

**MITH SAMLANH**

**Financial Statements  
for the year ended 31 December 2020  
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 – 22
Annex I – Schedule of income and expenditure by donors	(i) – (ii)

## Organisation Information

<b>Organisation document</b>	Registration No.172 issued by the Ministry of Interior on 11 February 2002	
<b>Main donors</b>	DanChurchAid (“DCA”) Fondation NEXT/Wise Sarl/ Friends-International Fondation Juniclair Fossil Foundation/Friends-International Friends Deutschland/Friends-International Global Fund/NCHADS/Friends-International (“GFATM/FI”) Intrepid Foundation/Friends-International Mécénat Servier/Friends-International Riverview Children’s Foundation Save the Children International Sipar/AFD Solidarity Accor Hotels/Friends-International United Nations Children’s Fund (“UNICEF”)/Friends-International Caritas Switzerland Credit Suisse APAC Foundation Limited/Friends-International ECPAT Luxembourg asbl/Friends-International Gisela Stichting/Friends-International Fondation Pierre Bellon/Friends-International Shiseido Travel Retail Asia Pacific Pte. Ltd./Friends-International	
<b>Board of Directors</b>	Mr. Reth Vuthy Mr. Michael Gilmore Mr. Len Coster Ms. Mâp Somaya (Ly Sophat) Mr. Sebastien Marot Ms. Tith Davy	Chairperson Member Member Member (non-voting member) Member (non-voting member) Member
<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 Foreign Trade Bank of Cambodia ACLEDA Bank Plc. Advanced Bank of Asia Ltd Wing (Cambodia) Limited Specialised Bank	
<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 for the year ended 31 December 2020, as set out on pages 6 to 22 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: 19 - April - 2021



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## **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 2020, 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 22.

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 page (i) to (ii), 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

19 April 2021

# Mith Samlanh

## Statement of financial position as at 31 December 2020

	Note	2020		2019	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Assets</b>					
Cash and bank balances	4	881,748	3,566,671	820,515	3,343,599
Account receivables	5	19,925	80,597	35,780	145,804
Freehold land	6	2,826,900	11,434,811	2,826,900	11,519,618
		<u>3,728,573</u>	<u>15,082,079</u>	<u>3,683,195</u>	<u>15,009,021</u>
<b>Liabilities</b>					
Account payables	7	17,846	72,187	34,639	141,154
<b>Net assets</b>		<u>3,710,727</u>	<u>15,009,892</u>	<u>3,648,556</u>	<u>14,867,867</u>
<b>Represented by:</b>					
Fund balance at end of year		<u>3,710,727</u>	<u>15,009,892</u>	<u>3,648,556</u>	<u>14,867,867</u>

Prepared by:



Mr. Pring KimChhay  
Finance Coordinator

Date: 19 April 2021

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 2020

	Note	2020		2019	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Income</b>					
Donor funding/grants	8	1,164,329	4,746,969	1,209,486	4,900,837
Training income	9	592,988	2,417,612	1,787,089	7,241,285
Private donations	10	198,857	810,740	55,401	224,485
Other income	11	13,557	55,272	11,679	47,323
		<u>1,969,731</u>	<u>8,030,593</u>	<u>3,063,655</u>	<u>12,413,930</u>
<b>Expenditure</b>					
Personnel costs	12	1,163,575	4,743,895	1,423,456	5,767,844
Indirect costs	13	244,427	996,529	576,016	2,334,017
Direct costs	14	262,611	1,070,665	282,230	1,143,596
Capital expenditure	15	13,471	54,921	24,524	99,371
Travel costs		4,668	19,031	6,608	26,776
Other training income generation cost	16	218,808	892,080	616,657	2,498,694
		<u>1,907,560</u>	<u>7,777,121</u>	<u>2,929,491</u>	<u>11,870,298</u>
<b>Surplus of income over expenditure</b>		62,171	253,472	134,164	543,632
Fund balance at beginning of year		3,648,556	14,867,867	3,514,392	14,240,316
Currency translation difference		-	(111,447)	-	83,919
<b>Fund balance at end of year</b>		<u><u>3,710,727</u></u>	<u><u>15,009,892</u></u>	<u><u>3,648,556</u></u>	<u><u>14,867,867</u></u>

