

PRIVATE AND CONFIDENTIAL

**Auditors' Report and Audited Financial Report
(Statement of Income, Expenditure and Balance)
And Audit Completion Checklist
Of
Strengthening Food Security of Char Poor Peoples (SFSCP)
Project of SOLIDARITY
For the period ended December 31, 2022.
(Reporting Period – 3)**

CHOWDHURY HOSSAIN RASHID & CO.

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(Statement of Income, Expenditure and Balance)**

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Independent Auditors' Report to the Executive Committee of SOLIDARITY and to the Bread for the World (BftW).

Opinion:

We have audited the accompanying financial report of the "Strengthening Food Security of Char Poor Peoples (SFSCP) Project," implemented by SOLIDARITY, funded by Bread for the World (BftW), Germany, which comprises of the Statement of Income Plan and Statement of Expenditure Plan for the six months period (i.e. the 3rd reporting period from July 01, 2022 to December 31, 2022) ended December 31, 2022 and Statement of Balance of Project Funds and Cash Status as at that date. The financial report of the Project has been prepared by the management of SOLIDARITY based on the financial reporting provisions of Agreement of Cooperation dated August 02, 2021 between the SOLIDARITY and BftW.

In our opinion,

1. SOLIDARITY for its SFSCP Project has adhered, in all material respects, to the terms of the Agreement of Cooperation with BftW;
2. the project funds have been used, in all material respects, exclusively for the purposes of the project in accordance with the Agreement of Cooperation and the budget; and
3. the financial report of SFSCP Project for the six-month period ended December 31, 2022 shows a true and fair view of its income and expenditure for the period and of its funds and cash status at that date.

Basis for Opinion:

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the NGO in accordance with the International Ethics Standards Board for Accountants, Code of Ethics for Professional Accountants (IESBA Code), that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use:

We draw attention to the fact that the financial report has been prepared on the receipts and payments basis of accounting and in accordance with other reporting requirements of BftW. The financial report is prepared to assist SFSCP Project of SOLIDARITY to comply with the financial reporting provisions of the agreement referred to above. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for SFSCP Project of SOLIDARITY and BftW and should not be distributed to or used by parties other than SFSCP Project of SOLIDARITY or BftW. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report and Internal Control:

Management of SOLIDARITY is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting provisions of the agreement, and for such internal control as management determines is necessary to enable the preparation of financial report that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing SOLIDARITY's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease SOLIDARITY or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SFSCP Project's financial reporting process.

Auditor's Responsibility:

Our objectives are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial report.

Key Audit Matters:

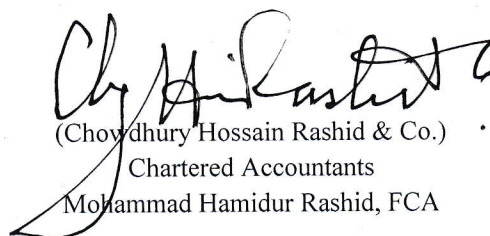
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we, however, need not feel to provide a separate opinion on these matters.

Report on Other Matters:

We also report as follows:

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- In our opinion, proper books of account as required by law have been kept by SOLIDARITY for its SFSCP Project so far as it appeared from our examination of those books; and
- The Statement of Income Plan, Expenditure Plan and Balance of the Project funds and cash status thereon dealt with by the report are in agreement with the books of account.

Dated, Dhaka,
March 18, 2023.


(Chowdhury Hossain Rashid & Co.)
Chartered Accountants
Mohammad Hamidur Rashid, FCA



Financial Report

N-BGD-2021-0166, Strengthening Food Security of Char Poor Peoples (SFSCP) Project.

SOLIDARITY

01 July 2021 to 30 June 2024.

Reporting period: 01 July 2022 to 31 December 2022.

