

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN

Jl. Bunga Rampai V Portak Nommensen, Simalingkar B, Medan 20135 -Indonesia, Phone : 82277041999

DIRECTORS' STATEMENT LETTER
RELATED TO
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial Statements and
Report of Independent Auditor
Center For Disaster Risk Management and Community
Development Studies – Universitas HKBP Nommensen
For the year ended December 31, 2017 and 2016


Name	Ruth Taruli P. Siborino
Office address	Jl. Bunga Rampai V, Simalingkar B - Medan
Domicile as stated ID Card	Komp. Classic III No. 63, Jl. Abdul Halim - Medan
Office Phone Number	+ 62 82277041999
Position	Finance & Admin Manager

State that:

1. We are responsible for the preparation and representation of the Financial Statements of Center for Disaster Risk Management & Community Development Studies - Universitas HKBP Nommensen.
2. The financial statements of the Organization have been prepared and presented in accordance with Indonesian Financial Accounting Standard.
3. a. All information in the financial statements of the Organization has been fully disclosed in a complete and truthful manner.
b. The financial statements of the Organization do not contain false material information or facts.
4. We are responsible for the internal control system of the Organization.

This statement letter is made truthfully.

Medan, March 13, 2018


Kenler Sibaban
Executive Director


Ruth Taruli P. Siborino
Finance & Admin Manager



CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIESTM

UNIVERSITAS HKBP NOMMENSEN

Jl. Bunga Rampai V Porlak Nommensen, Simalingkar B, Medan 20135 - Indonesia, Phone : 082277041999

DIRECTORS' STATEMENT LETTER
RELATED TO
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
**CENTER FOR DISASTER RISK MANAGEMENT &
COMMUNITY DEVELOPMENT STUDIES – UNIVERSITAS HKBP NOMMENSEN**

We, the undersigned:

1. Name : Kepler Silaban
Office address : Jl. Bunga Rampai V, Simalingkar B - Medan
Domicile as stated ID Card : Jl. Sawit 9 No. 1, Perumnas Simalingkar - Medan
Office Phone Number : + 62 82277041999
Position : Executive Director

2. Name : Ruth Taruli P. Siburian
Office address : Jl. Bunga Rampai V, Simalingkar B - Medan
Domicile as stated ID Card : Komp. Classic III No. 63, Jl. Abdul Hakim - Medan
Office Phone Number : + 62 82277041999
Position : Finance & Admin Manager

State that:

1. We are responsible for the preparation and representation of the Financial Statements of Center for Disaster Risk Management & Community Development Studies - Universitas HKBP Nommensen.
2. The financial statements of the Organization have been prepared and presented in accordance with Indonesian Financial Accounting Standard.
3. a. All information in the financial statements of the Organization has been fully disclosed in a complete and truthful manner.
b. The financial statements of the Organization do not contain false material information or facts, nor do they omit material information or facts.
4. We are responsible for the internal control system of the Organization.

This statement letter is made truthfully.

Medan, March 15, 2018

Kepler Silaban
Executive Director

Ruth Taruli P. Siburian
Finance & Admin Manager

No. : 025/03/LNS/I/18

REPORT OF INDEPENDENT AUDITOR

The Management

**Center For Disaster Risk Management and Community Development Studies
Universitas HKBP Nommensen**

We have audited the accompanying financial statements of the Center For Disaster Risk Management and Community Development Studies – Universitas HKBP Nommensen, (“Organization”) which comprise the balance sheet as at December 31, 2017, and the related income and expenditure statement and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions of the Lutheran World Federation.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with the financial reporting provisions of the Lutheran World Federation, 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 such financial statements based on our audit. We conducted our audit in accordance with Standars on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

HENDRAWINATA HANNY
ERWIN & SUMARGO
Independent Public Accountants



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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center For Disaster Risk Management and Community Development Studies - Universitas HKBP Nommensen as of December 31, 2017, and of its performance and cash flows for the year then ended, in accordance with the financial reporting provisions of the Lutheran World Federation.

Other Matter

Without modifying our opinion, we draw attention to Note 2.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization to meet the reporting requirements of the Lutheran World Federation. As a result, the financial statements may not be suitable for another purpose.

The financial statements of the Company as of December 31, 2016 and for the year then ended, were audited by another independent auditor who expressed an unmodified opinion on those financial statements on February 28, 2017.