Prepared by:



Mr. Pring KimChhay  
Finance Coordinator

Date: 19 April 2021

Approved by:



Ms. Mâp Somaya (Ly Sophat)  
Program Director

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

# **Mith Samlanh**

## **Notes to the financial statements for the year ended 31 December 2020**

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 02 August 1999 and subsequently renewed on 10 November 2015, Ministry of Health dated 02 April 2016 and renewed on 16 June 2020, Ministry of Education, Youth and Sports dated 17 February 2017, Ministry of Labour and Vocational Training dated 11 February 2016, Municipality of Phnom Penh date 06 September 2017, and National Authority for Combating Drugs dated on 2 July 2020.

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 2020, the Organisation had 174 employees (2019: 236 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.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### (b) Basis of accounting

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.

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.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### (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.

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

On 27 March 2018, the National Accounting Council of the Ministry of Economy and Finance (“MEF”) issued a Prakas No. 335 MoEF. BK on the Implementation of Cambodian Financial Reporting Standard for Not-For-Profit Entities (“CIFRS for NFPEs”) which follows cash basis of accounting and is effective for the period beginning on or after 1 January 2018.

On 21 January 2019, the National Accounting Council of the MEF announced to delay the implementation of the CIFRS for NFPEs until further notice.

At this stage, the Organisation does not intend to adopt the CIFRS for NFPEs before its effective date.

### 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 difference 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 2020	US\$1	=	KHR4,045	KHR4,077
31 December 2019	US\$1	=	<u>KHR4,075</u>	<u>KHR4,052</u>

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 4. Cash and bank balances

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Cash on hand	3,279	13,264	12,962	52,820
Cash at banks				
J Trust Royal Bank Plc.	383,112	1,549,688	406,003	1,654,462
Advanced Bank of Asia Ltd.	427,600	1,729,642	282,327	1,150,483
ACLEDA Bank Plc.	34,806	140,790	89,749	365,727
Foreign Trade Bank of Cambodia	32,802	132,684	29,474	120,107
Wing Specialised Bank	149	603	-	-
	878,469	3,553,407	807,553	3,290,779
	881,748	3,566,671	820,515	3,343,599

### 5. Account receivables

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Receivables - Credit income	11,133	45,033	24,516	99,903
Guarantee deposits	3,095	12,519	3,539	14,421
Receivables - Program	1,674	6,771	1,129	4,601
Staff loans	1,300	5,259	505	2,058
Prepayment	25	102	108	440
Receivables - Business	-	-	396	1,614
Other receivable	2,698	10,913	5,587	22,767
	19,925	80,597	35,780	145,804

### 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 28 August 2020, the Organisation paid the Property Tax at the amount of US\$4,386 (2019: US\$4,388) (Note 13).

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 7. Account payables

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Salary tax payable	2,577	10,424	2,944	11,997
Student tip payable	1,115	4,510	1,558	6,349
Gasoline payable	535	2,164	1,482	6,039
TREE franchise fee payable	-	-	16,473	67,127
Others	13,619	55,089	12,182	49,642
	<u>17,846</u>	<u>72,187</u>	<u>34,639</u>	<u>141,154</u>