I. INCOME/Receipts

	Respective reporting period:	Total planned income in EURO	Total planned income in national currency (BDT)	Income in national currency (BDT)					Total income 1st - 6th reporting period	Deviation from the plan (%) based on national currency
				1st reporting period Jul 2021 to Dec 2021	2nd reporting period Jan 2022 to Jun 2022	3rd reporting period Jul 2022 to Dec 2022	4th reporting period	5th reporting period		
1.0 Non-Bread for the World funds										
1.1 Funds balance from previous project		19,900	1,930,300	49,714.07	-	-			49,714.07	0.00
1.2 Project partner's own means		3,600	349,200	311,000.00	177,630.00	312,000.00			800,630.00	-58.52
1.3 Domestic funds raised by project partner				20,000.00	100,000.00	60,000.00			180,000.00	-48.45
1.4 Foreign funds raised by project partner (except 1.6)									-	0.00
1.5 Project partner's funds raised by the European Union									-	0.00
1.6 Other German public funds raised by project partner									-	0.00
1.7 Interest and exchange gains from non Bread for the World - Protestant Development Service funds									-	0.00
Total amount source 1.0		23,500	2,279,500	380,714.07	277,630.00	372,000.00	0.00	0.00	1,030,344.07	-55
2.0 Funds provided from Bread for the World		351,500	34,095,500	4,973,150.00	4,749,357.60	5,817,124.70			15,539,632.30	
2.1 Bank transfers:										
Bank transfer										
Bank transfer										
Bank transfer										
Total amount source 2.1		351,500	34,095,500	4,973,150.00	4,749,357.60	5,817,124.70	0	0	15,539,632.30	
2.2 Interest				80.00	490.00	1,136.00			1,706.00	
2.3 Exchange gains										
Total amount source 2.0		351,500	34,095,500	4,973,230.00	4,749,847.60	5,818,260.70	0.00	0.00	15,541,338.30	-54.42
Total income		375,000	36,375,000	5,353,944.07	5,027,477.60	6,190,260.70	0.00	0.00	16,571,682.37	-54.44

Remarks (if necessary):

Debit notes (considered as income in the project account of Bread for the World)
Debit notes are also considered as expenditure (see page 2).

Debit note n°: _____ Amount in nat. currency



Project number/project title:
Reporting period:

Expenditure/Payments
Expenditure items

Respective reporting period:	Total planned expenditure in EURO	Total planned expenditure in national currency (BDT)	Expenditure in national currency (BDT)				Total expenditure 1st - 6th reporting period	Deviation from the plan (%) based on
			1st reporting period	2nd reporting period	3rd reporting period	4th reporting period		
			Jul 2021 to Dec 2021	Jan 2022 to Jun 2022	Jul 2022 to Dec 2022			
Project activities	138,900	13,473,300	151,487.00	2,960,041.00	3,911,232.00	7,022,760.00	-47.88	
Base line survey, VDC issue based and capacity building meeting	7,560	733,320	68,407.00	94,725.00	272,413.00	435,545.00	-40.61	
Training on Livelihood, Farming, Poultry, Livestock, Handicraft, Small trade & Leadership	9,840	954,480	-	528,603.00	391,786.00	920,389.00	-3.57	
Seed Money Support	108,900	10,563,300	-	2,180,670.00	3,138,420.00	5,319,090.00	-49.65	
Support on Tubewell, Sewing Machine, Poultry & Livestock	46,500	4,510,500	-	774,170.00	2,956,545.00	3,730,715.00	-17.29	
Support for small business	33,550	3,254,350	-	727,500.00	181,875.00	909,375.00	-72.06	
Support for Agriculture activities	28,850	2,798,450	-	679,000.00	0.00	679,000.00	-75.74	
Campaign and Day observation, VDC Office & Food Bank.	9,740	944,780	35,500.00	56,597.00	74,752.00	166,849.00	-82.34	
Staff Meeting & Training	2,860	277,420	47,580.00	99,446.00	33,861.00	180,887.00	-34.80	
Personnel	188,300	18,265,100	2,589,203.00	2,536,758.00	2,726,685.00	7,852,646.00	-57.01	
Project Personnel	151,500	14,695,500	2,081,948.00	2,001,681.00	2,195,013.00	6,278,642.00	-57.28	
Project Coordinator	27,360	2,653,920	370,026.00	407,644.00	394,812.00	1,172,482.00	-55.82	
Finance & Admin, Project Officer	37,970	3,683,090	546,338.00	376,573.00	572,691.00	1,495,602.00	-59.39	
Union Coordinator	73,870	7,165,390	999,072.00	1,034,024.00	1,049,844.00	3,082,940.00	-56.97	
Speed boat Driver & Support	12,300	1,193,100	166,512.00	183,440.00	177,666.00	527,618.00	-55.78	
Administration/ Management Personnel	36,800	3,569,600	507,255.00	535,077.00	531,672.00	1,574,004.00	-55.91	
Executive Director- 10%	23,750	2,303,750	321,258.00	353,918.00	342,780.00	1,017,956.00	-55.81	
Additional Executive Director 10%	6,420	622,740	86,874.00	95,705.00	92,688.00	275,267.00	-55.80	
Head of Finance, PME-Officer	4,150	402,550	65,583.00	48,505.00	60,420.00	174,508.00	-56.65	
Support Person	2,480	240,560	33,540.00	36,949.00	35,784.00	106,273.00	-55.82	
Administration	28,100	2,725,700	296,389.00	520,136.00	442,248.00	1,258,773.00	-53.82	
Head office: 40% Rent & 50% Utilities; 4 Project offices: rent & utilities	8,420	816,740	93,056.00	167,927.00	132,700.00	393,683.00	-51.80	
Office overheads & maintenance; software license & website; communication fee & postal service; audit; banking fees	8,500	824,500	91,335.00	120,326.00	129,963.00	341,624.00	-58.57	
Travel cost, Speed boat & Motorcycle fuel & maintenance	11,180	1,084,460	111,998.00	231,883.00	179,585.00	523,466.00	-51.73	
Procurement	2,500	242,500	242,702.00	-	-	242,702.00	0.08	
1 Motor cycle, 1 Laptop, 1 Printer	2,500	242,500	242,702.00	-	-	242,702.00	0.08	
Construction	0.00	0	-	-	-	-	0.00	
Evaluations	10,000	970,000	-	-	-	-	-100.00	
External Evaluations	10,000	970,000	-	-	-	-	-100.00	
Subtotal	367,800	35,676,600	3,279,781.00	6,016,935.00	7,080,165.00	16,376,881.00	-54.10	
Reserve*	7,200	698,400	-	-	-	-	-100.00	
total expenditure	375,000	36,375,000	3,279,781.00	6,016,935.00	7,080,165.00	16,376,881.00	-54.98	

