



DEVELOPMENT
SOLUTIONS
INNOVATIVE • RESULT-ORIENTED • TOP-NOTCH

*Write your business
success story with
Development Solutions*



PERFORMANCE AND ACHIEVEMENT

REPORT 2017

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This annual report presents the business performance and achievements of Development Solutions NGO in 2017.

GREETING

In recent years, there has been progress in business and entrepreneurship in Mongolia, as well as in environment and efforts to support them in line with international standards. Particularly, the importance of contribution to the development of our country with use of efficient and sustainable development models that benefit society by bringing in resources and opportunities into economic circulation through eco-friendly technology and innovation, as well as importance of roles and responsibilities of small and medium-sized businesses in improving the quality of life of citizens became evident.

The Development Solutions NGO designs and cultivates development activities by tailoring them to world-standards and Mongolian features to make local and international donors reach owners of small and medium-sized business. In 2017, the most popular activities were management consulting, business mentoring and services related to marketing and financing. In the meantime, trainings on product development, business modeling, project design, modeling and financial education were organized intensively.

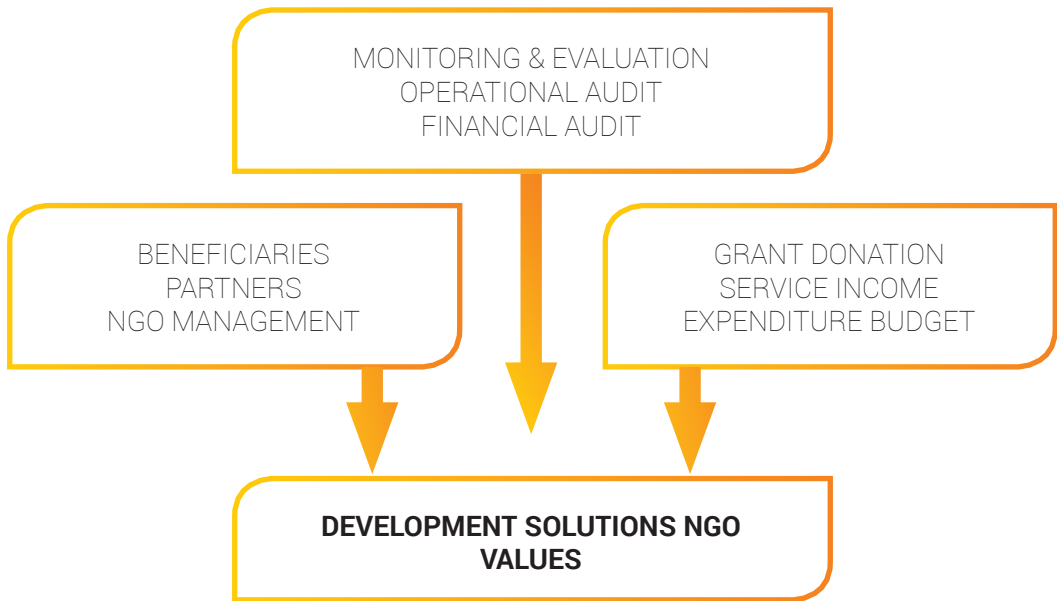
In 2017, the Development Solutions NGO has extended its main activities adding the support for social entrepreneurs which enriched profit-oriented goals set by small and medium-sized business with definition of social impact. In other words, the new entrepreneurial approach will be introduced to our country to develop entrepreneurs with human-centered business thinking.

I would like to note that initiatives and enthusiasm of Development Solutions NGO staff play an important role in conducting the abovementioned activities in innovative and efficient manner. Therefore, our organization will continue to work towards the highest level of satisfaction of our target customers by improving our employees' knowledge, experience and skills with our partner organizations.

Sincerely,
Executive Director
Bat-Orshikh Erdenebat

DS BUSINESS MODEL AND VALUES

I BUSINESS MODEL



I VALUES

- Maintain management culture of non-governmental organization in line with international standards;
- Provide a value-adding and result-oriented comprehensive, long-term business development strategy that meets each customer's needs; and
- Every employee of our organization values productive cooperation and constantly renews their efforts and initiatives with human-centered approaches.

