

**Independent Auditor's Report
To the Members of General Body of
WAVE FOUNDATION**

We have audited the accompanying Consolidated Financial Statements of "**WAVE FOUNDATION**" which comprises the Consolidated Balance Sheet as at June 30, 2014 and the related Consolidated Income and Expenditure Account, Consolidated Receipts and Payments Account for the year then ended June 30, 2014 and a summary of significant accounting policies and other explanatory notes.

Management responsibility for the financial statement

WAVE Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) as well as MRA act & rules. This responsibility includes, designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in circumstances.

Auditor' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Micro credit program and social activities programs of **WAVE Foundation** as at June 30, 2014, and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), and comply with the requirements of the Micro credit regulatory Authority Act (MRA) 2006 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

- b) In our opinion, proper books of account as required by the law and MRA Act & Rule have been kept by the organization so far as it appeared from our examination of those books;
- c) In our opinion, the consolidated balance sheet and consolidated income & expenditure statement dealt with by the report are in agreement with the books of accounts.
- d) We have visited 3 branches out of 80 branches which cover 3.75% of total branches.
- e) The program has duly accounted for the loans received from PKSF and grants from donors as per accounting manual, principles and rules circulated by MRA.
- f) The program collects funds for the operation of microfinance as a whole and allocates among the components as the management thinks fit and prepares separate reports based on that.
- g) The program has properly used the fund collected from various sources for the purpose of microfinance operations and duly recorded the same in the books of account.
- h) The program has duly complied with its policies regarding samity members savings (Deposit, Refund, Interest and Interest Rate). The savings amount collected from samity members are duly recorded and deposited into bank.
- i) The program has duly followed the procedures of loan disbursement.
- j) The program was not engaged in any activity that is not supported by the constitution of WAVE FOUNDATION and any other legal requirements.
- k) We have physically verified the existence of fixed assets and examined the purchase thereof on a test basis and found that they were duly presented in the financial statements.
- l) We met and interviewed on test basis some of the samity members of each of three branches we audited and found that they were using funds properly.
- m) Normally transactions above Tk. 10,000 were made through bank account except loan disbursement and savings refund to the members.
- n) From our test check, we found that the collected loan and saving amounts are duly deposited into bank on daily basis.
- o) From our test check, we found the amount collected from samity members are duly accounted for as per applicable policy and procedure at member and group level.
- p) The declared rate of interest and effective rate of interest on loan to samity members varies as follows:

Name of Loan	Interest Rate
Rural Micro credit (RMC)	25%
Urban Micro Credit (UMC)	25%
Micro Enterprise (ME)	25%
Ultra Poor (UP)	20%
Seasonal Loan	24%
LRP	8%
LIFT	24%
Agriculture	24%
ENRICH-IGA	25%
ENRICH-AC	8%
ENRICH-LI	8%

Interest rate on Micro Credit Fund received from PKSF is 6.5 %.(RMC, UMC,ME)



- q) Provision for loan loss has been duly calculated and accounted for as per MRA & PKSF's policy;
- r) We have physically counted the cash in hand and confirmed bank balances with the bank statement on a test basis and also examined the bank reconciliation statements and found them satisfactory.
- s) We have checked the vouchers on a test basis and found that payments were made upon the approval of appropriate authority.
- t) We have examined the budgetary control system of the organization and have not found any issue to mention in the report.
- u) The organization has introduced and established policies for procurement, human resources, loan & savings and complies with the above policies for microfinance operations.
- v) The organization has a strong Internal Audit Department having 7 (seven) employees and they have conducted internal audit and monitored the organization at a regular interval.
- w) We have checked the microfinance activities funded by PKSF and such activities from own sources, adequacy of MIS system, internal control system, adequacy of classification of loan, provision policy, adequacy of collection percentage of loan and found satisfactory.

15 September 2014
Dhaka.


Aziz Halim Khair Choudhury.
Chartered Accountants

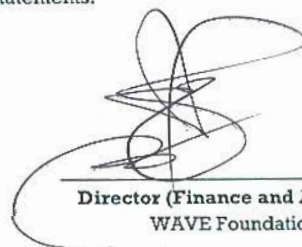
WAVE FOUNDATION
CONSOLIDATED BALANCE SHEET
As at 30 June 2014

Particulars	Notes	30 June 2014			30 June 2013		
		Social Activity	Micro Credit	Total	Social Activity	Micro Credit	Total
Property & Assets							
Fixed Assets (WDV)	3	17,753,315	35,708,483	53,461,798	20,543,608	22,578,800	43,122,408
Investment in FDR	4	949,700	65,942,406	66,892,106	299,700	46,277,270	46,576,970
Loans & Advances	5	4,808,198	4,647,424	9,455,622	1,389,512	4,105,805	5,495,317
Security Deposit	6	301,250	261,635	562,885	333,250	199,335	532,585
Loan to Beneficiaries	7	-	1,169,686,076	1,169,686,076	-	1,042,376,848	1,042,376,848
Others Assets	8	12,754,288	7,576,239	20,330,527	10,112,066	6,312,384	16,424,450
Cash and cash equivalents	9	11,964,846	43,548,517	55,513,363	21,047,205	51,501,244	72,548,449
		48,531,597	1,327,370,780	1,375,902,377	53,725,341	1,173,351,686	1,227,077,027
Fund & Liabilities							
Fund Account	10	22,063,133	168,068,269	190,131,402	23,376,443	148,214,648	171,591,091
Disaster Management Fund	11	-	18,593,233	18,593,233	-	14,796,425	14,796,425
Loan Loss Provision Fund	12	-	28,729,980	28,729,980	-	26,398,159	26,398,159
Loan Risk Fund	13	-	39,759,092	39,759,092	-	28,482,345	28,482,345
Loans Payable	14	7,955,346	747,716,115	755,671,461	10,857,637	677,836,754	688,694,391
Member Savings	15	-	314,272,448	314,272,448	-	272,115,734	272,115,734
Donation Received in Advance	16	11,490,945	-	11,490,945	13,531,346	-	13,531,346
Donation Payable to Project	17	1,539,114	-	1,539,114	5,399,799	-	5,399,799
Others Liabilities	18	5,483,059	10,231,643	15,714,702	560,116	5,507,621	6,067,737
		48,531,597	1,327,370,780	1,375,902,377	53,725,341	1,173,351,686	1,227,077,027

The accompanying notes from an integral part of these financial statements.