### 8. Donor funding/grants

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
FI/NCHADS/GFATM	169,173	689,717	135,555	549,269
Save the Children International/EU	107,068	436,516	158,322	641,521
DanChurchAid	101,157	412,417	104,430	423,150
FI/Fossil Foundation	100,000	407,700	103,168	418,037
FI/UNICEF Cambodia	80,111	326,613	107,594	435,971
FI/Wise Sarl/Fondation NEXT	69,800	284,575	150,400	609,421
Gisela Stichting	42,000	171,234	52,000	210,704
Fondation Juniclair – Takhmao	39,833	162,399	37,319	151,217
FI/Solidarity Accor Hotels	31,829	129,767	38,780	157,137
Sipar/AFD	15,775	64,315	15,681	63,539
FI/Intrepid Foundation	13,562	55,292	7,652	31,006
Riverview Children's Foundation	9,865	40,220	9,970	40,398
FI/ECPAT Luxembourg asbl	101,455	413,632	-	-
FI/Shiseido Travel Retail Asia Pacific Pte. Ltd.	97,904	399,155	-	-
FI/Fondation Pierre Bellon	70,417	287,090	-	-
FI/Credit Suisse APAC Foundation Limited	69,655	283,981	-	-
DanChurchAid - COVID 19	14,552	59,329	-	-
FI/If Foundation	12,500	50,963	-	-
FI/SMART Axiata	9,814	40,012	-	-
Caritas Switzerland	9,000	36,694	-	-
The Australian Embassy (DFAT-Aid)	(748)	(3,050)	-	-
Sub-total	<u>1,164,722</u>	<u>4,748,571</u>	<u>920,871</u>	<u>3,731,370</u>

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

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

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Fondation Junclair – Chbar				
Ampov	-	-	108,889	441,218
If Foundation	-	-	64,363	260,799
FI/Ami(e)s/Mécénat Servier	(393)	(1,602)	42,604	172,631
Fondation Junclair - Night Bus	-	-	44,056	178,515
FI/Friends Deutschland	-	-	10,912	44,215
Noble Caledonia	-	-	7,000	28,364
Cambodian Children				
Support Foundation	-	-	5,424	21,978
FI/Gisela Stichting	-	-	5,367	21,747
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	(393)	(1,602)	288,615	1,169,467
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Total	1,164,329	4,746,969	1,209,486	4,900,837
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## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 9. Training income

As part of its objective to integrate youths into the workforce and to increase the Organisation's sustainability, the Organisation has set up a number of training social businesses to train the youths under its care and also to generate income from business activities. The training activities consist of the following:

2020	Note	Fund balance 1 January 2020 US\$	Income US\$	Other income US\$	Expenditure US\$	Inter-business (Income/ Expense)* US\$	Transfers** US\$	Fund balance 31 December 2020 US\$
Friends N Stuff (Street no.13)	(i)	149,491	53,447	4,364	(38,100)	(22)	(14,264)	154,916
Friends N Stuff (Romdeng)	(ii)	7,803	8,384	-	(15,046)	-	(96)	1,045
Friends training restaurant	(iii)	255,714	207,093	496	(232,762)	(1,016)	(19,352)	210,173
Romdeng training restaurant	(iii)	226,516	186,092	3,855	(250,626)	(163)	(13,969)	151,705
Cookbook "Best of Friends"	(iv)	6,565	801	-	(8)	-	(620)	6,738
Vocational Training Centre	(v)	4,910	14,778	-	(10,768)	850	(824)	8,946
Let's Eat Training		3,870	31,004	52	(7,001)	(18)	(2,353)	25,554
Home Base Production		(15,672)	91,389	631	(90,074)	369	-	(13,357)
		<u>639,197</u>	<u>592,988</u>	<u>9,398</u>	<u>(644,385)</u>	<u>-</u>	<u>(51,478)</u>	<u>545,720</u>

\* During the year, some individual business units sold its products and services to each other. These amounts were eliminated when income and expenditure of all business activities were aggregated.

\*\* During the year, the Organisation transferred funds generated from business activities amounting to US\$51,478 (2019: US\$204,577) as a contribution to support the Project's activities.



## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 9. Training income (continued)

2019	Note	Fund balance 1 January 2019 US\$	Income US\$	Other income US\$	Expenditure US\$	Inter-business (Income/ Expense)* US\$	Transfers** US\$	Fund balance 31 December 2019 US\$
Friends N Stuff (Street no.13)	(i)	201,838	165,260	351	(171,693)	(2,305)	(43,960)	149,491
Friends N Stuff (Romdeng)	(ii)	13,159	46,143	-	(48,623)	(582)	(2,294)	7,803
Friends training restaurant	(iii)	235,695	721,073	3,044	(615,565)	(1,335)	(87,198)	255,714
Romdeng training restaurant	(iii)	174,401	769,840	3,147	(653,553)	(706)	(66,613)	226,516
Cookbook "Best of Friends"	(iv)	11,916	4,071	-	(7,492)	-	(1,930)	6,565
Vocational Training Centre	(v)	3,166	24,557	-	(25,879)	4,509	(1,443)	4,910
Let's Eat Training		-	16,630	31	(11,590)	(62)	(1,139)	3,870
Home Base Production		(22,766)	39,515	4,040	(36,942)	481	-	(15,672)
		<u>617,409</u>	<u>1,787,089</u>	<u>10,613</u>	<u>(1,571,337)</u>	<u>-</u>	<u>(204,577)</u>	<u>639,197</u>

\* During the year, some individual business units sold its products and services to each other. These amounts were eliminated when income and expenditure of all business activities were aggregated.

\*\* During the year, the Organisation transferred funds generated from business activities amounting to US\$204,577 (2018: US\$95,593) and from training restaurant rental amounting to US\$12,000 (2018: US\$12,000) as a contribution to support the Project activities.

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 9. Training income (continued)

(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.

(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.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 10. Private donations

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Other private/individual donors	198,857	810,740	55,401	224,485

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

### 11. Other income

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Business activities:				
Income of obsolete equipment	4,362	17,784	-	-
Interest income	1,035	4,220	722	2,926
Others	4,001	16,312	9,891	40,078
	<u>9,398</u>	<u>38,316</u>	<u>10,613</u>	<u>43,004</u>
Program activities:				
Income of obsolete equipment	2,558	10,429	-	-
Interest income	605	2,467	315	1,276
Gerald Trevor (private donor)	-	-	4,320	17,505
Others	996	4,060	8,431	34,163
	<u>4,159</u>	<u>16,956</u>	<u>13,066</u>	<u>52,944</u>
Elimination	-	-	(12,000)	(48,625)
Total	<u>13,557</u>	<u>55,272</u>	<u>11,679</u>	<u>47,323</u>

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 12. Personnel costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Staff salaries	937,078	3,820,467	1,182,317	4,790,748
Staff lay-off and indemnity (*)	122,220	498,291	50,209	203,447
Technical assistance				
consultancy fees	80,560	328,443	156,477	634,045
Health benefits	18,005	73,406	24,861	100,737
Other staff costs	5,387	21,963	7,743	31,375
Training and development	325	1,325	1,849	7,492
	<u>1,163,575</u>	<u>4,743,895</u>	<u>1,423,456</u>	<u>5,767,844</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. Payments are made twice a year in June and December respectively.

#### 13. Indirect costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Rentals	47,522	193,747	73,511	297,867
Utilities	36,687	149,573	68,663	278,222
TREE franchise fees	33,270	135,642	189,029	765,946
Maintenance/renovation	23,354	95,214	40,655	164,734
Transportation/gasoline	23,174	94,480	38,025	154,077
Office supplies	15,529	63,312	39,336	159,389
Communications	14,052	57,290	13,658	55,342
Security fees	9,150	37,305	15,823	64,115
Food for staff	8,882	36,212	31,885	129,198
Building/vehicles insurance	7,190	29,314	5,190	21,030
Property tax payment (Note 6)	4,386	17,882	4,388	17,780
Bank charges	3,639	14,836	10,548	42,740
	<u>226,835</u>	<u>924,807</u>	<u>530,711</u>	<u>2,150,440</u>

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 13. Indirect costs (continued)