HENDRAWINATA HANNY ERWIN & SUMARGO



HENDRAWINATA HANNY
ERWIN & SUMARGO
Registered Public Accountants

Lisa Novianty Salim, M.Si., CPA
Public Accountant License No. AP.0038

March 15, 2018

HENDRAWINATA HANNY
ERWIN & SUMARGO
Registered Public Accountants

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

BALANCE SHEET as at 31 December 2017 for the period ended 31 December 2017
(In Indonesia Rupiah)

	Notes	2017	2016
ASSETS			
Current Assets			
Bank	3.1	2,484,283,749	1,944,681,238
Cash	3.2	5,820,824	1,430,171
Advances	3.3	51,089,205	4,750,000
Other Receivables	3.4	152,980,942	-
Total Current Assets		2,694,174,720	1,950,861,409
Non Current Assets			
Fixed Assets			
Buildings	3.5	956,796,000	956,796,000
Vehicles		831,000,000	831,000,000
		1,787,796,000	1,787,796,000
Less: Accumulated Depreciation		(1,175,446,560)	(1,137,174,720)
		612,349,440	650,621,280
Deferred Expenditure	3.6	-	75,916,715
Total Non Current Assets		612,349,440	726,537,995
TOTAL ASSETS		3,306,524,160	2,677,399,404
LIABILITIES AND RESERVES			
Current Liabilities			
Contributions Received in Advance	3.7	2,335,725,670	1,804,681,845
Accrued Expenses	3.8	386,283,910	213,360,803
LWF Myanmar	3.9	-	8,735,476
Total Current Liabilities		2,722,009,580	2,026,778,124
Reserves			
Exchange Gain/Losses	3.10	(27,834,860)	-
Asset Valuation Reserve	3.11	612,349,440	650,621,280
Total Reserves		584,514,580	650,621,280
TOTAL LIABILITIES AND RESERVES		3,306,524,160	2,677,399,404
Revenues/Decreases in Reserves for the year		612,349,440	650,621,280
Revenues - beginning of the year		612,349,440	650,621,280
Revenues - end of the year		612,349,440	650,621,280

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

INCOME AND EXPENDITURE STATEMENT for the period ended 31 December 2017
(In Indonesia Rupiah)

	Appendix	2017	2016
INCOME			
Statement of Needs Projects:			
32-4201 DRR through Rights Based Empowerment of Communities	2	7,328,499,107	6,656,803,094
Other Projects:			
32-4402 ALWS - Emergency Fund	3	37,533,300	
32-4604 ALWS - Support HEPHATA	4	82,962,503	66,318,003
Programme Operations:			
32-4000 Program Management & Coordination (Indirect)	5	-	-
32-4001 Program Management & Implementation (Direct)	5-B	-	-
Non - Project Income			
TOTAL INCOME		7,448,994,910	6,723,121,097
EXPENDITURE			
Statement of Needs Projects:			
32-4201 DRR through Rights Based Empowerment of Communities	2	7,328,499,107	6,656,803,094
Other Projects:			
32-4402 ALWS - Emergency Response	3	37,533,300	
32-4604 ALWS - Support HEPHATA	4	82,962,503	66,318,003
Programme Operations:			
32-4000 Program Management & Coordination (Indirect)	5	-	-
32-4001 Program Management & Implementation (Direct)	5-B	-	-
Non - Project Expenditure			
TOTAL EXPENDITURE		7,448,994,910	6,761,392,937
Increase/(decrease) in reserves for the year		(38,271,840)	(38,271,840)
Reserves - beginning of the year		650,621,280	688,893,120
Reserves - end of the year		612,349,440	650,621,280

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

STATEMENT OF CASH FLOW for the period ended 31 December 2017
(In Indonesia Rupiah)

