

**FRIENDS-INTERNATIONAL
PHNOM PENH HEADQUARTERS**

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

Friends-International - Phnom Penh Headquarters

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Organisation Information

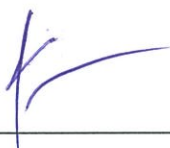
| | | |
|------------------------------|---|---|
| Organisation Name | Friends-International - Phnom Penh Headquarters (“the Organisation”) | |
| Organisation Document | Memorandum of Understanding (“MoU”) issued by the Royal Government of Cambodia represented by the Ministry of Foreign Affairs and International Cooperation on 11 August 2005, subsequently extended for another period of 3 years in 2008, 2011, 2014 and 2017 with the current period of 3 years ending on 30 October 2020. | |
| Main Donors | UNICEF Cambodia RSF Social Finance NCHADS / GFATM Save The Children / European Union Fondation NEXT Partners for Equity (DAK Foundation) Fossil Foundation Intrepid Foundation Epic Foundation Semester at Sea Chapman Impact Fund Ganesha Foundation Moodie Davitt International | |
| Board of Directors | Leonard Coster Vivian Gee Michael Gilmore Lucille Belleville Timothée Wagener | Chairman Secretary Treasurer Member Member |
| Management | Sebastien Marot Ampor Sam Oeun Sebastien Le Mouellic Iona Bergius James Sutherland Kanchan Kapoor Khemreth Vann Renay Farrell Marko Ivkovic Phalla Von | Executive Director and Founder International Programs Coordinator and Deputy Director International Quality Services Coordinator and Deputy Director International Partnerships Coordinator International Communications Coordinator International Financial Quality Coordinator International ChildSafe Communities Coordinator International ChildSafe Coordinator International Human Resources Coordinator International Finance Coordinator |

Organisation Information (continued)

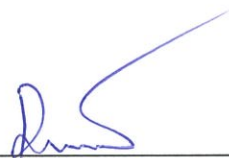
| | |
|--------------------------|---|
| Registered Office | House #89B, Street 103 P.O Box 597, Phnom Penh, Cambodia |
| Principal Banker | J Trust Royal Bank (Cambodia) Ltd Advance Bank of Asia Ltd |
| Auditors | KPMG Cambodia Ltd |

Statement by the management

We, the undersigned, on behalf of the management of Friends-International – Phnom Penh Headquarters (“FI HQ”) do hereby state that, in our opinion, the accompanying financial statements which comprise the statement of financial position as at 31 December 2019 and the statement of income and expenditure for the year then ended as set out on pages 7 to 20 are prepared, in all material respects, in accordance with the basis of preparation and the accounting policies described in Note 2 to the financial statements.



Mr. Sebastien Marot
Executive Director



Ms. Von Phalla
International Finance Coordinator

Phnom Penh, Kingdom of Cambodia

31 March 2020



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Report of the independent auditors

To the Donors and Board of Directors of Friends-International – Phnom Penh Headquarters

Opinion

We have audited the accompanying financial statements of Friends-International – Phnom Penh Headquarters (“FI HQ”), which comprises the statement of financial position as at 31 December 2019, the statement of income and expenditure for the year then ended and notes, comprising significant accounting policies and other explanatory information, as set out on pages 7 to 20 (“financial statements”).

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of preparation 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 FI HQ 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 FI HQ. The financial statements are prepared for the information of and use by the Donors and management of the FI HQ. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the donors and management of the FI HQ and should not be used by or distributed to other parties. 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), 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 FI HQ'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 FI HQ'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 FI HQ'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 FI HQ'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 FI HQ 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