MEMBERSHIP

Development Solutions NGO is a member of the local and international network of organizations that support entrepreneurship. By participating in the network, it is possible to settle international benchmark programs in Mongolia and share the experiences of Mongolia internationally and exchange ideas with each other. We also aim to introduce international developments to Mongolian entrepreneurs by bringing in world-class management approaches to create businesses that can compete at international level.



Youth Business International is a charity network that has members of more than 50 countries. Initially, the organization was focused on supporting the employment of young people with initiative of Prince Charles of Wales, UK, and now it extended its vision not only to create youths as job seekers but also prepare them as employers by providing mentoring, financing and entrepreneurial trainings, and to establish one million jobs for youths by 2025. Development Solutions NGO is a trusted member of the organization since 2013.



The Global Social Entrepreneur Network is working to align the goals of sustainable development with entrepreneurship. In 2017, the organization had 55 members, and the Development Solutions NGO has been joined the organization as a 55th member. Today, skills to run business with use of sustainable business model through solving social issues rather than pursuing only profits are promoted by the Network.



The Mongolian Management Consultants' Institute has Mongolian specialized consultants as its members and is a member of the International Council of Management Consulting Institutes. The Development Solutions NGO joined the organization as a member in 2011, and while maintaining international consulting service standards in our training and consulting services for our clients, we always develop our trainers and consultants with help of the Institute.



As a member of the Mongolian National Chamber of Commerce and Industry since 2009, we have actively cooperated with small and medium-sized enterprises.

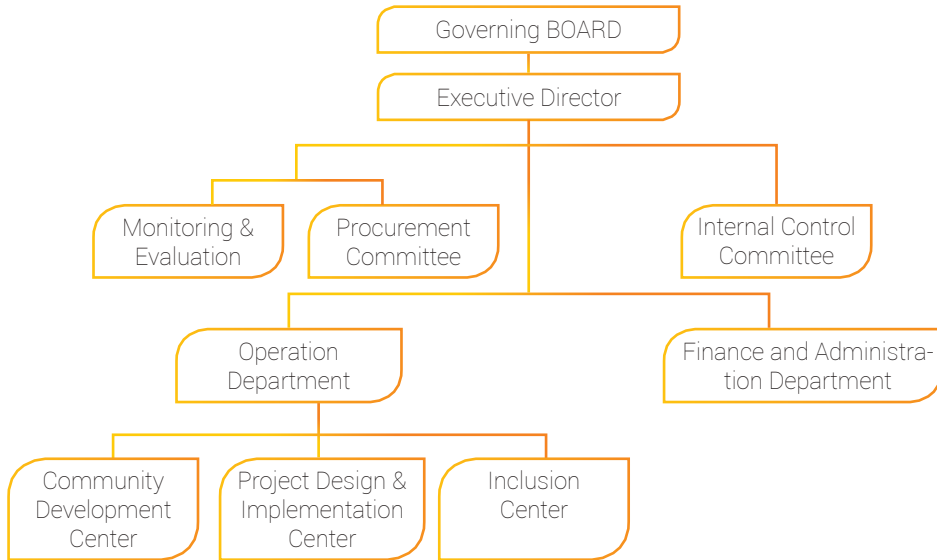
I ASSESSMENT BY INTERNATIONAL INSTITUTIONS

Development Solutions NGO was evaluated by international foundations and partner organizations at the stages of preparation and implementation of any projects and programs, and received conclusions that the organization is able to carry out projects in accordance with the requirements of international foundations. In 2017, we successfully evaluated by the following organizations on financial and operational matter for accreditation.

- Youth Business International (YBI)
- United States Agency for International Development (USAID)
- The Asia Foundation (TAF)
- Uniterra (WUSC)

ORGANIZATIONAL STRUCTURE

ORGANOGRAM



GOVERNING BOARD

- CHAIRMAN: BAYAR Budragchaa
- MEMBER: BATKHUU Tserenbyambaa
- MEMBER: TSENDJAV Mandakh
- MEMBER: TSEVEGJAV Gumenjav

FULL-TIME STAFF

Development Solutions NGO implemented its activities with 34 full-time employees.