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Professional fees	1,515	6,177	1,100	4,457
Kitchen supplies	3,206	13,071	10,353	41,950
Advertising/marketing	3,014	12,288	12,216	49,499
External audit fees	4,180	17,042	8,196	33,210
Staff uniforms	1,359	5,541	2,583	10,466
Printing/copies	849	3,461	1,348	5,462
Donor relations	600	2,446	3,647	14,778
Others	2,869	11,696	5,862	23,755
Sub-total	17,592	71,722	45,305	183,577
Total	244,427	996,529	576,016	2,334,017

#### 14. Direct costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Family support	50,492	205,856	14,036	56,874
Food/drinks/snacks	45,330	184,810	73,564	298,081
Foster care support costs	31,508	128,458	38,716	156,877
Beneficiary training	30,281	123,456	31,912	129,307
Family income generation	18,169	74,076	9,382	38,018
Hygiene materials	17,493	71,319	4,057	16,439
Medical costs	15,380	62,704	17,889	72,486
Public school costs	13,800	56,263	24,657	99,910
Group homes/independent living	7,605	31,006	21,264	86,162
Education materials	7,091	28,910	15,715	63,677
Placement support costs	5,602	22,839	9,336	37,829
Centre supplies	5,158	21,029	9,505	38,514
Information, education and communication materials	3,408	13,894	1,031	4,178
Harm reduction materials	3,537	14,420	3,978	16,119
Outreach materials	3,057	12,463	621	2,516
Cost of apprenticeship	1,831	7,465	2,162	8,760
Recreational materials	1,212	4,941	3,250	13,169
Clothes for beneficiaries	1,177	4,799	410	1,661
Student support costs	480	1,957	745	3,019
	262,611	1,070,665	282,230	1,143,596

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 15. Capital expenditure

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
IT/computers	6,636	27,055	2,523	10,223
Vehicles	3,190	13,006	2,700	10,940
Office equipment	640	2,609	2,451	9,931
Kitchen equipment	-	-	10,481	42,469
Furniture and fittings	-	-	2,134	8,647
Others	3,005	12,251	4,235	17,161
	<u>13,471</u>	<u>54,921</u>	<u>24,524</u>	<u>99,371</u>

#### 16. Other training income generation costs

Other training income generation cost represent costs of products sold at community Based Business, Friends N Stuff, 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:

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Food and beverage	130,819	533,349	465,133	1,884,719
Cost of goods	80,057	326,392	14,374	58,243
Production cost	7,314	29,819	129,133	523,247
CookBooks	618	2,520	8,017	32,485
	<u>218,808</u>	<u>892,080</u>	<u>616,657</u>	<u>2,498,694</u>

#### 17. Commitments

##### (i) Expenditure commitments

The Organisation leases its Transitional Homes and Drop-in-Centres under non-cancellable operating lease agreement. The lease expenditure charged to the statement of income and expenditure during the year is disclosed in Note 13.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 17. Commitments (continued)

#### (i) Expenditure commitments (continued)

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

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Within one year	19,044	77,033	23,600	96,170
Within two to five years	12,222	49,438	14,933	60,852
	<u>31,266</u>	<u>126,471</u>	<u>38,533</u>	<u>157,022</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.

As at 31 December 2020, the management has estimated the maximum back pay seniority payment commitment amounting to US\$138,821 (31 December 2019: US\$169,769).

#### (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.

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.

## **Mith Samlanh**

### **Notes to the financial statements (continued) for the year ended 31 December 2020**

#### **18. Significant events during the year**

In relation to development of Novel Coronavirus (“COVID-19”), the Organisation has assessed the effects of the COVID-19 to the Organisation's program activities and business plan. During the Covid 19 in 2020, the Marum Vocational Training Restaurant has faced difficulties due to a lack of tourism. At 1 April 2020, Mith Samlanh closed the operations of Friends N Stuff (Romdeng) and Friends Training Restaurant and Romdeng Training Restaurant which made the revenue earned from business activities decreased in amounting US\$1,194,101 equivalent 67% compared to last year.