Remarks (if necessary):
Debit notes (considered as expenditure in the project account of Bread for the World).
Debit note n°.

Amount in national currency

Debit note n°.

Amount in national currency

Debit note n°.

Amount in national currency

Debit note n°.

Remarks (if necessary):

Debit notes (considered as expenditure in the project account of Bread for the World).

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Amount in national currency

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Amount in national currency



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Amount in national currency

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Amount in national currency

Project number/project title: N-BGD-2021-0166, Strengthening Food Security of Char Poor Peoples (SFSCP) Project.
Reporting period: 01 July 2022 to 31 December 2022.

III. Balance of the project funds and cash status

	In national currency (BDT)
1. Balance of the project funds at start of the reporting period:	1,084,705.67
2. Plus total income during the reporting period:	6,190,260.70
3. Less total expenditure during the reporting period:	7,080,165.00
4. Balance of the project funds at the end of the reporting period:	<u>194,801.37</u> (A)
5. Cash status	
Cash in hand:	-
Cash at bank:	194,801.37
6. Balance of cash at the end of the reporting period:	<u>194,801.37</u> (B)
Reconciliation of differences between (A) and (B), if applicable:	0.00


creditors	debtors
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This is to confirm that the contents of this financial report are in accordance with the information and structure of the expenditure and income plan and with the cooperation agreement between project partner and Bread for the World.

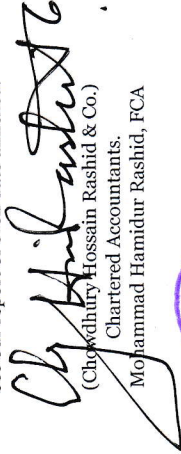
Remarks (if necessary):


 (Lovely Rani Shaha)
 Finance Manager, SOLIDARITY

Dated, Dhaka,
 March 18, 2023.


 (S.M. Harun Or Rashid Lal)
 Executive Director, SOLIDARITY

Auditors' Report.
 See our report of even date annexed.


 (Chowdhury Hossain Rashid & Co.)
 Chartered Accountants.
 Mohammad Hamidur Rashid, FCA



**Audit Completion Checklist
Of
Strengthening Food Security of Char Poor Peoples (SFSCP)
Project of SOLIDARITY
For the period ended December 31, 2022.
(Reporting Period – 3)**

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Audit completion checklist

Project Partner: SOLIDARITY
 Project number: N-BGD-2021-0166
 Audit period: July 01, 2022 to December 31, 2022.

This is a checklist of some of the key issues that may arise from the Audit Agreement (AA) and the Cooperation Agreement (CA). It is not intended to be a complete checklist either for that documentation or for other issues that might emerge through the audit. Auditors are encouraged to add lines to this checklist for any other matters that they believe it would be appropriate to include in the circumstances of each particular audit.

