

# Financial statements and Independent Auditors' Report

**The VinaCapital Foundation**

For the year ended 31 December 2022



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# Report of the Board of Directors and the Executive Director

The Board of Directors and the Executive Director submit its report together with the audited financial statements of The VinaCapital Foundation ("the Foundation") as at and for the year ended 31 December 2022.

## Results of operations

The results of the Foundation's operation for the year ended 31 December 2022 are presented in the statement of comprehensive income.

## Board of Directors and the Executive Director

The members of the Board of Directors and the Executive Director during the year and to the date of this report were:

### Board of Directors:

Mr. Don Lam	Chair of the Board, The VinaCapital Foundation CEO, VinaCapital
Ms. Robin King Austin	Vice Chair of the Board, The VinaCapital Foundation Managing Director, Austin Homes Interiors
Mr. Brook Taylor	Member of the Board, Treasurer and Chair of Audit Committee, The VinaCapital Foundation Chief Executive Officer – Asset Management, VinaCapital
Mr. Nguyen Hong Nam	Member of the Board, The VinaCapital Foundation Founder and Managing Director, NQT Education Centres
Mr. Pham Phu Ngoc Trai	Member of the Board, The VinaCapital Foundation Chairman and CEO, Global Integration Business Consultants
Ms. Katherine Yip	Member of the Board, The VinaCapital Foundation Chairman, KYG International
Ms. Andy Ho	Member of the Board, The VinaCapital Foundation Group Chief Investment Officer - VinaCapital
Mr. Le Nhan Phuong, MD, Mph	Member of the Board, The VinaCapital Foundation Medical Doctor Executive Director, RHE
Ms. My Nguyen	Member of the Board, The VinaCapital Foundation CEO, MMSoft., Ltd
Dinh Thi Phuong Hoa	Member of the Board, The VinaCapital Foundation Researcher & Consultant for Vietnam Ministry of Health in child and newborn health

### CEO and Executive Director

Mr. Kivette Jesse Walter Radman      Appointed from 1 February 2018

## Auditors

The Foundation's financial statements as at and for the year ended 31 December 2022 have been audited by Grant Thornton (Vietnam) Limited.

## Subsequent events after the reporting date

There were no significant events which are required to be either adjusted or disclosed in the financial statements.

## The Board of Directors and the Executive Directors' responsibility in respect of the financial statements

The Board of Directors and the Executive Director are responsible for ensuring the financial statements are properly drawn up to give a true and fair view of the financial position of the Foundation as at 31 December 2022 and of the results of its operations and its cash flows for the year then ended. In preparing the financial statements, the Board of Directors and the Executive Director are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal control;
- prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Foundation will continue its operations in the foreseeable future; and
- control and direct effectively the Foundation in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors and the Executive Director are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors and the Executive Director confirm that the Foundation have complied with the above requirements in preparing the financial statements.

## Statement by the Board of Directors and the Executive Director

In the opinion of the Board of Directors and the Executive Director, the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Foundation as at 31 December 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

On behalf the Board of Directors and the Executive Director,



  
**Kivette Jesse Walter Radman**  
CEO and Executive Director

Ho Chi Minh, Vietnam  
31 March 2023



# Grant Thornton

## Independent Auditors' Report

on the financial statements of The VinaCapital Foundation  
for the year ended 31 December 2022

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No. 22-21-255

To the Board of Directors of The VinaCapital Foundation

### Opinion

We have audited the accompanying financial statements of The VinaCapital Foundation (“the Foundation”), prepared on 31 March 2023, which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 27.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

### Other information

Board of Directors and the Executive Director is responsible for the other information. The other information comprises from Note 1.1 to Note 1.6 in the Notes to Financial Statements included on pages from 9 to 14, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

### Basis for Opinion

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

### Board of Directors and the Executive Directors’ Responsibility for the financial statements

The Board of Directors and the Executive Director are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