	<u>2017</u>	<u>2016</u>
Operating activities:		
Change in net asset	(38,271,840)	(38,271,840)
Adjustment for:		
- Depreciation	38,271,840	38,271,840
- Exchange gain/loss	(27,834,860)	-
- Deferred expenses	75,916,715	-
Operating surplus/(deficit) before changes in working capital	<u>48,081,855</u>	<u>-</u>
Changes in working capital		
- Advance, other receivables and prepayments	(199,320,147)	(4,750,000)
- Contribution Received in Advance	531,043,825	547,412,307
- Account payable and accrued expenses	<u>164,187,631</u>	<u>246,959,149</u>
Net change in working capital	495,911,309	789,621,456
Net cash generated from/(used in) operating activities	543,993,164	789,621,456
Investing activities		
Fixed Asset		
- Purchase of fixed asset	-	-
- Disposal of fixed asset	-	-
Net change in fixed asset	<u>-</u>	<u>-</u>
Net cash generated from/(used in) investing activities	-	-
Net increase/(decrease) in cash and cash equivalents	543,993,164	789,621,456
Cash and cash equivalents at the beginning of the year	1,946,111,409	1,156,489,953
Cash and cash equivalents at the end of the year	<u><u>2,490,104,573</u></u>	<u><u>1,946,111,409</u></u>

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

SUMMARY OF INCOME RECEIVED and INCOME RECOGNIZED IN 2017
(In Indonesia Rupiah)

Appendix 1

	Received/ Reimbursed	2016 Income	Receivable	Received in Advance	Payable
Received and recognized in the current year					
Australian Lutheran World Service	6,430,662,429	4,871,530,203	-	1,559,132,226	-
Evangelical Lutheran Church in America	3,334,842,812	2,558,249,369	-	776,593,443	-
Bank Interest	19,215,338	19,215,338	-	-	-
Total	9,784,720,579	7,448,994,910	-	2,335,725,669	-

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

DRR THROUGH RIGHTS BASED EMPOWERMENT OF COMMUNITIES
Implementation Period: 1 January 2017 to 31 December 2017
CDRM&CDS Project No. 32-4201

Appendix 2

	Approved Budget 2017 IDR	Working Budget 2017 IDR	Actual 2017 IDR
INCOME			
Income recognized in the current year			
Australian Lutheran World Service	-	-	4,751,034,400
Evangelical Lutheran Church in America	-	-	2,558,249,369
Bank Interest	-	-	19,215,338
	<u>-</u>	<u>-</u>	<u>7,328,499,107</u>
Total Income			7,328,499,107
EXPENDITURE			
Objective 1. Empower communities for Disaster Risk Management (DRM)	850,775,000	850,775,000	593,523,400
Objective 2. Strengthen communities ability to manage the development processes and obtain their rights	926,425,000	926,425,000	593,583,270
Objective 3. Enhance community's access to and control over development resources for improved livelihood	712,425,000	712,425,000	311,771,100
Objective 4. Strengthen Indonesian Lutheran Church diaconal arms' organizational capacity for professional development service delivery.	1,494,000,000	1,494,000,000	1,205,107,410
Objective 5. Build effective and efficient CDRM&CDS organization, with knowledge, skills and attitude needed to fulfill its mission	850,000,000	850,000,000	545,369,802
Total Activities (Obj. 1 - Obj. 5)	4,833,625,000	4,833,625,000	3,249,354,982
Project Management and Implementation			
Project Salaries and Benefits	2,113,664,000	2,113,664,000	1,833,736,526
Non-staff Cost	546,880,000	546,880,000	519,745,069
	<u>2,660,544,000</u>	<u>2,660,544,000</u>	<u>2,353,481,595</u>
Program Coordination			
Share of salaries and benefit	395,184,000	395,184,000	363,128,138
Share of non-staff cost	190,000,000	190,000,000	239,661,810
	<u>585,184,000</u>	<u>585,184,000</u>	<u>602,789,948</u>
Program Operations			
Share of salaries and benefit	951,582,000	951,582,000	790,070,519
Share of non-staff cost	231,350,000	231,350,000	332,802,063
	<u>1,182,932,000</u>	<u>1,182,932,000</u>	<u>1,122,872,582</u>
Total Expenditure	9,262,285,000	9,262,285,000	7,328,499,107
Closing Balance 31 December 2017			<u>-</u>