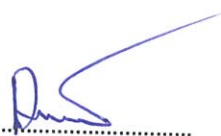
31 March 2020

Friends-International – Phnom Penh Headquarters

Statement of financial position as at 31 December 2019

| | Note | 2019 US\$ | 2018 US\$ |
|--|------|------------------|----------------|
| Assets | | | |
| Cash and bank balances | 3 | 1,082,475 | 668,213 |
| Cash advances | | 2,671 | 350 |
| Receivables – Friends Training Business | | 69,679 | 89,051 |
| Receivables – Funding | | 38,368 | 34,154 |
| Sub-contract advances to implementing partners | 4 | 229,919 | 11,044 |
| Deposits and prepayments | | 4,177 | 4,097 |
| Loans receivables | 5 | 20,643 | 52,748 |
| Other receivables | | 9,356 | 12,582 |
| | | <u>1,457,288</u> | <u>872,239</u> |
| Liabilities | | | |
| Tax payable | | 6,994 | 8,033 |
| Funds in transit | 6 | 16,474 | 62,695 |
| Other payables | | 24,396 | 17,188 |
| | | <u>47,864</u> | <u>87,916</u> |
| Net assets | | <u>1,409,424</u> | <u>784,323</u> |
| Fund balance at end of year | | <u>1,409,424</u> | <u>784,323</u> |

Prepared by:



Ms. Von Phalla
International Finance Coordinator

31 March 2020

Approved by:



Mr. Sebastien Marot
Executive Director

31 March 2020

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

Friends-International – Phnom Penh Headquarters

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

| | Note | 2019 US\$ | 2018 US\$ |
|--|------|-------------------------|-----------------------|
| Income | | | |
| Donor funding | 7 | 2,644,759 | 2,340,454 |
| Private donations | 8 | 159,310 | 59,420 |
| Training Income | 9 | 168,752 | 203,423 |
| Franchise income | 10 | 278,128 | 229,113 |
| Consultancy income | | 58,386 | 23,591 |
| Other income | | 4,000 | 6,261 |
| | | <u>3,313,335</u> | <u>2,862,262</u> |
| Expenditure | | | |
| Personnel costs | 11 | 1,193,687 | 1,169,893 |
| Direct costs | 12 | 87,499 | 20,887 |
| Equipment/assets | 13 | 166,361 | 172,115 |
| Indirect costs | 14 | 113,257 | 103,758 |
| Capacity building, monitoring & evaluation | 15 | 44,682 | 51,613 |
| Coordination, management monitoring | 16 | 17,367 | 29,384 |
| Other income generation costs | 17 | 79,439 | 87,217 |
| Transfer to programs | 18 | 655,287 | 670,938 |
| Sub-Grants to implementing partners | 19 | 330,655 | 383,825 |
| | | <u>2,688,234</u> | <u>2,689,630</u> |
| Surplus/(deficit) of income over expenditure | | 625,101 | 172,632 |
| Fund balance at beginning of year | | 784,323 | 611,691 |
| Fund balance at end of year | | <u><u>1,409,424</u></u> | <u><u>784,323</u></u> |

Prepared by:



Ms. Von Phalla
International Finance Coordinator

31 March 2020

Approved by:



Mr. Sebastien Marot
Executive Director

31 March 2020

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

Friends-International – Phnom Penh Headquarters

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 and activities

Since 1994, Friends-International has been running projects worldwide for and with marginalised children and youths, attempting to reintegrate these children and youths into their society. Friends-International works with marginalised children in a developmental and sustainable perspective in accordance with United Nations Convention of the Rights of the Child (“UN-CRC”).

On 1 August 1994, Sebastien Marot started a project called Mith Samlanh (“Friends” in English) with the objectives of helping street children. Friends-International supported the development of this organisation and its localisation.

On 11 August 2005, Friends-International (“the Organisation”) signed a Memorandum of Understanding (“MoU”) with the Royal Government of Cambodia represented by the Ministry of Foreign Affairs and International Cooperation to open its office in Cambodia, to conduct its humanitarian activities and to implement its approved projects within the law and regulations of the Kingdom of Cambodia and in accordance with the provision of the MoU. The MoU is valid for an initial period of three years ended 10 August 2008 and subsequently extended every three years in 2008, 2011, 2014, 2017 with the current period of 3 years ending on 10 August 2020.

Friends-International comprises two offices based in Cambodia:

- Office based in Phnom Penh called Friends-International Headquarters (“FI HQ”); and
- Office based in Siem Reap called Friends-International – Siem Reap / Kaliyan Mith.

As at 31 December 2019, the FI HQ had 67 personnel (2018: 70 personnel).

2. Significant accounting policies

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

(a) 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 to meet the requirements of the FI HQ; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards.

