

**MITH SAMLANH**

**Financial Statements  
for the year ended 31 December 2021  
and  
Report of the Independent Auditors**

# Mith Samlanh

## Contents

	<b>Page</b>
1. Organisation information	1
2. Statement by the Directors	2
3. Report of the independent auditors	3 – 5
4. Statement of financial position	6
5. Statement of income and expenditure	7
6. Notes to the financial statements	8 – 19
Annex I – Schedule of income and expenditure by donors	i – iii

## Organisation Information

<b>Organisation document</b>	Registration No.172 issued by the Ministry of Interior on 11 February 2002	
<b>Main donors</b>	Caritas Switzerland Credit Suisse APAC Foundation Limited/Friends-International DanChurchAid ECPAT Luxembourg asbl/Friends-International Fondation NEXT/Wise Sarl/ Friends-International Fondation Junclair Fondation Pierre Bellon/Friends-International Fossil Foundation/Friends-International Friends Deutschland/Friends-International Gisela Stichting Global Fund/NCHADS/Friends-International Intrepid Foundation/Friends-International Riverview Children's Foundation Save the Children International / European Union Shiseido Travel Retail Asia Pacific Pte. Ltd./Friends-International Sipar/AFD Solidarity Accor Hotels/Friends-International United Nations Children's Fund ("UNICEF")/Friends-International	
<b>Board of Directors</b>	Mr. Reth Vuthy Mr. Len Coster Mr. Sebastien Marot Ms. Tith Davy Ms. Mâp Somaya (Ly Sophat) Mr. Michael Gilmore	Chairperson Member Member Member Member (non-voting member) Member (resigned on 3 January 2021)
<b>Technical Coordinator</b>	Friends-International (FI)	
<b>Management Team</b>	Ms. Mâp Somaya (Ly Sophat) Mr. Pring KimChhay Ms. Khem Soleil Ms. Kay Phanny Mr. Horn Pisith	Program Director Finance Coordinator Saving Lives Coordinator HR Coordinator Building Futures Coordinator
<b>Registered Office</b>	#215, Street 13, Phnom Penh Kingdom of Cambodia	
<b>Principal Bankers</b>	J Trust Royal Bank (Cambodia) Ltd ACLEDA Bank Plc. Advanced Bank of Asia Ltd Wing Bank (Cambodia) Plc.	
<b>Auditors</b>	KPMG Cambodia Ltd	

## Statement by the Directors

I, the undersigned, on behalf of the Management and the Board of Directors of Mith Samlanh ("the Organisation"), do hereby state that the accompanying financial statements as at 31 December 2021 and for the year then ended, as set out on pages 6 to 19 are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements.

*Signed on behalf of the Board of Directors in accordance with a resolution of the Board,*



Ms. Mâp Somaya (Ly Sophat)  
*Program Director*

Phnom Penh, Kingdom of Cambodia

Date: *17 May 2022*



KPMG Cambodia Ltd  
GIA Tower, Sopheak Mongkul Street, Phum 14  
Sangkat Tonle Bassac, Khan Chamkar Mon  
Phnom Penh, Cambodia  
+ 855 (17) 666 537 / + 855 (81) 533 999 | kpmg.com.kh

## **Report of the independent auditors**

### **To the donors**

### **Mith Samlanh**

#### ***Opinion***

We have audited the accompanying financial statements of Mith Samlanh (“the Organisation”), which comprises the statement of financial position as of 31 December 2021 the statement of income and expenditure for the year then ended and notes, comprising significant accounting policies and other explanatory information (“financial statements”), as set out on pages 6 to 19.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 to the financial statements.

#### ***Basis for Opinion***

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, 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.

#### ***Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution***

We draw attention to Note 2 to the financial statements, which describes the basis of accounting and the accounting policies adopted by the Organisation. The financial statements are prepared for the information of and use by the Donors and management of the Organisation. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.





### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Annex I on pages i to iii, but does not include the financial statements and our auditors' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

### ***Auditors' Responsibility 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 auditors' 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 CISAs 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 CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 the Organisation’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 the Organisation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For **KPMG Cambodia Ltd**



Taing YoukFong  
Partner

Phnom Penh, Kingdom of Cambodia

17 May 2022

# Mith Samlanh

## Statement of financial position as at 31 December 2021

	Note	2021		2020	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Assets</b>					
Cash and bank balances	4	1,069,067	4,355,379	881,748	3,566,671
Account receivables	5	12,617	51,402	19,925	80,597
Freehold land	6	2,826,900	11,516,790	2,826,900	11,434,811
		<u>3,908,584</u>	<u>15,923,571</u>	<u>3,728,573</u>	<u>15,082,079</u>
<b>Liabilities</b>					
Account payables	7	<u>20,545</u>	<u>83,700</u>	<u>17,846</u>	<u>72,187</u>
<b>Net assets</b>		<u>3,888,039</u>	<u>15,839,871</u>	<u>3,710,727</u>	<u>15,009,892</u>
<b>Represented by:</b>					
Fund balance at end of year		<u>3,888,039</u>	<u>15,839,871</u>	<u>3,710,727</u>	<u>15,009,892</u>

Prepared by:



Mr. Pring KimChhay  
Finance Coordinator

Date: 17 May 2022

Approved by:



Ms. Mâp Somaya (Ly Sophat)  
Program Director

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



# Mith Samlanh

## Statement of income and expenditure for the year ended 31 December 2021

	Note	2021		2020	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<i>(Reclassified)</i>					
<b>Income</b>					
Donor funding/grants	8	1,651,958	6,720,165	1,164,329	4,746,969
Vocational training income generation	9	225,512	917,383	592,988	2,417,612
Private donations	10	254,227	1,034,196	198,857	810,740
Other income	11	11,870	48,287	13,557	55,272
		<u>2,143,567</u>	<u>8,720,031</u>	<u>1,969,731</u>	<u>8,030,593</u>
<b>Expenditure</b>					
Personnel costs	12	916,039	3,726,447	1,093,355	4,457,608
Direct costs	13	678,251	2,759,125	281,761	1,148,740
Equipment/Assets	14	26,101	106,179	13,470	54,917
Indirect costs	15	131,073	533,205	186,010	758,363
Traveling and Training		3,279	13,339	325	1,325
Other training income generation cost	16	99,163	403,395	252,079	1,027,726
Transfers to programs	17	112,349	457,036	80,560	328,443
		<u>1,966,255</u>	<u>7,998,725</u>	<u>1,907,560</u>	<u>7,777,122</u>
<b>Surplus of income over expenditure</b>					
		177,312	721,306	62,171	253,471
Fund balance at beginning of year		3,710,727	15,009,892	3,648,556	14,867,868
Currency translation differences		-	108,673	-	(111,447)
<b>Fund balance at end of year</b>		<u>3,888,039</u>	<u>15,839,871</u>	<u>3,710,727</u>	<u>15,009,892</u>

Prepared by:



Mr. Pring KimChhay  
Finance Coordinator

Date: 17 May 2022

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

Approved by:



Ms. Mâp Somaya (Ly Sophat)  
Program Director

# Mith Samlanh

## Notes to the financial statements for the year ended 31 December 2021

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

### 1. Background

Mith Samlanh (“the Organisation”) was established in 1994 in Phnom Penh, Cambodia, and works with vulnerable children/youth, their families and their communities. The Organisation registered as a local NGO with the Ministry of Interior on 11 February 2002 and revised the registration letter on 13 March 2020 under letter No. 1808, as a and is party to a Memorandum of Understanding with the Ministry of Social Affairs, Vocational Training and Youth dated 2 August 1999 and subsequently renewed on 14 October 2019 for 3 years while will be ended on 14 October 2022, Ministry of Health dated 2 April 2016 and renewed on 16 June 2020 for 3 years while will be ended on 31 May 2023, Ministry of Education, Youth and Sports dated 17 February 2017 for 3 years. It was expired date on 31 December 2019 and subsequently renewed on 25 February 2020 for 3 years while will be ended on 30 December 2022, Ministry of Labour and Vocational Training dated 11 February 2016 for 5 years while will be ended on 06 September 2022, Municipality of Phnom Penh date 6 September 2017, and National Authority for Combating Drugs dated on 2 July 2020 for 1 year. It was expired on on 02 July 2021.