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

DRR THROUGH RIGHTS BASED EMPOWERMENT OF COMMUNITIES

Implementation Period: 1 January 2017 to 31 December 2017

CDRM&CDS Project No. 32-4201

Appendix 2-B

	Approved Budget 2017		Working Budget 2017		Actual 2017	
	USD	USD	USD	USD	IDR	IDR
INCOME						
Income recognized in the current year						
Australian Lutheran World Service	-	-	354,579	-	-	4,751,034,400
Evangelical Lutheran Church in America	-	-	190,927	-	-	2,558,249,369
Bank Interest	-	-	1,431	-	-	19,215,338
	-	-	546,937	-	-	7,328,499,107
Total Income			546,937			7,328,499,107
EXPENDITURE						
Objective 1. Empower communities for Disaster Risk Management (DRM).	64,224	64,224	44,327		850,775,000	593,523,400
Objective 2. Strengthen communities ability to manage the development processes and obtain their rights.	69,934	69,934	44,393		926,425,000	593,583,270
Objective 3. Enhance community's access to and control over development resources for improved livelihood.	53,780	53,780	23,334		712,425,000	311,771,100
Objective 4. Strengthen Indonesian Lutheran Church diaconal arms' organizational capacity for professional development service delivery.	112,780	112,780	90,183		1,494,000,000	1,205,107,410
Objective 5. Build effective and efficient CDRM&CDS organization, with knowledge, skills and attitude needed to fulfill its mission.	64,165	64,165	40,533		850,000,000	545,369,802
Total Activities (Obj. 1 - Obj. 5)	364,883	364,883	242,770		4,833,625,000	3,249,354,982

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

DRR THROUGH RIGHTS BASED EMPOWERMENT OF COMMUNITIES
Implementation Period: 1 January 2017 to 31 December 2017
CDRM&CDS Project No. 32-4201

Appendix 2-B

	Approved Budget 2017		Working Budget 2017		Actual 2017	
	USD	USD	USD	USD	USD	USD
Project Management and Implementation						
Project Salaries and Benefits	159,557	159,557	136,761	136,761	1,833,736,526	1,833,736,526
Non-staff Cost	41,283	41,283	38,727	38,727	519,745,069	519,745,069
	200,840	200,840	175,488	175,488	2,353,481,595	2,353,481,595
Program Coordination						
Share of salaries and benefit	29,832	29,832	27,084	27,084	363,128,138	363,128,138
Share of non-staff cost	14,343	14,343	17,814	17,814	239,661,810	239,661,810
	44,175	44,175	44,898	44,898	602,789,948	602,789,948
Program Operation						
Share of salaries and benefit	71,834	71,834	58,922	58,922	790,070,519	790,070,519
Share of non-staff cost	17,464	17,464	24,859	24,859	332,802,063	332,802,063
	89,298	89,298	83,781	83,781	1,122,872,582	1,122,872,582
Total Expenditure	699,196	699,196	546,937	546,937	7,328,499,107	7,328,499,107
Closing Balance 31 December 2017						

* Amounts received were AUD 510,260.44 from Australian Lutheran World Service as stipulated in the Project Agreement. This amount consist of AUD 338,010.99 as part of ANCP Funding commitment and AUD 172,249.45 as part of ALWS commitment. Amount USD 200,000 also received from Evangelical Lutheran Church in America. All the difference has been recognized as contribution received in advance in the balance sheet with details in note 3.6.

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

EMERGENCY RESPONSE - ALWS
CORM&CDS Project No. 32-4402

Appendix 3-B

	Budget					Actual					Total	
	USD	2012	2013	2014	2015	2016	2017	2018	2019	2020	Actual	Actual
INCOME												
Income recognized in the current year												
Australian Lutheran World Service	12,662	-	4,156	1,773	3,013	-	2,819	-	-	-	37,533,300	142,370,402
Total Income	12,662	-	4,156	1,773	3,013	-	2,819	-	-	-	37,533,300	142,370,402
EXPENDITURE												
Food Relief	-	-	2,379	413	1,207	-	451	-	-	-	6,000,000	50,923,876
Non-Food Relief	-	-	759	1,261	1,679	-	1,835	-	-	-	24,439,300	71,230,900
Assessment Cost	-	-	1,018	109	127	-	533	-	-	-	7,094,000	20,260,600
Currency Variance	-	-	-	-	-	-	-	-	(44,974)	-	-	(44,974)
Total Expenditure	12,662	-	4,156	1,773	3,013	-	2,819	-	(44,974)	-	37,533,300	142,370,402
Closing Balance 31 December 2017	-	-	-	-	-	-	-	-	-	-	-	-

* Actual amount received in 2012 was USD 12,662. The difference has been recognized as contribution received in advance in the balance sheet with details in note 3.6.