# Statement of financial position

as at 31 December 2022

	Notes	31 December 2022 USD	31 December 2021 USD
<b>ASSETS</b>			
<b>Non-current</b>			
Property and equipment	5	2,241	10,577
Right-of-use assets	6.1	59,490	76,487
<b>Non-current assets</b>		<b>61,731</b>	<b>87,064</b>
<b>Current</b>			
Short-term deferred expenses		-	1,827
Trade and other receivables	7	452,358	526,421
Held-to maturity investments	8	237,750	284,102
Cash and cash equivalents	9	1,234,475	1,425,620
<b>Current assets</b>		<b>1,924,583</b>	<b>2,237,970</b>
<b>TOTAL ASSETS</b>		<b>1,986,314</b>	<b>2,325,034</b>
<b>RESOURCES</b>			
<b>Equity</b>			
Foreign currency translation reserve		(129,491)	(71,014)
Retained earnings		1,938,576	2,193,487
<b>Total equity</b>		<b>1,809,085</b>	<b>2,122,473</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Long-term lease liabilities	6.2	49,035	65,482
<b>Non-current liabilities</b>		<b>49,035</b>	<b>65,482</b>
<b>Current</b>			
Current lease liabilities	6.2	16,447	14,888
Provisions		-	5,734
Employee obligations		-	27,925
Trade and other payables	10	111,747	88,532
<b>Current liabilities</b>		<b>128,194</b>	<b>137,079</b>
<b>Total liabilities</b>		<b>177,229</b>	<b>202,561</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,986,314</b>	<b>2,325,034</b>

# Statement of comprehensive income

for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 USD	Year ended 31 December 2021 USD
<b>Revenue from donations</b>	11	<b>1,964,975</b>	2,550,565
<b>Expenses</b>			
Costs of improving health care access and outcomes for poor children	12	(1,307,681)	(858,131)
Costs of increasing capacity for pediatric and cardiac care	13	(149,871)	(1,487,481)
Education costs for disadvantaged children and youth	14	(258,263)	(156,797)
General program costs	15	(331,247)	(256,770)
Fund raising costs	16	(92,693)	(81,280)
Administration costs	17	(129,034)	(121,962)
<b>Total expenses</b>		<b>(2,268,789)</b>	(2,962,421)
<b>Operating expenses</b>		<b>(303,814)</b>	(411,856)
Interest income		56,455	5,098
Finance cost		(7,552)	(6,895)
<b>Losses for the year</b>		<b>(254,911)</b>	(413,653)
<b>Other comprehensive income for the year</b>			
Foreign currency translation difference		(58,477)	24,070
<b>Total other comprehensive (expenses)/income for the year</b>		<b>(58,477)</b>	24,070
<b>Total comprehensive expenses for the year</b>		<b>(313,388)</b>	(389,583)

# Statement of changes in equity

for the year ended 31 December 2022

	Retained earnings	Foreign currency translation reserves	Total
	USD	USD	USD
Balance at 1 January 2021	2,607,140	(95,084)	<b>2,512,056</b>
Loss for the year	(413,653)	-	<b>(413,653)</b>
Other comprehensive expense - Foreign currency translation difference	-	24,070	<b>24,070</b>
<b>Balance at 31 December 2021</b>	<b>2,193,487</b>	<b>(71,014)</b>	<b>2,122,473</b>
Balance at 1 January 2022	2,193,487	(71,014)	<b>2,122,473</b>
Loss for the year	(254,911)	-	<b>(254,911)</b>
Other comprehensive income - Foreign currency translation difference	-	(58,477)	<b>(58,477)</b>
<b>Balance at 31 December 2022</b>	<b>1,938,576</b>	<b>(129,491)</b>	<b>1,809,085</b>



# Statement of cash flows

for the year ended 31 December 2022 (indirect method)