I VOLUNTEERS

Since its establishment, the Development Solution NGO has been working with 16 volunteers from the United States, Japan, Canada and the United Kingdom. In 2017, the greatest number of volunteers or 6 volunteers supported the organization and shared their knowledge and experience with business entrepreneurs.

- Araki Shino (JICA) had provided sales and marketing advice to 60 customers.
- Ella Atterton (YBI) had supported the YBM program.
- Misha Goforth (Uniterra) had supported social entrepreneurship and provided training for over 100 entrepreneurs and local communities.
- Emily MacIsaac (Uniterra) had conducted gender analysis based on 20 cases of Ulaanbaatar and rural areas.
- Darya Alexandra Borovitsky (Uniterra) had provided support to young entrepreneurs.
- Darren Major (Uniterra) had helped in developing the IT manuals for Development Solutions NGO.
- Daniel Caramori (Uniterra) had assisted in developing human resource policy manuals of our organization.

I PRO-BONO MENTORS

The Development Solutions NGO trains volunteer business mentors and delivers pro-bono mentorship to targeted business owners.



CORE ACTIVITIES



BUSINESS DEVELOPMENT PROGRAMS

- ◆ YBM-Youth Business Mongolia
- ◆ REACH- SME Access to Finance
- ◆ Women Business Centre
- ◆ Market Linkage & Development Program
- ◆ SME Support Program
- ◆ Business Cooperatives & Associations Governance Development Program
- ◆ Employment Exchange Centre
- ◆ Mentoring Program



BUSINESS CONSULTING SERVICE

- ◆ Business Assessment & Evaluation
- ◆ Strategic Planning
- ◆ Marketing & Sales Management
- ◆ Market Research
- ◆ Human Resource Management
- ◆ Finance & Accounting
- ◆ Loan Facilitation
- ◆ Local Social & Economic Development Modeling



TRAINING, SEMINARS

Business trainings

- ◆ Pre-Start & Start-up Training
- ◆ Loan Literacy
- ◆ Basic Accounting
- ◆ Financial Statement
- ◆ Business Planning
- ◆ Business Marketing & Sales Planning
- ◆ Household Finance
- ◆ Children's Financial Literacy

Corporate trainings:

- ◆ Amazing Customer Service
- ◆ Super Employee & Retention Techniques
- ◆ Secret of Effective Sales
- ◆ Value of Information Sharing
- ◆ NGO Management
- ◆ Business Cooperatives & Association Management



PERFORMANCE AND ACHIEVEMENTS IN 2017

NATIONAL LEVEL ACTIVITIES ORGANIZED BY DS



April: Launch of the second year of REACH Project

May: Social Entrepreneurs' Summit

June: Selection of the Mongolian team for the Global Youth Entrepreneurship Competition

October: REACH Project SME Access to Finance Forum - 2017

November: Mentors' Workshop



IMPLEMENTED PROJECTS

REACH PROJECT – SMALL AND MEDIUM ENTERPRISE ACCESS TO CREDIT



The US Agency for International Development (USAID) in association with Development Solutions NGO are implementing a project “Reinforcing Entrepreneurship Access to Credit Help” (REACH Project) aiming to support small and medium sized enterprises (SMEs) in accessing to necessary finance from banking and financial institutions to endeavor to financially

stronger and sustainable businesses. The objectives of this project are i) to create opportunities for underserved SMEs in accessing to necessary loan products and services from banking and financial institutions, and ii) to strengthen their capacity building to qualify for bank loan requirements.



ACTIVITIES

- Identify needs of skills required for the funding of SMEs;
- Assist in preparing loan documentations in line with bank requirements;
- Involve public-private partnerships in the funding of SMEs;
- Provide loan linkage services through five units of the project; and
- Organize SME Finance Forum.

