop	DELL Inspiron 6468, Core i7	KMSS-Misereor/Solidarity-IT02-100	11-May-18	931,000		
		Laptop	ASUS A442UF, Core i7	KMSS-Corporate-IT02-101	11-May-18	1,011,500		
		Laptop	Asus	KMSS-PEACH-IT02-102	17-May-18	828,580		
		Laptop	DELL 3476, Core i7	KMSS-UK aid-IT02-123	29-May-18	956,000		
		Laptop	DELL 3476, Core i7	KMSS-UK aid-IT02-124	29-May-18	956,000		
		Laptop	DELL 3476, Core i7	KMSS-UK aid-IT02-125	29-May-18	956,000		
		Laptop	DELL 3476, Core i7	KMSS-UK aid-IT02-126	29-May-18	956,000		
		Laptop	DELL 3476, Core i7	KMSS-UK aid-IT02-127	29-May-18	956,000		
		Laptop	Dell,V5471(i7 8th,8GB)	KMSS-HARP-IT02-128	25-Oct-18	1,397,000		
		Laptop	Dell,V5471(i5 8th,8GB)	KMSS-HARP-IT02-129	25-Oct-18	1,257,000		
		Laptop	Dell,V5471(i5 8th,8GB)	KMSS-HARP-IT02-130	25-Oct-18	1,257,000		
		Laptop	ASUS (A442UF,i7 8th,8GB)	KMSS-CS&PPM-IT02-131	30-Oct-18	1,171,000		
		Laptop	ASUS (A442UF,i7 8th,8GB)	KMSS-CS&PPM-IT02-132	30-Oct-18	1,171,000		
		Laptop	DELL Inspiron 3476(i5-8250U,4 GB)	KMSS-CAFOD-IT02-133	31-Oct-18	884,000		
		Laptop	Dell-3576(i3 7th,4GB)	KMSS-CP-IT02-145	16-Nov-18	685,000		
		Laptop	DellVostro V5471 Core i5	KMSS-DPPH-IT02-146	20-Nov-18	1,265,000		
		Laptop	DellVostro V5471 Core i5	KMSS-DPPH-IT02-147	20-Nov-18	1,265,000		
		Laptop	DellVostro V5471 Core i5	KMSS-DPPH-IT02-148	20-Nov-18	1,265,000		
		Laptop	Dell Vostro V5471 Core i7	KMSS-CMDRR-IT02-149	20-Nov-18	1,405,000		
		Tablet	Samsung Galaxy Tab A 10.5(SM-T595)	KMSS-HARP-IT31-003	30-Nov-18	600,000		

Annex-1 List of Fixed Asset

No.	Catetory	Item	Technical Specification	Tag No	Acquisition Date	Cost (MMK)	Subtotal (MMK)	Cost (USD)
		Tablet	Samsung Galaxy Tab A 10.5(SM-T595)	KMSS-HARP-IT31-004	30-Nov-18	600,000		
		Tablet	Samsung Galaxy Tab A 10.5(SM-T595)	KMSS-HARP-IT31-005	30-Nov-18	600,000		
		Tablet	Samsung Galaxy Tab A 10.5(SM-T595)	KMSS-HARP-IT31-006	30-Nov-18	600,000		
		Tablet	Samsung Galaxy Tab A 10.5(SM-T595)	KMSS-HARP-IT31-007	30-Nov-18	600,000		
		Tablet	Samsung Galaxy Tab A 10.5(SM-T595)	KMSS-HARP-IT31-008	30-Nov-18	600,000	29,279,880	20,795.38
4	Office Equipment	Air Conditioner	CHIGO, Standing Type	KMSS-HARP-AC06-16	16-May-18	678,810		
		Air Conditioner	CHIGO, Standing Type	KMSS-HARP-AC06-17	16-May-18	678,810	1,357,620	964.22
5	Project Equipment	Camera	Cannon EOS- 800D	KMSS-HARP-AV06-20	8-Jun-18	990,290		
		Camera	Cannon EOS-80D	KMSS-UK aid-AV06-21	16-Aug-18	1,846,000		
		Concrete Test Hmmer	NDT James - WM 250	KMSS-HARP-TL05-01	9-Apr-18	1,165,300		
		Projector	DH761065B	KMSS-HARP-AV01-14	5-Mar-18	971,630		
		Projector	DH8340871	KMSS-DPPH-AV01-015	23-Nov-18	1,082,300	6,055,520	4,300.80
							202,943,020.00	144,135.68