	Notes	Year ended 31 December 2022 USD	Year ended 31 December 2021 USD
<b>Cash flow from operating activities</b>			
Losses for the year		(254,911)	(413,653)
<b>Non-cash adjustments for:</b>			
Depreciation		25,333	28,561
Change in provisions		(5,734)	-
Interest expense on lease liabilities		7,552	6,895
<b>Operating losses before adjustments to working capital</b>		<b>(227,760)</b>	<b>(378,197)</b>
Changes in accounts receivable		74,063	74,227
Changes in deferred expenses		1,827	-
Changes in accounts payable		(4,710)	(106,577)
<b>Net cash flows used in operating activities</b>		<b>(156,580)</b>	<b>(410,547)</b>
<b>Cash flow from Investing activities</b>			
Changes in held-to-maturity investments		46,352	191,587
<b>Cash flows generated from investing activities</b>		<b>46,352</b>	<b>191,587</b>
<b>Cash flow from Financing activities</b>			
Payments of lease liabilities		(22,440)	(21,420)
<b>Cash flows used in financing activities</b>		<b>(22,440)</b>	<b>(21,420)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(132,668)</b>	<b>(240,380)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>1,425,620</b>	<b>1,641,930</b>
Effect of exchange rate difference		(58,477)	24,070
<b>Cash and cash equivalents, end of year</b>		<b>1,234,475</b>	<b>1,425,620</b>



# Notes to the financial statements

For the year ended 31 December 2022

## 1. Nature of operations

The VinaCapital Foundation ("the Foundation") is a non-profit, non-governmental, non-religious and humanitarian organisation, established under Certificate No. C200711501675 dated 26 April 2007 issued by the State of North Carolina in the United States of America for an unlimited period of operation. The Internal Revenue Service has confirmed permanent status as a 501(c)3 public charity. In order to operate in Vietnam, the Foundation obtained Operation Licence No. BM 453/UB-HD, dated 20 June 2008, which was subsequently updated by Operation Licence No. BM 138/UB-DA dated 13 January 2010, Project Establishment Registration Certificate No. 79/CNV-VPDA dated 19 December 2014 and Project Establishment Registration Certificate No. 79/CNV-VPDA dated 27 May 2020 and is valid until 16 May 2024.

As at 31 December 2022, the Foundation had 23 employees (31 December 2021: 21 employees).

The Foundation's registered office is located at 16 Holly Tree Lane, Post Office Box 1357, Highlands, Macon County North Carolina 28741, The United States of America.

The Foundation's representative office is located at 14E21 Thao Dien, Thao Dien ward, Thu Duc City, Ho Chi Minh City, Vietnam.

The mission of the Foundation is to empower the youth and mothers of Vietnam by providing opportunities for growth through health and education projects. The Foundation engages in a number of different programs that support its mission as follows:

### 1.1 Improving health care access and outcomes for poor children

#### **Heartbeat Vietnam (HBVN) & Grassroots Program**

The program's goal is to fund life-saving heart surgeries for financially disadvantaged children under 18 years old in Vietnam, to treat congenital heart defects. To support a child's surgery cost, HBVN accumulates funds from Vietnam's Children's Health Insurance and/or Provincial Fund for Child Protection or Provincial Sponsoring Association for Poor Patients where children resides, and other charity/development organizations then matches the remaining amount collected using VCF resources. HBVN partners with Vietnam's top hospitals and surgeons in Ho Chi Minh City, Hanoi, Hue, Can Tho and Da Nang to ensure that our children receive the best cardiac care possible.

Since 2021, HBVN has broadened its program to become Grassroots Programs: give more support to the underprivileged children and provide urgent grassroots solutions related to children's medical health include:

- Pediatrics cancer treatment, providing psychological support activities/ environment for pediatric cancer patients such as classroom of hope, nutrition program for pediatrics cancer patients, education to raise awareness and knowledge for the parents/ caregivers to support their children.
- Extraordinary poverty assistants such as clubfoot cases, pacemaker cases, etc.
- Urgent response campaign to the most special vulnerable groups such as Center Disaster Relief project, Urgent response to Covid 19 needs, Covid treatment for children, etc.

From 2006 to 2022, total 9,742 children have been given surgeries to correct congenital heart defects. Of these number 807 children received life-saving operations in 2022 (2021: 608 children). In 2022, The Grassroots Programs continuously funded orthopaedic treatment costs and family grants to cover nutrition, travel and other costs associated for 01 clubfoot child; supported 4 nutrition training courses for pediatric cancer children's caregivers, organized 4 classrooms of hope for pediatric cancer patients, provided the gifts and psychosocial activities for 800 disadvantaged children and funded medical treatment for 1 child with eye problem

HBVN's Family grants, Continuing Care grants and scholarships for disadvantaged children

In addition to the surgery costs, there are other treatment expenses that are unaffordable to the underprivileged families of beneficiaries such as cost of transportation, medical check-up costs, nutritional costs and the loss of daily wage since the parents have to take days off when accompanying their children to the medical center. Therefore, to the beneficiaries of which heart surgeries are funded by HBVN, HBVN also provides three kinds of support allowance: (1) Family grants, (2) Continuing care grants and (3) HBVN's scholarship.