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

SUPPORT HEPHATA - ALWS

Implementation Period: 1 January 2013 - 31 December 2017

CDRM&CDS Project No. 32-4604

Appendix 4-B

	Actual					Actual					Total	
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	Actual	Actual
	AUD	AUD	AUD	AUD	AUD	IDR	IDR	IDR	IDR	IDR	IDR	IDR
INCOME												
Income received in the current year												
Australian Lutheran World Service	6,033	4,406	4,243	6,670	8,112	46,790,581	42,490,464	66,318,003	82,962,503	299,277,331		
Total funds available	6,033	4,406	4,243	6,670	8,112	46,790,581	42,490,464	66,318,003	82,962,503	299,277,331		
EXPENDITURE												
Staff salary & benefit	5,070	4,058	3,349	5,576	7,780	43,713,023	33,650,400	55,332,000	79,501,503	263,140,606		
Transport and Accomodation	963	348	894	1,094	332	3,734,517	8,840,064	10,986,003	3,461,000	36,793,684		
Currency Variance	-	-	-	-	-	(656,959)	-	-	-	(656,959)		
Total Expenditure	6,033	4,406	4,243	6,670	8,112	46,790,581	42,490,464	66,318,003	82,962,503	299,277,331		
Closing Balance 31 December 2017	-	-	-	-	-	-	-	-	-	-		

* Total commitment in 2017 was AUD 7,585. The difference has been recognized as contribution received in advance in the balance sheet with details in note 3.6.

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
UNIVERSITAS HKBP NOMMENSEN, INDONESIA

PROGRAM MANAGEMENT AND IMPLEMENTATION - DIRECT
Implementation Period: 1 January 2017 to 31 December 2017
Project No. 32-4001

Appendix 5-B

	Budget 2017 IDR	Actual 2017 IDR
EXPENDITURE		
Office Costs		
Travel - Domestic	18,000,000	-
Office supplies	18,000,000	16,718,440
Office representation cost	12,000,000	18,568,530
Building Maintenance	-	495,500
Copying & printing	2,400,000	2,740,000
Courier & postage	3,600,000	2,370,753
Computer & related equipment	10,000,000	40,218,587
Audit fee	120,000,000	147,400,000
Furniture & fixtures	6,000,000	11,150,000
Total Office Costs	190,000,000	239,661,810
Salaries and Benefits		
National staff salaries and benefits	395,184,000	363,128,138
Total Salaries and Benefits	395,184,000	363,128,138
TOTAL EXPENDITURE	585,184,000	602,789,948
Allocated to 32-4201 - Share of office cost	(190,000,000)	(239,661,810)
Allocated to 32-4201 - Share of salaries and benefit	(395,184,000)	(363,128,138)
Closing Balance 31 December 2017	-	-

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
 UNIVERSITAS HKBP NOMMENSEN, INDONESIA

Matrix of Donations by Donors to Each Project
 SUMMARY OF INCOME RECEIVED IN 2017
 (In Indonesia Rupiah)

Appendix 6

	SoN Project - DRR 32-4201	ALWS - Emergency 32-4402	ALWS - Support HEPHATA 32-4604	Total
Income received in the current year				
Australian Lutheran World Service	6,288,715,736	49,744,247	92,202,446	6,430,662,429
Evangelical Lutheran Church in America	3,334,842,812	-	-	3,334,842,812
Bank Interest	19,215,338	-	-	19,215,338
Total	9,642,773,886	49,744,247	92,202,446	9,784,720,579

CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT STUDIES
 UNIVERSITAS HKBP NOMMENSEN, INDONESIA

Matrix of Donations by Donors to Each Project
 SUMMARY OF INCOME RECOGNIZED IN 2017
 (In Indonesia Rupiah)

Appendix 6-B

	SoN Project - DRR 32-4201	ALWS - Emergency 32-4402	ALWS - Support HEPHATA 32-4604	Total
Income recognized in the current year				
Australian Lutheran World Service	4,751,034,400	37,533,300	82,962,503	4,871,530,203
Evangelical Lutheran Church in America	2,558,249,369	-	-	2,558,249,369
Bank Interest	19,215,338	-	-	19,215,338
Total	7,328,499,107	37,533,300	82,962,503	7,448,994,910

**CENTER FOR DISASTER RISK MANAGEMENT & COMMUNITY DEVELOPMENT
STUDIES - UNIVERSITAS HKBP NOMMENSEN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1 - ACTIVITIES

Center for Disaster Risk Management and Community Development Studies (CDRM&CDS) is a non-profit organization for the specific purpose of capacity building for community empowerment towards disaster risk reduction and sustainable development by achieving the following objective which has been established in the Program Cooperation Agreement.