Executive Director
WAVE Foundation



Director (Finance and Accounts)
WAVE Foundation

Signed in terms of our separate report of even date annexed.

15 September, 2014
Dhaka.



Aziz Halim Khair Choudhury
Chartered Accountants

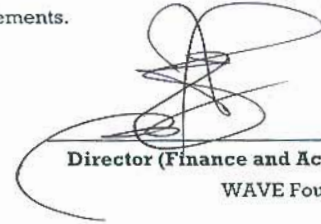
WAVE FOUNDATION
CONSOLIDATED INCOME & EXPENDITURE ACCOUNT
For the year ended June 30, 2014

Particulars	Notes	01 July 2013 to 30 June 2014			01 July 2012 to 30 June 2013		
		Social Activity	Micro Credit	Total	Social Activity	Micro Credit	Total
Income							
Donation Income	19	145,437,597	11,783,842	157,221,439	152,864,743	3,338,094	156,202,837
Revenue Income	20	13,645,964	253,843,946	267,489,910	15,811,710	231,977,799	247,789,509
Total		159,083,561	265,627,788	424,711,349	168,676,453	235,315,893	403,992,346
Expenditure							
Revenue Expenditures	21	160,551,446	245,092,304	405,643,750	168,019,976	195,206,067	363,226,043
		160,551,446	245,092,304	405,643,750	168,019,976	195,206,067	363,226,043
Income/(Loss) over expenditure		(1,467,885)	20,535,484	19,067,599	656,477	40,109,826	40,766,303
Total		159,083,561	265,627,788	424,711,349	168,676,453	235,315,893	403,992,346

The accompanying notes from an integral part of these financial statements.



Executive Director
WAVE Foundation



Director (Finance and Accounts)
WAVE Foundation

Signed in terms of our separate report of even date annexed.



Aziz Halim Khair Choudhury
Chartered Accountants

5 September, 2014
Dhaka.

WAVE FOUNDATION
CONSOLIDATED RECEIPTS & PAYMENTS ACCOUNT
For the year ended June 30, 2014

Particulars	Notes	01 July 2013 to 30 June 2014			01 July 2012 to 30 June 2013		
		Social Activity	Micro Credit	Total	Social Activity	Micro Credit	Total
Cash & cash equivalent	22	20,968,721	51,501,244	72,469,965	31,629,910	83,754,162	115,384,072
Cash in Hand		8,318	2,250,820	2,259,138	541,339	2,144,740	2,686,079
Cash at Bank		20,960,403	49,250,424	70,210,827	31,088,571	81,609,422	112,697,993
Receipts							
Donation Received	19	144,919,169	11,783,842	156,703,011	151,260,470	3,184,594	154,445,064
Revenue Income	20	11,872,656	254,864,264	266,736,920	14,859,339	233,164,601	248,023,940
Loan Received	23	21,873,319	2,785,680,066	2,807,553,405	33,920,495	562,095,297	596,015,792
Advance Received	24	828,666	729,544	1,558,210	4,704,209	650,104	5,354,313
Other Receipts	25	1,298,659	228,814,214	228,112,873	6,844,662	2,120,661,302	2,127,505,964
Investment on FDR		-	112,664,543	112,664,543	-	124,000,000	124,000,000
Total		201,761,190	3,444,037,737	3,645,798,927	243,219,085	3,127,510,060	3,370,729,145
Payments							
Revenue Expenditure	21	150,341,793	219,953,931	370,295,724	164,300,813	179,647,226	343,948,039
Loan Payment	26	24,062,175	652,566,335	676,628,510	38,313,198	614,291,932	652,605,130
Advance Payment	27	3,045,110	3,874,360	6,919,470	6,407,770	3,520,280	9,928,050
Other Payments	28	11,327,896	2,376,463,045	2,387,790,941	12,070,084	2,143,658,694	2,155,728,778
Fixed Assets (Annexure A)		469,370	15,728,072	16,197,442	1,080,015	11,616,422	12,696,437
Investment on FDR		550,000	131,903,477	132,453,477	-	123,274,262	123,274,262
Total		189,796,344	3,400,489,220	3,590,285,564	222,171,880	3,076,008,816	3,298,180,696
Closing Balance		11,964,846	43,548,517	55,513,363	21,047,205	51,501,244	72,548,449
Closing Balance		11,964,846	43,548,517	55,513,363	21,047,205	51,501,244	72,548,449
Cash in Hand		44,308	2,968,749	3,013,057	18,318	2,250,820	2,269,138
Cash at Bank		11,920,538	40,579,768	52,500,306	21,028,887	49,250,424	70,279,311
Total		201,761,190	3,444,037,737	3,645,798,927	243,219,085	3,127,510,060	3,370,729,145

The accompanying notes from an integral part of these financial statements.

Executive Director
WAVE Foundation

Director (Finance and Accounts)
WAVE Foundation

Signed in terms of our separate report of even date annexed.

Aziz Halim Chair Choudhury
Chartered Accountants

15 September, 2014
Dhaka.