From 2006 to 2022, HBVN has provided 740 Family grants (number of beneficiaries: 722) and 918 Continuing care grants (number of beneficiaries: 460) and 242 HBVN's scholarships (number of beneficiaries: 96) for the eligible heart children. Of these number, 47 Family grants (number of beneficiaries: 45), 165 Continuing care grants (number of beneficiaries: 77) and 10 HBVN's scholarships (number of beneficiaries: 6) were provided in 2022.

#### **Mobile medical outreach clinics (ROC)**

The Foundation started a program in 2007 to hold provincial outreach clinics staffed by volunteer doctors and surgeons from major heart centers in Vietnam. Each outreach clinic provides free care to between 500 and 1,000 children, including diagnostic testing, treatment, and placement on the cardiac surgery waiting list and post-operative checkups. These clinics enable hundreds of poor children to be examined and diagnosed by the country's top cardiologists and surgeons without having to leave their home province. The clinics increase early detection of heart conditions in children and build capacity building by training provincial doctors in the diagnosis and treatment of the diseases. Since 2007, Outreach Clinics for Cardiac Care have examined 296,959 children in 286 districts in 49 provinces offering free diagnosis including 149,120 cardiac ultrasounds, identifying 10,737 children suffering with congenital heart disease and 8,715 children who require heart surgery; most had never been diagnosed.

In 2022, 48,286 children were examined including 31,117 cardiac ultrasounds with 690 of these being found to have CHD. Of these, 373 were diagnosed as requiring surgery

### **1.2 Increasing capacity for pediatric and cardiac care**

The capacity for pediatric care, pediatric intensive care, pediatric emergency care, neonatal care, cardiac care, and cardiac surgery can be dramatically and immediately increased by adding equipment and providing training. To that end, the Foundation has developed and implemented several large-scale capacity-building programs:

#### **Critical Response: Training & equipment for emergency pediatric life support**

The Foundation provides training on pediatric advance life support (PALS) or Advance Pediatric Life Support (APLS) to doctors and nurses. PALS/APLS is a standardized approach to the evaluation and resuscitation of children in respiratory or cardiac arrest enabling doctors and nurses to save a child more quickly and prevent needless deaths.

This program provides emergency training and stocked crash carts to emergency rooms and pediatric (Intensive Care Unit) ICU's. It also provides training to nurses on how to maintain equipment and assistance to doctors during a critical situation or code. Since 2009 to date, the Critical Response program trained 1,501 Vietnamese doctors and nurses from 246 hospitals and 111 Health centers. We also trained 72 APLS Vietnamese trainers. The program donated 186 life-saving pediatric crash carts to emergency rooms and intensive care units in 136 hospitals and 5 Commune Health Centers. Since the program started over 18,421 children's lives have been saved as this trainings and medical equipment has been a critical component of the lifesaving effort.

In 2020, Mr. Sun Program signed MOUs with 07 partner hospitals care across the North, the South and the Central of Vietnam, including 01 National Institute of Hematology and Blood Transfusion, 04 national and provincial pediatric hospitals and 02 general oncology hospitals. There are 200 pediatric cancer patients from 07 partner hospitals that received 100% of treatment cost from Mr. Sun program in 2020. In collaboration with partner hospitals and donors, the program also often organizes events for pediatric cancer patients on special days. For example: Tet Holiday and Cancer World Day events in February, Children's Day in June, Full-moon Festival in August, Christmas Eve and New Year Eve in December, etc.

