

MITH SAMLANH

**Financial Statements
for the year ended 31 December 2019
and
Report of the Independent Auditors**

Mith Samlanh

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Organisation Information

Organisation document Registration No.172 issued by the Ministry of Interior on 11 February 2002

Main donors

- Global Fund/NCHADS/Friends-International (“GFATM/FI”)
- Fossil Foundation
- Friends Deutschland
- Fondation Junclair
- If Foundation
- Riverview Children’s Foundation
- DanChurchAid (“DCA”)
- Gisela Stichting
- United Nations Children’s Fund (“UNICEF”)
- Sipar/AFD
- Intrepid Foundation
- Save the Children International
- Fondation NEXT/Wise Sarl/ Friends-International
- Mécénat Servier
- Solidarity Accor Hotels
- Noble Caledonia
- Cambodian Children Support Foundation

Board of Directors	Mr. Reth Vuthy	Chairperson
	Mr, Michael Gilmore	Member
	Mr. Len Coster	Member
	Ms. Mâp Somaya (Ly Sophat)	Member (non-voting member)
	Mr. Sebastien Marot	Member (non-voting member)
	Ms. Tith Davy	Member

Technical Coordinator Friends-International

Organisation Information (continued)

Management Team	Ms. Mâp Somaya (Ly Sophat) Mr. Pring KimChhay Mr. Pin Sokhom Ms. Khem Soleil Ms. Kay Phanny Mr. Horn Pisith	Program Director Finance Coordinator Saving Lives Coordinator (resigned on 31 March 2019) Saving Lives Coordinator (appointed on 1 April 2019) HR Coordinator Building Futures Coordinator
Registered Office	#215, Street 13, Phnom Penh Kingdom of Cambodia	
Principal Bankers	J Trust Royal Bank (Cambodia) Ltd Foreign Trade Bank of Cambodia ACLEDA Bank Plc. Advanced Bank of Asia Ltd	
Auditors	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 2019, as set out on pages 7 to 21 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

25 March 2020



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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 2019, 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 7 to 21.

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

25 March 2020

Mith Samlanh

Statement of financial position as at 31 December 2019

	Note	2019 US\$	2018 US\$
ASSETS			
Cash and bank balances	3	820,515	693,233
Account receivables	4	35,780	65,575
Freehold land	5	2,826,900	2,826,900
		<u>3,683,195</u>	<u>3,585,708</u>
LIABILITIES			
Account payables	6	34,639	71,316
Net assets		<u>3,648,556</u>	<u>3,514,392</u>
Represented by:			
Fund balance at end of year		<u>3,648,556</u>	<u>3,514,392</u>

Prepared by:



Mr. Pring KimChhay
Finance Coordinator

25 March 2020

Approved by:



Ms. Mâp Somaya (Ly Sophat)
Program Director

25 March 2020

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

Mith Samlanh

Statement of income and expenditure for the year ended 31 December 2019

	Note	2019 US\$	2018 US\$
Income			
Donor funding/grants	7	1,209,486	1,167,337
Training income	8	1,787,089	1,740,685
Private donations	9	55,401	29,051
Other income	10	11,679	20,181
		<u>3,063,655</u>	<u>2,957,254</u>
Expenditure			
Personnel costs	11	1,423,456	1,364,704
Indirect costs	12	576,016	554,714
Direct costs	13	282,230	284,670
Capital expenditure	14	24,524	5,284
Travel costs		6,608	18,295
Other training income generation cost	15	616,657	530,222
		<u>2,929,491</u>	<u>2,757,889</u>
Surplus of income over expenditure		134,164	199,365
Fund balance at beginning of year		3,514,392	3,321,764
Refunded to donor		-	(6,737)
Fund balance at end of year		<u>3,648,556</u>	<u>3,514,392</u>

Prepared by:



Mr. Pring KimChhay
Finance Coordinator

25 March 2020

Approved by:



Ms. Mâp Somaya (Ly Sophat)
Program Director

25 March 2020

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

Mith Samlanh

Notes to the financial statements for the year ended 31 December 2019

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 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, Ministry of Education, Youth and Sports dated 17 February 2017, Ministry of Labour and Vocational Training dated 11 February 2016, and Municipality of Phnom Penh date 06 September 2017.

The Organisation’s objective is to reintegrate 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 2019, the Organisation had 236 employees (2018: 237 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.

(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.

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2019

2. Significant accounting policies (continued)

(b) Basis of accounting (continued)

Under this basis of accounting, income is recognised when the Organisation receives funds in cash rather 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) Foreign currency transactions

The Organisation transacts its business and maintains its accounting records primarily in United States Dollars ("US\$"). Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the open market rates of exchange ruling at the year end date. Exchange differences are recognised in the statement of income and expenditure.