Note: Bread for the World expects that all exceptions (apart from those that are clearly trivial) will be included in the management letter (ML); all material exceptions must also be reported in the audit report.

AA or CA §	Component	Confirmation	Reference to ML §	If not in ML, other remarks/ observations/ explanations/ comments
AA 2.2.1	Under which standard(s) have you reported? (Note: reporting under any other standard cannot be accepted).	<input checked="" type="checkbox"/> ISA 800 only <input type="checkbox"/> ISA 800 (opinion c) & ISAE 3000 (opinions a und b only)		
AA 2.3	Has the audit been conducted in accordance with the International Standards on Auditing?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		If "no", please explain:
AA 2.3	Did the audit team work at the office of the Project Partner, at least for the purposes of obtaining most audit evidence?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		If "no", please explain:
CA 4.1	Have the budgeted local/third party cash contributions been actually received, recorded and used for the project?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		If "no", please explain:
CA 4.5	Has a separate bank account been opened for the project and all project relevant income have been transferred to this account?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		If "no", please describe how project funds are separated from other funds:
CA 4.10	Have any indications been identified that the Project Partner may be unable to provide its own contribution as defined by the ratio of funding?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		If "yes", please explain:



AA or CA §	Component	Confirmation	Reference to ML §	If not in ML, other remarks/ observations/explanations/comments
CA 4.12	Has expenditure been accounted under the main expenditure item "Reserve" and was it duly authorized by Bread for the World?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		
CA 4.17	Have payments to third parties (debit notes) been reported in the appropriate place on the financial report?	<input type="checkbox"/> yes <input type="checkbox"/> no <input checked="" type="checkbox"/> N/A		
CA 4.18	Have the project funds transferred by Bread for the World been spent within the specified time?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
	Does the fund balance at the reporting date indicate that the requests for transfer of funds have been overstated? Does it result in a considerable amount? (see page 3 of the financial report)	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		If "yes", please explain the cause of the considerable amount. <i>The unspent Balance of BDT 194,801.37 at the end of the reporting period appeared to be reasonable.</i>
CA 4.20	Have any exchange rate gains/losses and/or interest gains been properly recorded, reported and used for the project (if applicable)?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> N/A		Bank interest BDT 1,136.00 was received.
CA 4.21	Does the Project Partner hold proper title to any immovable assets/buildings acquired with project funds and are they used for the purposes of the project?	<input type="checkbox"/> yes <input type="checkbox"/> no <input checked="" type="checkbox"/> N/A		
CA 4.24	Did the Project Partner adhere to the legal regulations and provisions for insurance, taxes and social security and were payroll deductions etc. paid to the appropriate authority by the due dates?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
CA 4.25	Have all other relevant local/national laws and regulations been complied with?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no		
CA 4.26	Have provisions and/or reserve funds been created from project funds?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		If "yes", please describe nature and respective legislation:
CA 4.26	Have provisions other than required by law and/or reserve funds been created from project funds?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		If "yes", please describe:
CA 5.3	For all goods and services exceeding EUR 410 was a proper tendering process applied (at least three offers) and the decision properly justified and documented?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> N/A		



AA or CA #	Component	Confirmation	Reference to ML §	If not in ML, other remarks/ observations/explanations/comments
CA 5-4	Is there an inventory (fixed asset register) of all movable assets purchased with project funds with a value exceeding EUR 410 and have those assets been inspected?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> N/A		
CA 6.1	What is the accounting basis for the financial reports? If the modified cash basis was used: Have debtors/prepayments and liabilities been analysed and reported in accordance with the structure of the approved budget?	<input checked="" type="checkbox"/> cash basis <input type="checkbox"/> modified cash basis <input type="checkbox"/> yes <input type="checkbox"/> no		Please describe briefly the modifications (if appropriate):
CA 8.1. h and i	Is the pledge/mortgage of project assets and funds imminent, have insolvency proceedings been applied for or opened, or has the Project Partner's liquidation been decided?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		
CA 8.1. j	Have changes regarding the bank account signatory/ies been made?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		
CA 8.1. k	Have any changes regarding the staff with authorisation to legally represent the Project Partner been made?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no		

Checklist filled in on: 18.03.2023
 Checklist filled by: Ahsan Habib
 Function: Audit Team Leader

Dhaka, Dated,
 March 18, 2023.

Rashid
 (Mohammad Hamidur Rashid, FCA)
 Managing Partner, Chowdhury Hossain Rashid & Co.
 Chartered Accountants.