#### **Retinopathy of prematurity program (ROP)**

Premature babies with Retinopathy of Prematurity is rising as a global concern in developed, as well as, developing countries. ROP is a major cause of infant blindness. ROP blindness can be avoidable, but Viet Nam is still developing the necessary steps of early screening, early diagnosis and less invasive treatment. Since September 2017 ROP program and the Eye Unit of Children Hospital #1 started a project to improve the quality of ROP eye care within the context of doctors' high volume of patients and time constraints. We work in collaboration with local hospitals and government institutions to identify at-risk premature babies to provide families with premature infants with timely eye health screening, parent support education, transportation services for family from rural provinces to hospitals in Ho Chi Minh City. For families who cannot pay for a surgery or medical care, we provide essential assistance to obtain financial support to save their infants for lifelong blindness due to retinal detachment.

Between 2017 and 2022, we have saved 100 infant babies from blindness, screened ROP more than 12,000 babies, treated 2,073 babies by doing lasers and injecting Avastin, providing knowledge and information about ROP and strategies in management of infants' prognosis, course of treatment, and follow-up for 1,317 parents whose babies are in NICU and over 5,457 intakes of ROP babies have been processed.

#### **1.3 Water Filter System**

Since 2017, there have been 19,969 beneficiary children and patients who received clean water each day in Quang Nam, Ho Chi Minh city, Dong Thap, Ninh Thuan, Binh Thuan, Tra Vinh, Bac Kan, Yen Bai, Quang Ngai, Dak Lak, Ha Giang and Long An. The Ministry of Natural Resources and Environment of Vietnam states that almost 80% of the diseases in Vietnam are caused by polluted air and/ or water. There are many cases of cholera, typhoid, dysentery and malaria each year in the country. VCF filter systems for hospitals and schools reduces morbidity and mortality for the most vulnerable, the ill and the young.

#### **1.4 Hearing Program**

In 2016, the Foundation began partnering with the Starkey Hearing Foundation to provide professional hearing exams, doctor checkup and hearing aids to hearing impaired. The Foundation has improved the hearing of 6,886 patients across Vietnam. Not only provide free hearing aids but also free Aftercare Program to ensure maintenance of hearing aids and provide hearing care for patient.

#### **1.5 Education for disadvantaged children and youth**

The Foundation recognises that a formal education is a key factor in breaking out of the poverty cycle, and created programs that aim to make education more accessible to the most disadvantaged youth in Vietnam.

##### **A Brighter Path: Scholarships for ethnic minority girls**

This program offers hope for a brighter future and a break from the poverty cycle for ethnic minority girls in Vietnam by providing marginalized ethnic minority girls with scholarships to attend high school and university. Each student receives a seven-year scholarship (three years of high school and four years of university, or until they finish their formal education.) that includes support for tuition, books, food, housing, and uniforms or clothing. The program's success also depends on informal education that includes classes on life skills, computers and IT workshops, leadership skills and other relevant knowledge transfer.

Phase 2 of the program was started in June 2017 with 50 excellent ethnic girls from 36 provinces. 100% of scholars graduated from high school in 2020 and 98% of them were accepted to university/college.

In 2018 through 2021, VCF funded full university scholarships to 28 ethnic minority female students in Mekong Delta. 4 of them graduated from medical schools.

In addition, VCF provided 100 scholarships to disadvantaged students in 2021 and 360 scholarships in 2022 for disadvantaged students in Vietnam.

Since inception, VCF has provided 2,351 scholarships to disadvantaged students across Vietnam.

### **Brighter Path: Girls' Club**

Brighter Path Girls' Club (BPGC) is an effective low-cost model to combat social prejudice and outdated paternalistic customs, which create enduring obstacles to girls' development, impede gender equality and encourage gender-based violence in ethnic minority communities. The four core education elements taught are sexual and reproductive health, leadership, financial literacy, and legal rights. Ethnic minority girls are provided with empowering knowledge, confidence, and essential skills to determine their futures and how to overcome individual and collective barriers to creating sustainable cultural change, poverty reduction, support the implementation of gender equality, and improve the status of women in ethnic minority areas.