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Notes to the financial statements (continued) for the year ended 31 December 2019

2. Significant accounting policies (continued)

(e) New accounting 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 in compliance with the Law on Association and NGO and relevant provision in effect.

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. Cash and bank balances

	2019 US\$	2018 US\$
Cash on hand	12,962	10,822
Cash at banks		
J Trust Royal Bank Ltd.	406,003	499,704
Advanced Bank of Asia Ltd.	282,327	-
ACLEDA Bank Plc.	89,749	174,005
Foreign Trade Bank of Cambodia	29,474	8,702
	<u>807,553</u>	<u>682,411</u>
	<u>820,515</u>	<u>693,233</u>

4. Account receivables

	2019 US\$	2018 US\$
Receivables - Credit income	24,516	25,355
Other receivable	5,587	5,675
Guarantee deposits	3,539	2,567
Receivables - Program	1,129	29,003
Staff loans	505	1,970
Receivables - Business	396	-
Prepayment	108	1,005
	<u>35,780</u>	<u>65,575</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2019

5. Freehold land

In order to secure the future of the programme and the future of Cambodian street children, 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 4 September 2019, the Organisation paid the Property Tax at the amount of US\$4,388 (Note 12).

6. Account payables

	2019 US\$	2018 US\$
Loan from Friend International (FI) (*)	-	30,000
TREE franchise fee payable	16,473	15,978
Others	12,182	13,674
Student tip payable	1,558	5,775
Salary tax payable	2,944	2,151
Gasoline payable	1,482	1,538
Consignment product purchase	-	2,083
Gas payable	-	117
	<u>34,639</u>	<u>71,316</u>

(*) On 21 October 2016, FI entered into a loan agreement with Foundation Philanthropique for a total facility of US\$200,000, the loan was interest-free, and fully repaid on 28 January 2019.

7. Donor funding/grants

	2019 US\$	2018 US\$
Save the Children International	158,322	-
Fondation NEXT/ Wise Sarl/ FI	150,400	-
Global Fund/NCHADS/ FI	135,555	123,455
Fondation Junclair – Chbar Ampov	108,889	112,300
UNICEF/ FI	107,594	263,188
	<u>660,760</u>	<u>498,943</u>

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Notes to the financial statements (continued) for the year ended 31 December 2019

7. Donor funding/grants (continued)

	2019 US\$	2018 US\$
DanChurchAid	104,430	56,630
Fossil Foundation	103,168	93,591
If Foundation	64,363	54,639
Gisela Stichting	52,000	77,000
Fondation Juniclair - Night Bus	44,056	45,380
Mécénat Servier	42,604	-
Solidarity Accor Hotels	38,780	-
Fondation Juniclair – Takhmao	37,319	62,849
Sipar/AFD	15,681	13,201
Friends Deutschland	10,912	28,837
Riverview Children's Foundation	9,970	10,913
Intrepid Foundation - Let's Eat	7,652	26,100
Noble Caledonia	7,000	-
Cambodian Children Support Foundation	5,424	-
Gisela Stichting/ FI	5,367	-
EPIC Foundation	-	47,648
Weyerhaeuser Family Foundation	-	25,000
Teresa Orr	-	25,000
Fondation Juniclair - Green House	-	22,399
Friends France	-	11,561
Fondation ELLE	-	11,330
United Nation Women's Guild of Vienna	-	10,500
Global Development Group	-	10,319
Intrepid Foundation	-	10,541
Amadeus Asia	-	7,500
SMART Axiata	-	8,862
Intrepid Foundation - Tree Experience	-	6,300
Amie(s)	-	2,294
Sub-total	548,726	668,394
	1,209,486	1,167,337

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2019

8. 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:

2019	Note	Fund balance 1 January 2019 US\$	Income US\$	Other income US\$	Expenditure (Income/ Expense)* US\$	Inter-business Transfers** US\$	Fund balance 31 December 2019 US\$
Friends N Stuff (Street no.13)	(i)	201,838	165,260	351	(171,693)	(2,305)	149,491
Friends N Stuff (Romdeng)	(ii)	13,159	46,143	-	(48,623)	(2,294)	7,803
Friends training restaurant	(iii)	235,695	721,073	3,044	(615,565)	(87,198)	255,714
Romdeng training restaurant	(iii)	174,401	769,840	3,147	(653,553)	(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)	(1,443)	4,910
Let's Eat Training		-	16,630	31	(11,590)	(1,139)	3,870
Home Base Production		(22,766)	39,515	4,040	(36,942)	-	(15,672)
		<u>617,409</u>	<u>1,787,089</u>	<u>10,613</u>	<u>(1,571,337)</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 2019