The Organisation’s objective is to save lives and build futures. Mith Samlanh saves lives through outreach, drop-in-centres, detoxification and rehabilitation centres, support groups, provision of emergency support services with the objective of stabilising and securing young people and caregivers, before supporting them to build their futures. After stabilization, Mith Samlanh focuses on building futures, reintegrating children into school, and youth, caregivers into employment and for communities to become active and productive citizens of their country and in protecting children. Since 1994, the Organisation has been working with children and youth to develop the best possible service to give them opportunities to go to school, learn a trade, find employment, recover from drug addiction and move away from life on the streets.

As at 31 December 2021, the Organisation had 150 employees (2020: 174 employees).

### 2. Significant accounting policies

The following significant accounting policies have been adopted by the Organisation in the preparation of these financial statements.

#### (a) Basis of aggregation

The financial statements comprise the financial statements of the business and the Project, after elimination of all inter-organisation balances and transactions.

The financial statements, which are expressed in United States Dollars (“US\$”), have been prepared in accordance with a modified cash receipts and disbursements basis of accounting. This is a basis of accounting that is designed and adopted to meet the requirements of the Organisation; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards or International Public Sector Accounting Standards.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### (b) Basis of accounting

Under this basis of accounting, income is recognised when the Organisation receives funds in cash rather than when it is earned. Expenditure is recognised when payments are made rather than when expenditure is incurred, except for the following treatments:

- (i) Cash advance to staff and suppliers are initially recognised as receivables in the statement of financial position and only recognised as expenditure when they have been liquidated by supporting invoices;
- (ii) Rental prepayment of business is recorded in statement of financial position and recognised as rental expense in the subsequent months when it is realised;
- (iii) Receivables from income of the Organisation's products and staff loan are recorded in the statement of financial position until cash is received; and
- (iv) Professional fee, salary tax, gasoline and other payables are recorded in the statement of financial position until they are settled.

The financial statements are prepared for the information of and use by the Donors and management of the Organisation. As a result, the financial statements may not be suitable for another purpose.

#### (c) Non-expendable equipment and freehold land

Except for freehold land, the cost of non-expendable equipment is charged to expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

Freehold land is stated at cost and recorded as an asset in the statement of financial position. Freehold land is not depreciated.

#### (d) Functional and foreign currency transaction

The national currency of Cambodia is Khmer Riel ("KHR"). However, the Organisation transacts its operations and maintains its accounting records primarily in United States Dollars ("US\$"). The management has determined the US\$ to be the Organisation's functional currency as it reflects the economic substance of the underlying events and circumstance of the Organisation.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### (e) New financial reporting framework not yet adopted

On 27 March 2018, the Ministry of Economy and Finance (“MEF”) issued Prakas No. 335 on the Implementation of Cambodian Financial Reporting for Not-For-Profit Entities (“CFRS for NFPEs”) which follows the cash basis of accounting and is effective for the period beginning on or after 1 January 2018 established in compliance with the Law on Association and NGO and relevant provision in effect. On 21 January 2019, the Accounting and Auditing Regulator (“ACAR” or formerly known as National Accounting Council) of the MEF announced to delay the implementation of the CFRS for NFPEs until further notice.

On 15 March 2022, ACAR issued an instruction on the implementation of Accounting and Auditing obligation for Non-Governmental Organisation (NGO) to enforce the application of the CFRS for NFPEs which is applicable from 2022. The NGO is required to submit a written notification to ACAR should it adopts the Cambodian International Financial Reporting Standards (“CIFRSs”) or the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

The Management is currently assessing the impact of this standard and will aim to respond accordingly for adoption of these new standards.

### 3. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in US\$. The translations of US\$ amounts into Khmer Riel are included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date. The statement of income and expenditure are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as “Currency translation reserves” in the statement of income and expenditure.