In 2020, the pilot of BPGC was initiated in Thai Nguyen and Quang Nam Provinces. The pilots resulted in significant improvements in club members' knowledge and perceptions demonstrated by pre and post-intervention surveys: 97% of the girls recognized their rights to education and personal growth, whereas the rate was 0% before the pilot; 96.6% of the girls now have a thorough understanding of adolescent development, and nearly 90% understand that child marriage is an obstacle to health and livelihood improvements. All stakeholders recognize that improvements for ethnic girls must come from within the community and will depend to a large extent on the "Club graduates" advocacy in their villages

In 2021, VCF continued implementing the Brighter Path Girls' Clubs in additional 11 high schools in Thai Nguyen and Tra Vinh Provinces, engaging more than 440 female students.

In 2022, VCF implemented two more Clubs in Thai Nguyen and five more in Tra Vinh Provinces, engaging 280 students. Today, BPGC has 900 active members.

VCF also provided "Brighten up the Future" scholarship to support 744 ethnic minority students in Dong Nai, Cao Bang, Dak Lak, Quang Ninh and Long An Provinces in 2018 and 2019. In addition, VCF implemented the project to renovate the library facility for Tan Nhut Primary School in Binh Chanh District, Ho Chi Minh City.

### **Care to Rise**

The VinaCapital Foundation (VCF) and the HCMC Youth Union (YU) signed an agreement to work together in 3 phases of comprehensive programming under the CARE TO RISE banner to protect and provide the needs of over 2,200 orphans until they become adults. In Phase 1 VCF initiated a professional survey developed by MD's and PhD's at the National University. Early December, 2021, these same professors trained over 100 YU surveyors to visit every orphan's home, collect survey data, perform a home eye/vision test and assess the orphans' living environment. Surveyors immediately began the task of visiting each orphan in 22 HCMC districts to complete the detailed surveys. Phase 1 of the program is 88% completed and many of the orphans with serious health or mental problems have had an initial health check.

As the surveys are completed, Phase 2 begins and requires that surveys be reviewed by medical professionals from National University as well as from other relevant healthcare professionals/hospitals. These assessments were developed into a unique long term plan of action for each child prioritizing physical and emotional health issues but with simultaneous assistance for nutrition and educational needs including tutoring and educational communications devices. Phase 2 remedial assistance will require 6- 12 months to implement effectively for over 2,200 orphans. Completion of Phase 2 depends completely on the collective nature of each unique prognosis, actual patient progress, and the numbers of orphans needing a particular type of assistance. Phase 3 is the long term care of our orphans. VCF acts as the major organizer of the various important organizational elements that make the VCF/YU model successful. VCF, a US INGO, is also the lead fundraiser and ensures that all donations are used in the most transparent and efficient way to maximize orphan assistance.

Other funding sources, for example the monthly contributions to each orphan/orphan family by the Department of Labor, Invalids and Social Affairs, is noted and CARE TO RISE is over and above those contributions. There is no duplication of efforts or double funding. CARE TO RISE will provide for each orphan's needs unless that need is already provided by the government or another assistance source.

In 2022, VCF, HCMC Youth Union, HCMC Young Physicians' Association and City Children Hospital have provided health examinations: general health check, dental check-up, oral and maxillofacial examination, eye examination, psychological check-up, musculoskeletal examination, and physical therapy for 2,123 children and 186 children of treatment who were not able to participate in 2022 healthcare examination.

Besides that, by Scholarship Program, Family Grant Support Program, Full-moon Festival, Tet Holiday Festival... VCF and HCMC Youth Union have provided 839 financial grants and 3,386 gift packages for Covid-19 orphans in Ho Chi Minh City.

## 2. Statement of compliance with IFRSs and adoption of new and amended standards and interpretations

### 2.1 Statement of compliance with IFRSs

The financial statements of The VinaCapital Foundation have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB").

### 2.2 Changes in accounting policies

#### 2.2.1 New and revised standards that are effective from 1 January 2022

The following accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted that do not have a significant impact on the Group's financial results or position:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements (2018-2020 Cycle):
  - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
  - Fees in the '10 per cent' Test for De-recognition of Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments to IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41).

#### 2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Organisation

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group which included:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and liabilities from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8).

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Organisation's financial statements.

## 3. Summary of significant accounting policies

### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### 3.2 Basis of presentation

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, the measurement bases of which are described in the accounting policies below. These policies have been consistently applied to all the years presented unless otherwise stated.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4 to the financial statements.