Friends-International – Phnom Penh Headquarters

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

2. Significant accounting policies (continued)

(a) Basis of accounting (continued)

Under this basis of accounting, income is recognised when funds are received rather than when it is earned and expenditure is recognised when payments are made rather than when it is incurred, except for the following treatments:

- Cash advances, receivables and sub-contract advances to implementing partners are initially recognised as receivables in the statement of financial position and only recognised as expenditure when they have been liquidated by supporting invoices;
- Deposits and prepayments with suppliers and loans receivables are recorded as receivables in the statement of financial position until they are settled;
- Salary tax payable and other withholding tax payables are recorded in the statement of financial position until it is settled;
- Funds in transit, which is the fund transferred from donors to inter-offices or implementing partners of Friends-International, is recorded in the statement of financial position until transferred.

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.

(b) Non-expendable equipment

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

(c) Loan receivables

Loan receivables are recorded in the statement of financial position at the amount of principal less any amounts written off.

(d) Foreign currency translation

The FI HQ executes transactions and maintains its accounting records primarily in United States Dollars ("US\$"). Transactions in currencies other than US\$ are converted into US\$ at the rate 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.

Friends-International – Phnom Penh Headquarters

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

2. Significant accounting policies (continued)

(e) New standards 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 at banks | 1,080,980 | 665,485 |
| Cash on hand | 1,495 | 2,728 |
| | <u>1,082,475</u> | <u>668,213</u> |

The cash at banks represent the current accounts held at Advanced Bank of Asia Ltd with annual interest rate 0.25% and J Trust Royal Bank with no earned interest.

4. Sub-contract advances to implementing partners

| | 2019 US\$ | 2018 US\$ |
|--|----------------|---------------|
| Mith Samlanh (MS) | 41,160 | 1,258 |
| M'lop Tapang (MT) | 30,260 | 559 |
| Damnok Toek (DT) | 21,289 | 4,092 |
| Komar Rikreay (KMR) | 18,958 | 201 |
| Transcultural Psychosocial Organization (TPO) | 17,781 | 115 |
| Samathapheap Khnom Organisation (SKO) | 13,512 | 515 |
| Cambodia Children's Trust (CCT) | 13,949 | 436 |
| Korsang (KS) | 3,748 | 3,868 |
| Kaliyan Mith (Friends-International Siem Reap) | 38,441 | - |
| Krousar Thmey (KT) | 13,535 | - |
| Children's Future International (CFI) | 17,286 | - |
| | <u>229,919</u> | <u>11,044</u> |

Friends-International – Phnom Penh Headquarters

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

5. Loans receivables

| | Note | 2019 US\$ | 2018 US\$ |
|-------------------|-------|---------------|---------------|
| Program loans to: | | | |
| Mith Samlanh | (i) | - | 30,000 |
| Friends Lao PDR | (ii) | - | 9,000 |
| Staff loans | (iii) | 20,643 | 13,748 |
| | | <u>20,643</u> | <u>52,748</u> |

- (i) The loan was given to Mith Samlanh to support its activities. The loans are interest free, unsecured and are repayable on agreed date as stated in repayment schedule and has its maturity date on 28 January 2019. This loan was fully repaid on 28 January 2019.
- (ii) The loan was given to enhance the liquidity of a restaurant run by Friends Lao PDR. The loan is interest free, unsecured and is repayable on quarterly instalment of US\$5,643.75 from July 2015. This loan was fully repaid on 31 July 2019.
- (iii) The loan was given to staff without interest, unsecured and repay by instalment through deduct from monthly salaries.

6. Funds in transit

| | 2019 US\$ | 2018 US\$ |
|-------------------------------------|---------------|---------------|
| Friends-International Thailand | 7,859 | 685 |
| Friends-International Lao PDR | 4,855 | - |
| Mith Samlanh | 1,515 | 28,978 |
| Creative Generation | 1,475 | - |
| Friends-International Siem Reap | 770 | 935 |
| WISE Sarl (Foundation Next) | - | 30,000 |
| Friends-International, Inc. USA | - | 1,922 |
| Friends-International Aranyaprathet | - | 175 |
| | <u>16,474</u> | <u>62,695</u> |