The Organisation uses the following exchange rates:

			<b>Closing rate</b>	<b>Average rate</b>
31 December 2021	US\$1	=	KHR4,074	KHR4,068
31 December 2020	US\$1	=	<u>KHR4,045</u>	<u>KHR4,077</u>



# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 4. Cash and bank balances

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Cash on hand	<u>16</u>	<u>65</u>	<u>3,279</u>	<u>13,264</u>
Cash at banks:				
J Trust Royal Bank Plc.	549,912	2,240,341	383,112	1,549,688
Advanced Bank of Asia Ltd.	276,329	1,125,764	427,600	1,729,642
ACLEDA Bank Plc.	242,609	988,389	34,806	140,790
Foreign Trade Bank of Cambodia	-	-	32,802	132,684
Wing Specialised Bank	201	820	149	603
	<u>1,069,051</u>	<u>4,355,314</u>	<u>878,469</u>	<u>3,553,407</u>
	<u>1,069,067</u>	<u>4,355,379</u>	<u>881,748</u>	<u>3,566,671</u>

### 5. Account receivables

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Receivables - Credit income	6,683	27,227	11,133	45,033
Guarantee deposits	3,095	12,609	3,095	12,519
Staff loans	290	1,181	1,300	5,259
Receivables - Program	89	363	1,674	6,771
Prepayment	-	-	25	102
Other receivables	<u>2,460</u>	<u>10,022</u>	<u>2,698</u>	<u>10,913</u>
	<u>12,617</u>	<u>51,402</u>	<u>19,925</u>	<u>80,597</u>

### 6. Freehold land

In order to secure the future of the programme, the Organisation purchased the freehold land where its core activities are based.

The freehold land of the Organisation is located at #215, Street 13, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

On 16 September 2021, the Organisation paid the Property Tax at the amount of US\$4,483 (2020: US\$4,386) (Note 15).

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 7. Account payables

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Salary tax payable	2,162	8,808	2,577	10,424
Gasoline payable	1,110	4,522	535	2,164
Student tip payable	-	-	1,115	4,510
Others	17,273	70,370	13,619	55,089
	<u>20,545</u>	<u>83,700</u>	<u>17,846</u>	<u>72,187</u>

### 8. Donor funding/grants

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
FI/UNICEF Cambodia	267,009	1,086,193	80,111	326,613
Fondation Junclair	200,529	815,752	39,833	162,399
FI/Wise Sarl/Fondation NEXT	185,739	755,586	69,800	284,575
Save the Children International/EU	148,535	604,240	107,068	436,516
FI/If International Foundation	127,787	519,838	-	-
FI/Global Fund/NCHADS	118,992	484,059	169,173	689,717
DanChurchAid	113,377	461,218	101,157	412,417
FI/ECPAT Luxembourg asbl	85,525	347,916	101,455	413,632
FI/Fondation Pierre Bellon	70,152	285,378	70,417	287,090
FI/Credit Suisse APAC Foundation Limited	64,546	262,573	69,655	283,981
Gisela Stichting	55,000	223,740	42,000	171,234
FI/Epic Foundation	50,000	203,400	-	-
FI/Solidarity Accor Hotels	35,077	142,693	31,829	129,767
FI/Give2Asia/VISA	30,000	122,040	-	-
FI/Shiseido Travel Retail Asia Pacific Pte. Ltd.	23,255	94,601	97,904	399,155
FI/Firetree Asia Foundation	19,360	78,756	-	-
Sipar/AFD	11,801	48,006	15,775	64,315
People In Need	11,250	45,765	-	-
Riverview Children's Foundation	11,200	45,562	9,865	40,220
FI/World Childhood Foundation	9,922	40,363	-	-
FI/SMART Axiata	573	2,331	9,814	40,012
	<u>1,639,629</u>	<u>6,670,010</u>	<u>1,015,856</u>	<u>4,141,643</u>

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 8. Donor funding/grants (continued)