The Organisation will keep continuous attention on the situations of the COVID-19 and react actively to its impact on the financial position and activities and operating results of the Organisation.



## Mith Samlanh

## Annex I

### Schedule of income and expenditure by donors for the year ended 31 December 2020

	Balance at 1 January 2020 US\$	Income US\$	Expenditure US\$	Balance at 31 December 2020 US\$
Cambodian Children Support Foundation	4,094	-	4,094	-
Caritas Switzerland	-	9,000	2,138	6,862
DanChurchAid	-	101,157	101,157	-
DanChurchAid - COVID support	-	14,552	14,552	-
FI/Ami(e)s/Mécénat Servier	33,842	(393)	15,246	18,203
FI/Anonymous via Dragonfly Asia-Pacific Limited	-	52,400	2,106	50,294
FI/Bertrand Kervella	-	2,159	2,159	-
FI/Credit Suisse APAC Foundation Limited	-	69,655	22,476	47,179
FI/D Thomson Sargent	-	10,000	9,336	664
FI/ECPAT Luxembourg	-	101,455	63,231	38,224
FI/Fondation Pierre Bellon	-	70,417	25,440	44,977
FI/Fossil Foundation	44,703	100,000	69,303	75,400
FI/Friends Deutschland	2,617	10,390	5,911	7,096
FI/Him Lee Memorial Fund	-	48,762	7,205	41,557
FI/If Foundation	51,945	12,500	64,445	-
FI/Intrepid Foundation	23,209	13,560	36,769	-
FI/Jonathon Payson	-	5,000	4,141	859
FI/NCHADS / GFATM	2,844	169,173	165,432	6,584
FI/Shiseido Travel Retail Asia Pacific Pte. Ltd.	-	97,904	36,345	61,559
FI/Smart Axiata	-	9,814	9,814	-
FI/Solidarity Accor Hotels	(16,620)	31,829	12,735	2,474
Sub-total	<u>146,634</u>	<u>929,334</u>	<u>674,035</u>	<u>401,933</u>

## Mith Samlanh

## Annex I

### Schedule of income and expenditure by donors (continued) for the year ended 31 December 2020

	Balance at 1 January 2020 US\$	Income US\$	Expenditure US\$	Balance at 31 December 2020 US\$
FI/Teresa Orr	-	24,500	19,164	5,336
FI/UNICEF Cambodia	21,473	80,111	101,584	-
FI/Wise Sarl/Fondation NEXT	13,583	69,800	36,126	47,257
Foundation Junclair	163,563	56,288	158,893	60,958
Gerald Trevor	-	8,640	8,640	-
Gisela Stichting	4,420	42,000	44,992	1,428
Mith Samlanh Reserves	2,635,734	24,710	61,240	2,599,204
Riverview Children's Foundation	1,907	9,865	8,794	2,978
Save the Children International / EU	20,609	107,068	137,217	(9,540)
Sipar/AFD	688	15,775	12,488	3,975
The Australian Embassy (DFAT-Aid)	748	(748)	-	-
Friends N Stuff St.13	149,491	57,811	38,100	169,202
Friends N Stuff Romdeng	7,803	8,386	15,048	1,141
Best of Friends Cook Book	6,565	801	7	7,359
Friends the Restaurant Vocational Training	255,714	207,589	232,762	230,541
Romdeng Restaurant Vocational Training	226,516	189,947	250,626	165,837
Home Base Production Training	(15,672)	92,020	90,075	(13,727)
Let's Eat Vocational Training	3,870	31,056	7,001	27,925
Vocational Training Centre	4,910	14,778	10,768	8,920
Sub-total	3,501,922	1,040,397	1,233,525	3,308,794
<b>Total</b>	<b>3,648,556</b>	<b>1,969,731</b>	<b>1,907,560</b>	<b>3,710,727</b>