Project Locations:

Ulaanbaatar and 4 Provinces - Bayan-Ulgii, Dornod, Dundgovi and Selenge

Project Implementation Period: May 2016 - April 2018

REACH PROJECT ACHIEVEMENTS

/31.Dec.2017/

400

FACILITATED
SME LOANS

**MNT 28,50
Billion**

TOTAL VALUE OF SME LOANS

112

BUSINESS
TRAININGS

59

EVENTS
& WORKSHOPS

3,946

CONSULTANCY
HOURS

Business type:

52%

FORMAL

48%

INFORMAL

Location:

55%

ULAANBAATAR

45%

PROJECT AIMAGS

Gender:

37%

Men-Headed SMEs

63%

Women-Headed
SMEs



YOUTH BUSINESS MONGOLIA (YBM) – YOUTH BUSINESS SUPPORT PROGRAMME

Since its membership of Youth Business International headquartered in London in 2013, Development Solutions NGO has been implementing Youth Business Initiative Programme in Mongolia. This programme aims to develop young people between the ages of 18-35 in the field of social entrepreneurship and support them to start and grow their businesses.

RESULTS:

- Young Social Entrepreneurs and Professionals
- Young Business Entrepreneurs with Dedicated Mentors
- Knowledge, Experience, Innovation and Shared Values



ACHIEVEMENTS OF 2017

1,118

YOUTHS WERE
REACHED OUT

106

START-UPS WERE
NEWLY ESTABLISHED

247

YOUTHS EXPANDED AND
IMPROVED THEIR BUSINESSES

31

BUSINESS MENTORS
WERE PREPARED

574

YOUTHS WERE TRAINED
IN BUSINESS PRACTICAL
KNOWLEDGE AND SKILLS;

MNT 881 Million

OF INVESTMENT WAS RECEIVED
FROM FOREIGN MARKETS FOR THE
DEDICATION OF 12 STARTUPS.

WOMEN'S BUSINESS CENTRE AND INCUBATOR PROJECT

The Women's Business Centre and Incubator Project (WBC Project) is a three-year pilot project that is being financed by Korea International Cooperation Agency (KOICA) and is being co-implemented by The Asian Foundation, the Municipality of Ulaanbaatar, Development Solutions NGO, Mongolian National Chamber of Commerce and Industry, Golomt Bank and Golomt Security Co., Ltd.

This project will focus on increasing the contribution of female business entrepreneurs in socio-economic development of Ulaanbaatar City. Development Solutions NGO is fully responsible for day to day activities of this Centre including trainings, advisory services, mentoring and market linkage services.



Our customers who received trainings and services:

4622 Business Skills Training



1045 Business Consulting Services



2374 Direct Advice for Trainings and Services



400 Co-working Space



100 Business Book Corner



120 Information Service



30 Children Corner



465 Mentoring Services



31 Trained Mentors



MARKET LINKAGE & DEVELOPMENT PROGRAM

ACHIEVEMENTS AS OF 2017



MNT 1,168

BILLION
SALES AMOUNT
REACHED TO

202

THE NUMBER OF
COLLABORATIONS
TURNED INTO

1,430

BROCHURES
AND LEAFLETS
DISSEMINATED

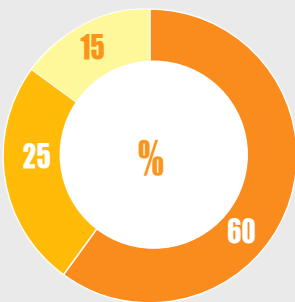
105

THE NUMBER OF
PARTNERSHIPS
BECAME

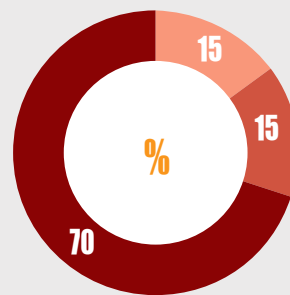
61

Exhibitions and
Trade Fairs
participated
successfully

OF THE TOTAL CUSTOMERS:



OF THE TOTAL GOODS AND
PRODUCTS SOLD:



Female-Headed Households



Small and Medium Sized Enterprises



Youth Business Entrepreneurs



Work Wear Uniforms for mining and
manufacturing sectors



Handmade Crafts and Products and



Mongolian Traditional Wooden Furniture and Tent
'ger'.