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Caritas Switzerland	9,329	37,950	9,000	36,694
Planete Enfants & Developpement	3,000	12,205	-	-
FI/Intrepid Foundation	-	-	13,562	55,292
FI/Fossil Foundation	-	-	100,000	407,700
DanChurchAid - COVID 19	-	-	14,552	59,329
FI/If International Foundation - COVID	-	-	12,500	50,963
The Australian Embassy (DFAT-Aid)	-	-	(748)	(3,050)
FI/Ami(e)s/Mécénat Servier	-	-	(393)	(1,602)
Sub-total	<u>12,329</u>	<u>50,155</u>	<u>148,473</u>	<u>605,326</u>
Total	<u>1,651,958</u>	<u>6,720,165</u>	<u>1,164,329</u>	<u>4,746,969</u>

#### 9. Vocational training income generation

	Note	2021		2020	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends N Stuff (Street no.13)	(i)	12,770	51,948	53,447	217,903
Friends N Stuff (Romdeng)	(ii)	-	-	8,384	34,182
Friends the Restaurant	(iii)	-	-	207,093	844,318
Romdeng Restaurant	(iii)	-	-	186,092	758,697
Cookbook "Best of Friends"	(iv)	60	244	801	3,266
Vocational Training Centre	(v)	7,148	29,078	14,778	60,250
Let's Eat		95,085	386,802	31,004	126,403
Home Based Production		110,450	449,311	91,389	372,593
		<u>225,512</u>	<u>917,383</u>	<u>592,988</u>	<u>2,417,612</u>

(i) *Friends N Stuff (Street no.13)*

Friends N Stuff, established in May 2003 and located next to Friends Training Restaurant, sells clothes, books, products made by families of vulnerable children in the Home Based production program and by former street youths in training and promotional materials such as T-shirts, posters, calendars and postcards. Due to the Covid-19 pandemic, Friends N Stuff had started training and promoting on masks material to protect the Covid-19 pandemic.

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 9. Vocational training income generation (continued)

(ii) *Friends N Stuff (Romdeng)*

This Friends N Stuff (Romdeng) training outlet was established on 15 December 2011 and is located in Romdeng training restaurant. The outlet mainly sells home-based production products made by communities, as part of the Family Income Generation project enabling families to send their children to school instead of work on the streets or beg.

From 1 April 2020, the Organisation closed the Friends N Stuff (Romdeng) because of Covid-19 pandemic.

(iii) *Friends Training Restaurant and Romdeng Training Restaurant*

Friends Training Restaurant serves Western and Asian Tapas and has been operating since February 2001. Romdeng Training Restaurant specialises in Cambodian food and opened in December 2005. Both training restaurants are run as businesses that provide students with hands on practical experience and generate income for the Organisation. The training restaurants and canteen provide hospitality training to youth. To increase their knowledge, students also study English and Khmer language skills, numeracy, literacy and small business management in addition to their vocational training.

From 1 April 2020, the Organisation closed the Friends Training Restaurant and Romdeng Training Restaurant because of Covid-19 pandemic.

(iv) *Cookbook “Best of Friends”*

The Cookbook “Best of Friends”, established in December 2004, is sold in the Organisation’s training restaurants and shops to generate income for the Organisation.

(v) *Vocational Training Centre*

Vocational Training Centre offers seven vocational training workshops: cooking, welding, beauty, sewing, electricity, motorbike mechanics, and men’s hair dressing to youth (from age 15 to 24 years), building their self-confidence and developing marketable skills and leading gainful employment. To increase their knowledge, students also study language, numeracy, literacy and small business management in addition to their chosen skills.

#### 10. Private donations

	2021		2020	
	US\$	KHR’000 (Note 3)	US\$	KHR’000 (Note 3)
Other private/individual donors	<u>254,227</u>	<u>1,034,196</u>	<u>198,857</u>	<u>810,740</u>

This represents donations from individuals, companies, organisations or institutes which are not covered by specific grant agreements.



## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 11. Other income

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Income of obsolete equipment	621	2,526	6,920	28,213
Interest income	1,298	5,280	1,640	6,686
Others	9,951	40,481	4,997	20,373
	<u>11,870</u>	<u>48,287</u>	<u>13,557</u>	<u>55,272</u>

#### 12. Personnel costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Staff salaries	816,761	3,322,584	931,662	3,798,386
Consultancies/Professional fees	4,656	18,941	10,665	43,481
Staff lay-off and indemnity (*)	44,354	180,432	122,220	498,291
Health benefits	35,571	144,703	22,366	91,186
Overtime	10,994	44,724	5,415	22,077
Recruitment cost	846	3,442	1,027	4,187
Staff COVID Testing	1,187	4,829	-	-
Stipend	1,670	6,792	-	-
	<u>916,039</u>	<u>3,726,447</u>	<u>1,093,355</u>	<u>4,457,608</u>

(\*) In accordance with Prakas No. 443 MLVT/Br. K issued by the Ministry of Labor and Vocational Training on 21 September 2018 and subsequently amended by the Instruction No. 042/19 dated 22 March 2019, all employees are entitled to seniority indemnity which payment has started from 2019 at the amount equal to 15 days of net wage per year.

This represents the seniority indemnity payments and staff lay off costs during the year.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 13. Direct costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Family support	210,544	856,493	50,492	205,856
Food/drinks/snacks	221,298	900,240	54,213	221,026
Vocational Training materials	68,504	278,674	8,922	36,375
Micro-Enterprise Support	34,765	141,424	18,169	74,075
Family Reintegration Travel	2,985	12,143	4,668	19,034
Foster care support costs	29,555	120,230	31,508	128,458
Hygiene materials	24,862	101,139	17,493	71,319
Public school costs	17,422	70,873	13,800	56,263
Medical costs	11,847	48,194	15,380	62,704
Beneficiary Transport	14,160	57,603	-	-
Beneficiary Trainings / Meeting	2,863	11,647	31,317	127,679
Beneficiary COVID Testing	841	3,421	-	-
Independent living	4,160	16,923	7,605	31,006
Placement support costs	4,041	16,439	5,602	22,839
Centre supplies	4,097	16,667	8,364	34,100
Harm reduction materials	3,418	13,904	3,537	14,420
Information, education and communication materials	3,366	13,693	3,408	13,894
Outreach materials	2,200	8,950	3,057	12,463
Recreational materials	809	3,291	1,212	4,941
Staff uniform	4,835	19,669	1,357	5,532
ChildSafe Activities	7,069	28,757	-	-
Clothes	930	3,783	1,177	4,799
Non-formal education materials	3,402	13,837	-	-
Other activity costs	278	1,131	480	1,957
	<u>678,251</u>	<u>2,759,125</u>	<u>281,761</u>	<u>1,148,740</u>

### 14. Equipment/Assets

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
IT/computers	17,368	70,653	6,636	27,055
Vehicles	3,772	15,344	3,190	13,006
Furniture and fittings	480	1,953	640	2,609
Vocational Training Equipment	2,815	11,451	775	3,160
Inventory	1,666	6,778	2,229	9,087
	<u>26,101</u>	<u>106,179</u>	<u>13,470</u>	<u>54,917</u>

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 15. Indirect costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Rentals	22,129	90,021	47,522	193,747
Utilities	30,519	124,151	36,687	149,573
Maintenance/renovation	9,288	37,784	23,354	95,214
Communications	17,097	69,551	14,128	57,600
Transportation/gasoline/ Maintenance	22,950	93,361	23,174	94,480
Office supplies	8,630	35,107	15,529	63,312
External audit fees	6,600	26,849	4,180	17,042
Property tax payment (Note 6)	4,483	18,237	4,386	17,882
Building/vehicles insurance	3,898	15,857	7,190	29,314
Advertising/marketing	1,449	5,895	3,014	12,288
Printing/copies	676	2,750	849	3,461
Donor relations	1,819	7,400	600	2,446
Subscriptions	229	932	-	-
Postage/shipping	101	411	426	1,737
Bank charges	793	3,226	3,639	14,836
Others	412	1,673	1,332	5,431
	<u>131,073</u>	<u>533,205</u>	<u>186,010</u>	<u>758,363</u>

#### 16. Other training income generation costs

Other training income generation cost represent costs of products bought from Home-Based Production Training in communities to sell at Friends N Stuff, cost of sales at Friends Training Restaurants, Romdeng training Restaurant, costs of cookbook "Best of Friends" and costs of raw materials used at Vocational Training Centre.