CDRM&CDS Universitas HKBP Nommensen's principal office is located at Jl. Bunga Rampai V, Simalingkar B - Medan Tuntungan, Indonesia.

Based in the Decision Letter from the Rector of Universitas HKBP Nommensen No. 68/SK/R/XII/2006, Universitas HKBP Nommensen established a CDRM&CDS in order to be responsible in identifying the need for Disaster Risk Management (DRM) and Community Empowerment. CDRM&CDS has a mandate from Lutheran World Federation (LWF) Committee in Indonesia and its twelve member churches to set up a DRM and community development program.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The financial statements have been prepared in accordance with and comply with the financial regulations and the accounting principles of the Lutheran World Federation. The accounting policies have been based in part on the general principles of the International Financial Reporting Standards, as detailed in the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements.

2.2. Basis of preparation

The financial statements are presented in Indonesia Rupiah.

The financial statements have been prepared under the historical cost convention, except for securities which are stated at fair value. Fair value is the amount for which an asset, liability or security could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates and the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

2.3. Restricted/unrestricted funds

The financial statements distinguish between Restricted and Unrestricted use funds. Restricted use funds are those funds received from third parties who have imposed restrictions on the purposes for which they may be used. Unrestricted use funds are those funds where there are no externally imposed restrictions and include assets freely available or appropriated to reserves for internally designated purposes.

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2.4. Foreign currency transactions

The presentation and functional currency of CDRM&CDS is the Indonesia Rupiah. The books of account are maintained in Indonesia Rupiah. Assets and liabilities, excluding fixed assets, denominated in currencies other than the Indonesia Rupiah have been translated at the December 31, 2017 rate of exchange per Bank Indonesia.

For foreign currency transaction Income and expenditure has been translated into Indonesia Rupiah using official LWF Geneva rate:

MONTH	1 USD =	1 EUR =	1 AUD=
January	13,462.50	14,072.35	9,701.72
February	13,333.38	14,173.38	10,045.63
March	13,362.89	14,147.30	10,254.64
April	13,316.00	14,297.39	10,221.18
May	13,295.32	14,482.59	9,947.52
June	13,323.50	14,886.35	9,929.53
July	13,333.00	15,216.95	10,234.70
August	13,334.00	15,639.45	10,615.97
September	13,346.50	15,903.69	10,591.16
October	13,493.00	15,892.06	10,556.70
November	13,574.53	15,762.75	10,405.83
December	13,504.00	15,971.18	10,220.25

Exchange gains/losses resulting from the application of the accounting principles outlined above are credited/charged to the applicable project or program operations.

2.5. Revenue and expenditure recognition

Restricted use funds are normally received as a result of a specific solicitation or with donor imposed restrictions and are recognized as income over the duration of the program/project in proportion to the achievement of the conditions attached to the contributions. Income for the year is therefore equal to expenditure. Expenditure in excess of funds received for projects or specific purposes are recorded in assets. Excess of expenditure is written off in the event that management determines that such over expenditure is unlikely to be recovered by additional funding. Contributions received but not yet recognized are included in Current Liabilities.

2.6. Cash and cash equivalents

The CDRM&CDS considers cash on hand and amounts due from banks to be cash and cash equivalents.

2.7. Accounts receivable

Receivables are stated at original amount less provision made for impairment of these receivables.

A provision for impairment is made when there is objective evidence that the CDRM&CDS will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

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2.8. Inventories

Inventories purchased from Restricted use Funds are expensed in the year of purchase. Rights over inventories would not generate future economic benefit to the CDRM&CDS due to the short term nature of program contracts and the terms of contracts where rights over residual program assets are vested with the grantors.

There are no inventories of a material nature purchased from Unrestricted use Funds.

2.9. Fixed assets

a) Tangible assets

Fixed assets purchased from Restricted use Funds are expensed in the year of purchase. It is considered improbable that such expenditures will generate future economic benefit to the CDRM&CDS due to the short term nature of program contracts and the terms of contracts where rights over residual program assets are vested with the grantors.