OUR ACTIVITY HIGHLIGHTS OF 2017

/31.Dec.2017/

4,358

NEW
BUSINESSES

7,618

IMPROVED AND
EXPANDED BUSINESS

20,043

GENERATED
NEW JOBS

US\$ 2,2 Million

INCREASED
SALES

US\$ 36,2 Million

FACILITATED
LOAN

8,577

BANK
LOANS

497

BUSINESS GROUPS
& COOPERATIVES

6,100

YOUTH BUSINESS
OWNERS



WOMEN BUSINESS
OWNERS

60%



MEN BUSINESS
OWNERS

40%

SUCCESS STORIES



N.Enkhjargal, owner of a business: I understood that business growth is created through consulting services.

Sisters N.Enkhjargal and N.Enkhtuya jointly started their small business by producing bread and bakery products and founded "Uguumg Arkhad" LLC. The factory, initially, was supplying only two types of bakery products, and now it has own building with area of 600 square meters, offer 63 kinds of delicacies, bread and bakery products through more than 300 stores in Ulaanbaatar city. More than 40 percent of employees are those who has been working in the factory since its establishment.

They have been involved in business trainings of Development Solutions NGO and developed plans to further develop their factory by acquiring specialized consultation. In particular, as a result of consultation on how to properly invest in the capacity of the plant and to optimize the workspace, they had purchased a new air conditioning system and a multi-purpose flour shredding machine from Italy. As

a result of the new work environment and modern technology, production capacity and sales revenues have increased.

B.Enkhmaa: I believe that consistency is the key to business development.

B.Enkhmaa is an tirelessly hard-working entrepreneur who has been working hard to create a solid foundation for the sewing company "Bat Uchig" LLC she had inherited from her mother who founded the company.

She sews work and other uniforms by request and has approached the Development Solutions NGO's Business Linking program when she had a need to attract more organizations and individuals to deliver her products and more accurately direct her business. The Linking program was a bridge between her company and its clients, and she had done all the works and orders assigned to her company neatly.

Our entrepreneur has been continuously developing her company in order to work successfully, having 3 main employees and 7 contract employees and her own workspace. She receives not only the Business Linking services but also takes part in trainings and meetings of the Youth Business Development Program and the Women's Business Support Projects implemented by the Development Solutions NGO to gain more knowledge about business.



U.Zoljargal: A young entrepreneur who wants to conduct a healthy and high-quality national production.

U.Zoljargal set his sights on safe and quality production at home and found the idea to pour in bottles and sell the natural mineral water that was where he spent his summer holidays when he was a child. He said: "There are more than 40 clean water companies in the country, and few of them carry water from rural areas, but most of them pack directly from taps in Ulaanbaatar. However, we extract our mineral water "Zolotaya" from a depth of 80 meters. It's great to produce your own products in your small factory in Mongolia and hire people from the local area."

He needed additional equipment to increase the capacity of the plant and participated in the Business Plan meeting of the Development Solutions NGO and realized that he can get a loan with low interest by writing a business plan. Our organization organized more than 111 informational meetings and supported 3,601 business entrepreneurs. One can not only get the necessary information, but also get the opportunity to meet and cooperate with many young people with the same dreams. Zoljargal has already begun writing his business plan for a low interest loan and is looking forward to providing a healthy product for consumers in the future.

**D.Pagmasuren: As a result of having mentor, my business income has tripled.**

D.Pagmasuren, director of AdPower Trade LLC, decided to contribute to reducing air pollution in Ulaanbaatar, and started own business. He has seen that it is possible to introduce engine protecting products produced in Japan to the Mongolian market that reduces the amount of toxic gas, fine particles and saves fuel.

In 2017, he had received mentoring service of the Development Solutions NGO and was introduced to J.Erdenebileg who has extensive experience in mentoring startups. Following his advice, D.Pagmasuren went to Japan to visit the ADPOWER factory and became a special distributing agent in Mongolia. Having a mentor allowed him to develop marketing plan along with marketing contents and, by promoting them through social network and TV channels, he managed to triple his revenue within three months.



Recently, D.Pagmasuren is working to expand his market, and over the next three years he intends to sell his products to two percent of the cars registered in the city of Ulaanbaatar, thereby helping to reduce air pollution.

“Khan Brand” LLC: With help of the REACH project, has developed a business project and secured the necessary loan.

The Food and Technology Polytechnic College operates “Khan brand” LLC to meet the milk product needs of the population of Ulaanbaatar. After establishment of the company, factory building and equipment with the capacity to produce more than 5 tons of milk and dairy products per day was required that led to the need to attract an investment.