The detail costs are as follows:

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Cost of Sales	99,163	403,395	218,809	892,084
Franchise Fees	-	-	33,270	135,642
	<u>99,163</u>	<u>403,395</u>	<u>252,079</u>	<u>1,027,726</u>

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 17. Transfers to programs

This represents Program Support fee charged by Friends-International – Phnom Penh Headquarters for its technical advisory and core management at Mith Samlanh. The charge ranged from 7% to 15% of the approved budget.

### 18. Commitments

#### (i) Expenditure commitments

The Organisation leases its Transitional Homes and Drop-in-Centres under non-cancellable operating lease agreement which the lease term are 3 years and the expiry date will be on 20 June 2024. The lease expenditure charged to the statement of income and expenditure during the year is disclosed in Note 15.

As at 31 December, the Organisation has commitments in respect of operating leases as follows:

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Within one year	13,933	56,763	19,044	77,033
Within two to five years	<u>33,122</u>	<u>134,939</u>	<u>12,222</u>	<u>49,438</u>
	<u>47,055</u>	<u>191,702</u>	<u>31,266</u>	<u>126,471</u>

#### (ii) Back pay seniority

In accordance with Prakas No.443 MLVT/Br.K issued on 21 September 2018 and subsequently amended by the Instruction No. 042/19 dated 22 March 2019, all employees as at 31 December 2020 are entitled to past years of seniority service before 2019.

Effective on 2 June 2020, the MoLVT issued Prakas No. 018/20 for the postponement of seniority indemnity back-pay for periods before 2019 and postponement of seniority payments in 2020.

On 23 December 2020, the Royal Government of Cambodia issued an Instruction to allow entities to delay the payment of back pay seniority indemnity before 2019 and the current seniority indemnity for the years 2020 and 2021 until 2022. The Organisation chose to comply with this postpone payment.

As at 31 December 2021, the management has estimated the maximum back pay seniority payment commitment amounting to US\$130,294 (31 December 2020: US\$138,821).



# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 18. Commitments (continued)

#### (iii) Separate business activities

In accordance with Prakas No. 464 MEF. Prk dated on 12 April 2018 issued by the Ministry of Economy and Finance and the Instruction No. 3303 GDT issued by General Department of Taxation (GDT) on 6 February 2020 on the Instruction for Implementation of Tax Obligation of Associations or Non-Governmental Organisation (NGOs), required NGOs which have separated business activities aside from their sole objective of non-profit activities to register its business activities as a separate company under sole proprietorship for and must have separate accounting record for these separate business activities.

Since 2020, other than donor's funding, the Organisation has income generated from vocational trainings. Since Covid-19 impact on 29 March 2020, the major Vocational Training activities suspended its operation until the current date.

As at the date of these financial statements, the Organisation is in the process to register the separate business activities with the GDT and prepare a split accounting records.

### 19. Prior year's reclassification

During the year, the Organisation has changed its presentation of expenditure in order to be consistent with its group requirements, Friend Internationals. As a result, certain comparative figures have been reclassified to conform with the current year's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

	Impact of reclassification		
	As previously reported US\$	Adjustments US\$	As reclassified US\$
Personnel costs	1,163,575	(70,220)	1,093,355
Indirect costs	244,427	(58,417)	186,010
Direct costs	262,611	19,150	281,761
Capital expenditure	13,471	(13,471)	-
Equipment/Assets	-	13,470	13,470
Traveling and Training	4,668	(4,343)	325
Other training income generation costs	218,808	33,271	252,079
Transfers to programs	-	80,560	80,560
	<u>1,907,560</u>	<u>-</u>	<u>1,907,560</u>