Assets purchased from Unrestricted use Funds are capitalized and amortized as detailed in Note 2.10. Assets of a capital nature with a cost lower than USD 10,000 are not capitalized.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the Income and Expenditure Statement.

Repairs and maintenance costs are charged in the Income and Expenditure Statement during the financial period in which they are incurred.

Subsequent expenditure is capitalized only when it increases the probable future economic benefits of the asset.

b) Intangible assets

All intangible assets purchased have values less than EUR 10,000 and are therefore expensed when purchased.

2.10. Fixed assets - depreciation

Depreciation is calculated on the straight-line method to write off assets to their estimated residual values over their estimated useful lives as follows:

Building	25 years
Vehicle	5 years

	2017	2016
	711,235,158	1,482,477,125
	1,871,289,785	253,749,927
	28,410,292	55,838,328
	28,450,865	11,735,833
	77,200,786	21,878,271
	<u>2,494,284,749</u>	<u>1,824,887,234</u>

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2.11. Impairment

The carrying amount of the CDRM&CDS's assets, other than inventories (see Note 2.8), are reviewed at each balance sheet date to determine whether there is any indication of impairment or, if earlier, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of the asset's net selling price or its value in use. Impairment losses are recognized in the Income and Expenditure Statement.

An impairment loss is reversed if there is an upward revision of the recoverable amount. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

2.12. Provisions

Employee termination benefits

These benefits are recognized proportionately as accrued over the employment period of personnel. They exist to meet any termination expenses under present contractual Indonesia program working conditions.

2.13. Reserves

Unrestricted reserves are earmarked as detailed below:

Fixed Asset Valuation Reserve

This reserve represents the valuation of the fixed assets that were purchased out of own funds and capitalized less the related depreciation on those assets.

NOTE 3 – DETAILS RELATING TO THE FINANCIAL STATEMENTS

This section provides a breakdown of the main items on the Balance Sheet, the Income and Expenditure Statement, the Cash Flow Statement and the Statement of Changes in Reserves.

3.1. Bank Accounts

	2017	2016
	Rp	Rp
Bank Mandiri – Acc. No. 106.00.0687109-2 (USD)	711,689,988	1,492,477,195
Bank Mandiri – Acc. No. 106.00.0603780-1 (IDR)	1,571,389,768	333,756,887
Bank Mandiri – Acc. No. 106.00.0654212-3 (IDR)	55,410,342	55,636,350
Bank BNI – Acc. No. 0179500872 (IDR)	68,456,866	11,735,533
Bank BRI – Acc. No. 00005494-01-003287-53 (IDR)	77,336,786	51,075,273
	2,484,283,749	1,944,681,238

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3.2. Petty Cash Accounts

	2017	2016
	Rp	Rp
Head Office - Medan	2,534,700	743,125
Field Office - Mentawai	11,124	687,046
Field Office - Nias	3,275,000	-
	<u>5,820,824</u>	<u>1,430,171</u>

3.3. Advance Accounts

	2017	2016
	Rp	Rp
Advance	51,089,205	4,750,000
	<u>51,089,205</u>	<u>4,750,000</u>

3.4. Other Receivables

	2017	2016
	Rp	Rp
Project Receivables - Support Hephata	73,587,546	-
Receivables - Gender & Disability Context Analysis	38,847,631	-
Prepaid tax art 21	40,545,765	-
	<u>152,980,942</u>	<u>-</u>

3.5. Fixed Assets

Fixed assets purchased from unrestricted use funds are recorded in the balance sheet as follows:

	Buildings	Vehicles	Total
Cost			
Balance at 1st January 2017	956,796,000	831,000,000	1,787,796,000
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December 2017	<u>956,796,000</u>	<u>831,000,000</u>	<u>1,787,796,000</u>
Accumulated depreciation			
Balance at 1 January 2017	306,174,720	831,000,000	1,137,174,720
Disposals	-	-	-
Depreciation charge for the year	38,271,840	-	38,271,840
Balance at 31 December 2017	<u>344,446,560</u>	<u>831,000,000</u>	<u>1,175,446,560</u>
Net book value at 31 December 2017	<u>612,349,440</u>	<u>-</u>	<u>612,349,440</u>
Net book value at 31 December 2016	<u>650,621,280</u>	<u>-</u>	<u>650,620,280</u>

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3.6. Deferred Expenditure

A net exchange loss was incurred in December 31, 2017 and 2016. A plan is in place to recover the expenditure.