### 3.3 Foreign currency translation

The Foundation maintains its accounts using the VND as its functional currency. Any transactions denominated in a foreign currency are re-measured into VND using the exchange on the date of the transaction. Any unrealized or realized gains or losses from transactions denominated in a currency other than the VND are recognised in the statement of profit or loss and other comprehensive income.

For management purpose, the Board of Directors and the Executive Director presents the equivalent United States Dollars ("USD") amount of each item of the financial statements. Assets and liabilities were translated using the exchange rate at the Statement of Financial Position date of VND 23,790/USD (31 December 2021: VND22,640/USD). Income and expense accounts and cash flows were translated at the actual transaction rates on the date of the transactions. Any resulting transaction adjustments are included in the other comprehensive income/(loss) section of the Statement of Financial Position.

Foreign currency differences are generally recognised in the Statement of comprehensive income.

### 3.4 Property and equipment

Property and equipment are valued at historical cost less accumulated depreciation and accumulated impairment losses.

After the initial recognition, historical cost of assets, machinery and equipment will be increased by the additional costs of replacing parts of such assets when the costs incurred if it is probable that the future economic benefits embodied within the assets will flow to the Foundation and the cost of assets can be measured reliably. The costs of replaced parts as a result of such replacements are expensed at the time of replacement. All other costs associated with the maintenance of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful life of the assets, at the following annual rates:

	Year
Office equipment	3
Office furniture	7

### 3.5 Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction less the cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

### 3.6 Leased assets

#### ***The Foundation as a lessee***

For any new contracts entered, the Foundation considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Foundation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Foundation
- the Foundation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Foundation has the right to direct the use of the identified asset throughout the period of use. The Foundation assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Foundation recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Foundation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Foundation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Foundation also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Foundation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Foundation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Foundation has elected to account for the exemptions under IFRS 16 "Leases", including short-term leases and leases of low-value assets, using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. During the period, all operating lease contracts entered by the Foundation are short-term.

### 3.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand as well as short-term highly liquid investments such as bank deposits with original maturity terms of not more than three months.

### 3.8 Employee benefits

The Foundation entities, which are incorporated in Viet Nam, participate in certain Government's defined contribution plans and benefit plan. Details of the defined contribution and benefit plans that these companies participate include:

The Foundation participates in the compulsory contribution plan required by the Government of Vietnam pursuant to current Vietnamese regulations on labour, employment and relevant areas, which have been managed by Vietnam Social Insurance. The compulsory contribution plans include Social insurance, Health insurance and Unemployment insurance. The amounts to be contributed are based on the prevailing regulations. The Foundation has no further obligation to fund the-post employment benefits of its employees.

Participants, the calculations, declarations and payments for obligations for both the Foundation and participants are based on the prevailing regulations specified to each period of time.

#### **Defined benefits plan**

##### **Severance allowance**

Under the Foundation's defined benefit plans, the amount of benefit that an employee will receive on termination of employment is defined as reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Foundation.



### ***Impairment of financial assets***

The Foundation assesses on forward-looking basis the expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that Organisation expects to receive, discounted at an approximation of the original effective interest rate.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Organisation is exposed to credit risk.

ECL are measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- Lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the terms to which ECL model applies.

For trade receivables, the Organisation applies a simplified approach in calculating ECL. Management considers that receivables have low credit risk and their expected collectability of the future cash flows are usually not deteriorated since initial recognition. Significant receivables are considered for impairment on a case-by-case basis when they are long overdue at the reporting date or when objective evidence that a specific counterparty may default. Management considers that the long overdue and default receivables indicate that they have deteriorated significantly in credit quality, 'lifetime expected credit losses' are then assessed and recognised at each reporting date.

For all other financial instruments, the Foundation recognises a loss allowance equal to 12-months ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL

ECL are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Foundation recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Organisation determines that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off.

### ***Classification and measurement of financial liabilities***

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in statement of comprehensive income. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

The Foundation's financial liabilities include trade and other payables and borrowings payable to related parties.

Payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **3.15 Subsequent events**

Post-year-end events that provide additional information about a Foundation's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.