## Mith Samlanh

## Annex I

### Schedule of income and expenditure by donors for the year ended 31 December 2021

	Balance at 1 January 2021 US\$	Income US\$	Expenditure US\$	Balance at 31 December 2021 US\$
Caritas Switzerland	6,862	9,329	16,191	-
DAK Foundation - COVID 19	-	39,975	39,074	901
DanChurchAid	-	113,377	107,592	5,785
FI/Ami(e)s/Mécénat Servier	18,202	-	18,202	-
FI/Andrew Leaver	-	19,975	19,975	-
FI/Anonymous (HLM)	41,557	-	41,557	-
FI/Anonymous (DF)	50,294	38,353	53,178	35,469
FI/Auscham	-	3,056	3,056	-
FI/Credit Suisse APAC Foundation Limited	47,179	64,546	47,494	64,231
FI/D Thomson Sargent	664	-	664	-
FI/ECPAT Luxembourg asbl	38,224	85,525	123,749	-
FI/Epic Foundation	-	50,000	50,000	-
FI/Firetree Asia Foundation	-	19,360	19,360	-
FI/Fondation Next	-	185,739	24,318	161,421
FI/Fondation Pierre Bellon	44,977	70,152	49,967	65,162
FI/Fossil Foundation	75,400	-	56,452	18,948
FI/Friends Deutschland	7,096	-	7,096	-
FI/Give2Asia / VISA	-	30,000	23,495	6,505
FI/If International Foundation	-	127,787	98,832	28,955
FI/Jan Willem Rothenbaum	-	11,800	2,440	9,360
FI/Jonathon Payson	859	6,000	6,859	-
Sub-total	<u>331,314</u>	<u>874,974</u>	<u>809,551</u>	<u>396,737</u>

## Mith Samlanh

## Annex I

### Schedule of income and expenditure by donors (continued) for the year ended 31 December 2021

	Balance at 1 January 2021 US\$	Income US\$	Expenditure US\$	Balance at 31 December 2021 US\$
FI/Justice & Soul	-	12,000	12,000	-
FI/NCHADS/GFATM	6,584	118,992	122,938	2,638
FI/Patrick Seiler	-	26,598	7,374	19,224
FI/Shiseido Travel Retail Asia Pacific Pte. Ltd.	61,560	23,255	43,708	41,107
FI/The International Labour Organization	-	-	805	(805)
FI/Smart Axiata	-	573	573	-
FI/Solidarity Accor Hotels	2,474	35,077	41,431	(3,880)
FI/ Anonymous (TO)	5,336	-	5,336	-
FI/UNICEF Cambodia	-	267,009	267,009	-
FI/Wat Khmer Kampuchea Krom	-	54,255	28,614	25,641
FI/Wise Sarl/Fondation NEXT	47,257	-	47,042	215
FI/World Childhood Foundation	-	9,922	9,922	-
Foundation Junclair	60,958	205,177	212,064	54,071
Gerald Trevor	-	8,640	7,790	850
Gisela Stichting	1,428	55,000	34,453	21,975
Noble Caledonia Charitable Trust	-	16,622	16	16,606
People In Need	-	11,250	-	11,250
Planete Enfants & Developpement	-	3,000	3,000	-
Riverview Children's Foundation	2,977	11,200	6,924	7,253
Save the Children International/EU	(9,538)	148,535	138,997	-
Sipar/AFD	3,974	11,801	17,322	(1,547)
Sub-total	<u>183,010</u>	<u>1,018,906</u>	<u>1,007,318</u>	<u>194,598</u>

## Mith Samlanh

Annex I

### Schedule of income and expenditure by donors (continued) for the year ended 31 December 2021

	Balance at 1 January 2021 US\$	Income US\$	Expenditure US\$	Balance at 31 December 2021 US\$
Mith Samlanh Reserves	2,650,682	22,903	3,806	2,669,779
Vocational Training Centre	545,721	226,784	145,580	626,925
Sub-total	3,196,403	249,687	149,386	3,296,704
<b>Total</b>	<b>3,710,727</b>	<b>2,143,567</b>	<b>1,966,255</b>	<b>3,888,039</b>

Prepared by:



Mr. Pring KimChhay  
Finance Coordinator

Date: 17 May 2022

Approved by:



Ms. Mâp Somaya (Ly Sophat)  
Program Director