After long-term search for investment, a low interest rate loan was found, but it required a detailed and financially accurate investment project document. They needed professional advice and approached the REACH project run by the Development Solutions NGO with funds provided by the United States Agency for International Development (USAID). With the REACH project’s advice and training, they have quickly developed their investment project and was able to secure the necessary financing. Building the factory and purchase of equipment with capacity to produce products that meet the standard requirements allowed to provide jobs to college students as well as supply fresh milk and dairy products to the market of the Capital city.

Khan Brand LLC is focusing on the next project of baby feed production.



B.Gankharvaa, the founder of Aquila brand: Starting a business provided a steady income.

B.Gankharvaa is one of our customers who have started her business with support of the Women’s Business Center (WBC). She lives with her three children and had to quit her shift work due to absence of a person who could look after her children.

B.Gankharvaa, who found her new business idea while attending trainings organized by the WBC and irreversibly decided to do a business, shared her memory saying: “Those who encouraged and supported me the most when I was despaired after quitting my job was the WBC projector team. They were those with whom I shared right away with the happy news about Certificate of Efficient Model of Mongolia received for the ‘Aquila’ product, the BATH BALLS WITH COW PATELLA BONE OIL.

By attending the trainings of and receiving consultation from the WBS project, she was able to create packages and labels for her products.

Also, marketing and business plans have increased her sales and her goal of having own job was reached. Now, she has business with a steady income and is able to take more care of her children.

B.Ariunsanaa: "I understood that failure is an opportunity"

B.Ariunsanaa founded Hollimind LLC for the purpose of running a personal sewing business, and left the business that failed at that time and began using the company only on paper.

She wanted to make her business successful again and, while she was exploring and developing new ideas, she got acquainted with the program "Youth Business Mongolia" organized by the Development Solutions NGO. She actively participated in counseling and training in order to use her opportunities and was able to develop her business with the knowledge gained. She said: "I was able to create the first foundation of my business by writing my own business idea on paper as a result of the training on writing a business plan of the YBM program." As part of the program, the entrepreneur was able to buy sewing equipment, learned and wrote a business plan, and was able to attract 10 million MNT.



Now she produces a bags with logo and sports bag on requests by different companies, and now her Hollymind company does not remain on paper, but has become a company with its own workplace, with regular customers and has become a member of the Mongolian youth business community with its own image.

D. Lkhamsuren: A woman who turned her interest into a business.

D.Lkhamsuren was inspired by her own interest to learn how to craft decorative items in hand-crafting schemes with help of books while doing her job as a housewife. She began to create small items of beauty for her and her daughter and developed her skills to start selling her handicrafts at major exhibitions organized in Ulaanbaatar.

With the sale of her product, the need for further expansion and improvement of the business arose and she looked for market analysis and ideas on how to turn new ideas into business and became actively involved in Morning tea meetings of Development Solutions NGO and found business partners and a mentor who could consult her. These Morning meetings helped her to be closer to finding new ideas and new tips and became the mainstay for her further promotion of her business with even greater enthusiasm, which began from her interest.



She had attended courses for jewelers and began to work on expanding the business of hand-made jewelry using gold and silver and, as a result of this program, the attitude and accountability of the her business became more responsible, which led to an increase in sales and number of orders and, finally, she established "Indranil MALTS" LLC in 2018, and successfully participates in many international and domestic exhibitions with her products of jewelry, crafts and souvenirs.

B.Kundyz, handicraft entrepreneur: A basic entrepreneurial knowledge was acquired on entrepreneurship trainings.

Development Solutions NGO provides business and entrepreneurship training and consultancy services in all 21 aimags of Mongolia and provided support to businesses in Bayan-Ulgii aimag in 2017. B.Kundyz is one of the entrepreneurs who had attended an entrepreneurship training and she operates a shop to sell her products, also, is engaged in traditional handcrafting and felt-crafting.

She expressed her deepest satisfaction that she had acquired basic knowledge of operating a business and was able to raise her working capital for the first time via bank loan as a result of an entrepreneurial training. She also became able to increase her product type and its output.