8. Training income (continued)

2018	Note	Fund balance 1 January 2018 US\$	Income US\$	Other income US\$	Expenditure (Income/ Expense)* US\$	Inter-business Expense)* US\$	Transfers** US\$	Fund balance 31 December 2018 US\$
Friends N Stuff (Street no.13)	(i)	180,511	202,501	696	(155,096)	(489)	(26,285)	201,838
Friends N Stuff (Romdeng)	(ii)	13,041	47,566	-	(45,735)	-	(1,713)	13,159
Friends training restaurant	(iii)	139,128	712,609	875	(572,867)	(1,355)	(42,695)	235,695
Romdeng training restaurant	(iii)	102,043	679,790	3,503	(587,439)	(560)	(22,936)	174,401
Cookbook "Best of Friends"	(iv)	8,146	6,338	-	(1,029)	13	(1,552)	11,916
Vocational Training Centre	(v)	12,444	24,366	-	(34,846)	1,614	(412)	3,166
Home Base Production		(38,443)	67,515	683	(53,298)	777	-	(22,766)
		<u>416,870</u>	<u>1,740,685</u>	<u>5,757</u>	<u>(1,450,310)</u>	<u>-</u>	<u>(95,593)</u>	<u>617,409</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\$95,593 (2017: US\$101,115) and from training restaurant rental amounting to US\$12,000 (2017: US\$12,000) as a contribution to support the Project activities.

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Notes to the financial statements (continued) for the year ended 31 December 2019

8. 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..

(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.

(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.

(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.

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Notes to the financial statements (continued) for the year ended 31 December 2019

9. Private donations

	2019 US\$	2018 US\$
Other private/individual donors	44,478	18,487
Funds from income of bricks	10,923	10,564
	<u>55,401</u>	<u>29,051</u>

10. Other income

	2019 US\$	2018 US\$
Others	6,322	6,477
Gerald Trevor (private donor)	4,320	-
Interest income	1,037	1,153
Income of obsolete equipment	-	1,616
Proceed from vehicles disposal	-	10,935
	<u>11,679</u>	<u>20,181</u>

11. Personnel costs

	2019 US\$	2018 US\$
Staff salaries	1,182,317	1,200,392
Technical assistance consultancy fees	156,477	111,408
Staff lay-off and indemnity	-	8,366
Seniority payment indemnity (*)	50,209	-
Health benefits	24,861	34,898
Other staff costs	7,743	7,895
Training and development	1,849	1,745
	<u>1,423,456</u>	<u>1,364,704</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2019

11. Personnel costs (continued)

- (*) 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 service which payment has started from 2019 at the amount equal to 15 days of net wage per year.

This represents the seniority indemnity payments during the year. Payments are made twice a year in June and December respectively.

12. Indirect costs

	2019 US\$	2018 US\$
TREE franchise fees	189,029	186,755
Rentals	73,511	80,851
Utilities	68,663	63,727
Maintenance/renovation	40,655	46,227
Office supplies	39,336	36,625
Transportation/gasoline	38,025	31,223
Food for staff	31,885	17,276
Security fees	15,823	16,285
Communications	13,658	13,870
Advertising/marketing	12,216	11,051
Bank charges	10,548	9,829
Kitchen supplies	10,353	5,453
External Audit Fees	8,195	8,212
Others	5,862	5,868
Building/vehicles insurance	5,190	5,373
Property tax payment (Note 5)	4,388	4,305
Donor relations	3,647	3,594
Staff uniforms	2,583	689
Printing/copies	1,348	1,719
Professional fees	1,100	5,782
	<u>576,016</u>	<u>554,714</u>

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Notes to the financial statements (continued) for the year ended 31 December 2019

13. Direct costs

	2019 US\$	2018 US\$
Food/drinks/snacks	73,564	72,730
Foster care support costs	38,716	44,138
Beneficiary training	31,912	41,908
Public school costs	24,657	17,378
Group home/independent living	21,264	18,494
Medical costs	17,889	15,630
Education materials	15,715	17,895
Family supports	14,036	6,723
Centre supplies	9,505	11,528
Family income generation support	9,382	10,060
Placement support costs	9,336	7,159
Hygiene materials	4,057	1,739
Harm reduction materials	3,978	8,524
Recreational materials	3,250	3,205
Cost of apprenticeship	2,162	3,513
Information, education and communication materials	1,031	1,620
Student support costs	745	1,128
Outreach materials	621	738
Clothes for beneficiaries	410	560
	<u>282,230</u>	<u>284,670</u>