	<u>2017</u>	<u>2016</u>
	Rp	Rp
Exchange loss	-	75,916,715
	<u>-</u>	<u>75,916,715</u>

3.7. Contribution Received in Advance

	Project #	<u>2017</u>	<u>2016</u>
		Rp	Rp
Australian Lutheran World Service	32-4201	1,537,681,336	1,092,794,353
	32-4402	12,210,948	49,981,651
	32-4604	9,239,943	13,635,233
		<u>1,559,132,226</u>	<u>1,156,411,237</u>
Evangelical Lutheran Church in America	32-4201	776,593,443	648,270,608
		<u>776,593,443</u>	<u>648,270,608</u>
		<u>2,335,725,670</u>	<u>1,804,681,845</u>

3.8. Accrued Expenses

	<u>2017</u>	<u>2016</u>
	Rp	Rp
Audit Fee	132,000,000	132,000,000
Evaluation Fee	43,500,000	-
Churches Micro Project	82,488,000	-
Income Tax	21,896,922	17,667,803
Social Security (BPJS Ketenagakerjaan)	24,185,828	-
Health Insurance	17,223,962	-
Others	64,989,199	63,693,000
	<u>386,283,911</u>	<u>213,360,803</u>

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NOTE 3 – DETAILS RELATING TO THE FINANCIAL STATEMENTS (Continued)

3.9. Account Payables

	2017 Rp	2016 Rp
LWF Myanmar	-	8,735,476
	-	8,735,476

3.10. Exchange gains/(losses)

	2017 Rp	2016 Rp
Opening Balance		
Net gains/(losses) from revaluation	20,481,660	(18,506,075)
Net gains/(losses) from sale of USD	7,353,200	23,708,162
Net gains/(losses) on local currency project	-	833,858
Gain allocated to project	-	-
Allocation to project	-	(6,035,945)
	<u>27,834,860</u>	<u>-</u>

3.11. Asset Valuation Reserve

	2017 Rp	2016 Rp
Opening balance	650,621,280	688,893,120
Additions during the year	-	-
Disposals during the year	-	-
Depreciation	(38,271,840)	(38,271,840)
Closing balance	<u>612,349,440</u>	<u>650,621,280</u>

3.12. Allocation of Program Management & Coordination and Program Management & Implementation Expenditure to Projects

Project 32-4000 and 32-4001 shows running cost of the country headquarters. 32-4000 discloses expenditure in relation to the running of the headquarters. 32-4001 includes costs incurred at the headquarters in relation to staff who are entirely project orientated. In each case, expenditure is shown in two sections. One section shows the amounts paid for office costs and the second section shows the amount paid for staff costs.

Allocations to 32-4201 were based on expenses incurred in 32-4000 and 32-4001. Management considers that these allocations fairly reflect the salary and office cost inputs to the project.

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3.12. Allocation of Program Management & Coordination and Program Management & Implementation Expenditure to Projects (continued)

	Program Management & Coordination		Program Management & Implementation	
	Share of Office Costs	Salaries and benefits	Share of Office Costs	Salaries and benefits
32-4201 DRR through Rights Based Empowerment of Communities	332,802,063	790,070,519	239,661,810	363,128,138
	<u>332,802,063</u>	<u>790,070,519</u>	<u>239,661,810</u>	<u>363,128,138</u>

3.13. Taxes

The CDRM&CDS is exempt from income taxes.

3.14. Financial risk management

The CDRM&CDS has minimal exposure to financial risks as detailed below.

a) **Market risk-Foreign currency risk**

Foreign currency risk arises primarily when the USD falls against the local currency. Bank accounts are kept in local and USD currency accounts to minimize this risk

b) **Credit risk**

The CDRM&CDS's principal receivables are with its related donor agencies, governmental and intergovernmental agencies where credit risk is considered to be low. There is no significant concentration of credit risk.

c) **Liquidity risk**

The CDRM&CDS has no investments in securities; there is no exposure to liquidity risk.

d) **Interest rate risk**

There is no significant short-term exposure to changes in interest rates as cash and cash equivalents are held as cash on hand or on-demand deposits and earn minimal interest.

3.15. Capital commitments

There were no capital expenditure commitments at 31 December 2017.