In the future, she plans to attend more business trainings and seeking advices to gain the knowledge and information needed to bring her business closer to a larger market.



Businessman R.Munhtogtokh: Bank lending is crucial to accelerate business development.

R.Munhtogtokh is a businessman who provides taxi services. He began his career as an intercity taxi driver and dreamed of making public transport services fast and reliable and founded the taxi company "Munkh". Currently, 160 taxis make a significant contribution to the city's public services.

He attracted the necessary funds with commercially viable terms with the support of the credit intermediary service, which is part of the linkage service of Development Solutions NGO. In addition, he improves his management skills by attending business plan trainings organized by the Development Solutions NGO.



L.Terbish, founder of "Puntuuz" brand: The history of the job seeker who became employer.

L.Terbish is a 61-year-old, shining-eyed, entrepreneurial woman with passion. She is an exemplary entrepreneur who succeeded to become employer even after being overwhelmed by difficulties of losing her husband in a car accident, losing her job and having three children of early ages at her hand.

With twenty years of experience of selling imported cellophane noodles to raise her children, she decided to have her own business and founded the "Puntuuz" brand. At that time, she approached the Development Solutions NGO to seek a support and had developed a business plan with their assistance which helped her to raise necessary funds to build her factory and offer 15 workspaces. Today, the "Puntuuz" factory produces ten tons of cellophane noodles each month and working towards double their revenue by creating a drying factory and increase the number of employees. Her recipe for success is "work hard," she said with pleasure.



STEP FORWARD: PRODUCTIVITY AND TECHNOLOGY

Influential and strong potential and activity of non-governmental organizations in any country lead to the same good indicators in the development trends

of the country and the quality of life of its citizens. Therefore, productivity plays an important role in the promotion and effectiveness of projects organized by non-governmental organizations. In particular, it is necessary to develop performance models that reflect the sustainable development of the organization and the long-term results of the work of employees, departments, organizations, structures and systems. Therefore, Development Solutions NGO will consider performance as an important part in future projects, programs and jointly organized events. To this end, the organization's management has developed a plan to implement the international standards in improving productivity.



Technology is very important in continuous improvement of performance. Development Solutions NGO conducts information services aimed at the business and the process of registering clients using technology. In the future, it will be possible to increase the number of beneficiaries of projects, increase the frequency of activities, stabilize the content and form of activities, strengthen cooperation with all interested parties and improve feedback and monitoring process with support of technologies. We believe that, as a result, within the framework of sustainable development goals, activities on introducing a human-centered approaches into rural development policies, improving the competitiveness of small and medium-sized enterprises and improving the quality of household life will be carried out with a wide coverage and participation.

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of Development Solutions NGO

Our opinion

We have audited the accompanying financial statements of Development Solutions NGO, which comprise the statement of financial position as at December 31, 2017, the statement of activities and changes in net assets for the year then ended, the statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Development Solutions NGO as at December 31, 2017, and its statement of activities and changes in net assets and its cash flows for the year then ended in accordance with *Accounting and Reporting Guideline for NGO* approved by Order No.385 issued by the Ministry of Finance in compliance with International Financial Reporting Standards.

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

Independence

We have worked independently from Development Solutions NGO in compliance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have fulfilled our other ethical duties and responsibilities in accordance with this Code.

Other information

Management is responsible for the other information. The other information comprises annual report of Development Solutions but does not include the financial statements and our auditor's report. Development Solutions NGO was not finalized its annual report for 2017 prior to the date of this auditor's report.

Responsibilities of Management and the Board of Directors to the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards 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.

INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the financial statements, management is responsible for assessing Development Solutions NGO's ability to continue as a going concern pursuant to the going concern principle unless otherwise management either intends to liquidate or cease the operations of Development Solutions NGO, or has no realistic alternative but to do so.

Those charged with the corporate governance will have responsibility for overseeing Development Solutions NGO's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. We've also performed the following tasks to:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain, audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Development Solutions NGO's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Development Solutions NGO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may affect Development Solutions NGO's ability to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

General Director, CPA
Ts. Jigden

June 4, 2018

FUNDING ORGANIZATIONS



SUPPORTING ORGANIZATIONS