14. Capital expenditure

	2019 US\$	2018 US\$
Kitchen equipment	10,481	803
Others	4,235	2,483
Office equipment	2,451	1,510
Vehicles	2,700	-
IT/computers	2,523	248
Furniture and fittings	2,134	240
	<u>24,524</u>	<u>5,284</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2019

15. Other training income generation cost

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:

	2019 US\$	2018 US\$
Food and beverage	465,133	395,136
Production cost	129,133	-
Cost of goods	14,374	63,998
CookBooks	8,017	1,964
Raw materials	-	39,210
Labour charge	-	23,801
Spare parts	-	6,113
	<u>616,657</u>	<u>530,222</u>

16. Commitments

(i) Expenditure commitments

The Organisation leases its office and building areas under non-cancellable operating lease agreement. The lease expenditure charged to the statement of income and expenditure during the year is disclosed in Note 12.

As at 31 December 2019, the Organisation has commitments in respect of operating leases as follows:

	2019 US\$	2018 US\$
Within one year	23,600	25,200
Within two to five years	14,933	36,933
	<u>38,533</u>	<u>62,133</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2019

16. Commitments (continued)

(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 2019 are entitled to past years of seniority service. The management has estimated the maximum seniority payment commitment at US\$169,764.

(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

Annex I

Schedule of income and expenditure by donors (unaudited) for the year ended 31 December 2019

	Balance at 1 January 2019 US\$	Income US\$	Expenditure US\$	Transfers US\$	Balance at 31 December 2019 US\$
Mith Samlanh (land)	2,419,482	10,923	-	-	2,430,405
Mith Samlanh (training activities)	617,409	1,797,703	1,571,338	(204,577)	639,197
Mith Samlanh (reserves)	164,633	44,113	15,417	12,000	205,329
Internal Funding Gaps	-	-	192,577	192,577	-
Gerald Trevor	-	4,320	4,320	-	-
Save the Children International	-	158,322	137,713	-	20,609
Fondation NEXT/ Wise Sarl/FI	(45,020)	150,400	91,797	-	13,583
GFATM/ NCHADS/FI	1,259	135,555	133,970	-	2,844
Fondation Juniclair - Chbar Ampov	129,501	108,889	140,821	-	97,569
UNICEF/FI	-	107,594	86,121	-	21,473
DanChurchAid	-	104,430	104,430	-	-
Fossil Foundation	-	103,168	58,465	-	44,703
If Foundation	43,858	64,363	56,276	-	51,945
Gisela Stichting	-	52,000	52,000	-	-
Fondation Juniclair - Night Bus	40,237	44,056	48,271	-	36,022
Mécénat Servier	-	42,604	8,762	-	33,842
Solidarity Accor Hotels	-	38,780	55,400	-	(16,620)
Fondation Juniclair – Takhmao	32,417	37,319	39,764	-	29,972
Sipar/AFD	2,110	12,791	14,213	-	688
Friends Deutschland	-	10,912	-	-	-
Riverview Children's Foundation	10,914	9,970	18,977	-	1,907
Intrepid Foundation - Let's Eat	26,088	7,652	14,957	-	18,783
Sub-total	3,442,888	3,045,864	2,856,501	-	3,632,251

Mith Samlanh

Annex I

Schedule of income and expenditure by donors (unaudited) (continued) for the year ended 31 December 2019

	Balance at 1 January 2019 US\$	Income US\$	Expenditure US\$	Transfers US\$	Balance at 31 December 2019 US\$
Noble Caledonia	-	7,000	7,000	-	-
Cambodian Children Support Foundation	-	5,424	1,330	-	4,094
Gisela Stichting/ FI	-	5,367	947	-	4,420
Amadeus Asia	3,965	-	3,965	-	-
The Australian Embassy (DFAT-Aid)	748	-	-	-	748
EPIC Foundation	8,727	-	8,727	-	-
Friends Deutschland	28,789	-	26,172	-	2,617
Global Development Group	1,202	-	1,202	-	-
Intrepid Foundation - Let's Cook	6,296	-	1,870	-	4,426
Fondation Junclair - Green House	17,294	-	17,294	-	-
Amie(s)	824	-	824	-	-
SMART Axiata	3,659	-	3,659	-	-
Sub-total	71,504	17,791	72,990	-	16,305
Total	3,514,392	3,063,655	2,929,491	-	3,648,556