Friends-International – Phnom Penh Headquarters

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

7. Donor funding

| | 2019 US\$ | 2018 US\$ |
|--|------------------|------------------|
| UNICEF Cambodia | 658,017 | 1,014,377 |
| RSF Social Finance | 350,000 | 250,000 |
| NCHADS / GFATM | 309,268 | 143,883 |
| Save The Children / European Union | 270,305 | (4,007) |
| WISE Sarl (Foundation NEXT) | 229,978 | 359,978 |
| Mith Samlanh | 156,477 | 111,408 |
| HQ Support from Programs | 89,281 | 85,037 |
| Partners for Equity (DAK Foundation) | 49,969 | 50,000 |
| Fossil Foundation | 8,745 | 36,883 |
| Intrepid Foundation | 34,965 | 36,000 |
| Epic Foundation | 52,959 | 34,906 |
| Semester at Sea | 14,973 | - |
| Ganesha Foundation | 115,000 | - |
| Moodie Davitt International | 253,166 | - |
| Creative Generation | 10,400 | - |
| The University of Texas | 11,260 | - |
| CW Asia Fund Charitable Foundation | 20,000 | - |
| Teresa Orr | - | 109,547 |
| Teresa Orr/ South-East Asia Foundation | - | 85,500 |
| Firetree Asia Foundation | - | 10,000 |
| Gisela Stichting | 9,996 | 9,996 |
| Friends-International Lao PDR | - | 3,600 |
| Microsoft Philanthropies | - | 1,746 |
| US Embassy | - | 1,600 |
| | <u>2,644,759</u> | <u>2,340,454</u> |

8. Private donations

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

Friends-International – Phnom Penh Headquarters

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

9. Training income

| | 2019 US\$ | 2018 US\$ |
|-------------------|--------------|--------------|
| Friends “n” Stuff | 168,752 | 203,423 |

Friends “n” Stuff comprises of:

- (i) A training and employment workshop, creating job opportunities for marginalised caregivers.
- (ii) International-level support for local Friends “n” Stuff trainings, including staff capacity building, marketing, communications and increasing client reach globally.

10. Franchise income

| | 2019 US\$ | 2018 US\$ |
|--|--------------|--------------|
| Monthly on-going training support fees | 278,128 | 229,113 |

11. Personnel costs

| | 2019 US\$ | 2018 US\$ |
|-----------------------------------|------------------|------------------|
| International staff | 656,714 | 668,698 |
| National staff | 341,982 | 326,176 |
| Consultancies/professional fees | 138,528 | 141,014 |
| Stipends | 6,577 | 1,282 |
| Indemnity/Severance pay/Seniority | 31,826 | 12,836 |
| Health insurance | 9,932 | 11,705 |
| Overtime/Compensation | 5,946 | 5,967 |
| Recruitment cost | 2,182 | 2,215 |
| | <u>1,193,687</u> | <u>1,169,893</u> |

Friends-International – Phnom Penh Headquarters

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

12. Direct costs

| | 2019 US\$ | 2018 US\$ |
|---|---------------|---------------|
| Harm reduction materials | 60,970 | - |
| Vocational training materials | 8,775 | - |
| ChildSafe Experiences activities | 8,370 | - |
| ChildSafe materials | 3,695 | 8,584 |
| Staff uniforms | 3,455 | 760 |
| Family and school support | 731 | 529 |
| Food and drink for beneficiaries | 695 | 1,491 |
| Centre Supplies | 444 | - |
| Medical costs | 141 | 9,104 |
| Project Travels | 100 | - |
| Information, education, and communication materials | 90 | 150 |
| School reintegration support | 33 | - |
| General activity costs | - | 103 |
| Outreach materials | - | 69 |
| Hygiene costs | - | 68 |
| Clothing for beneficiaries | - | 29 |
| | <u>87,499</u> | <u>20,887</u> |

13. Equipment/assets

| | 2019 US\$ | 2018 US\$ |
|-------------------------------|----------------|----------------|
| Construction and building (*) | 139,180 | 168,301 |
| IT and computers | 9,799 | 3,444 |
| Vocational Training Equipment | 7,093 | - |
| Inventory | 4,994 | 40 |
| Vehicles | 3,940 | - |
| Furniture and fittings | 1,355 | 330 |
| | <u>166,361</u> | <u>172,115</u> |

(*) This represents the construction of the Future Factory Project in the Mith Samlanh premise which was fully completed in 2019.

Friends-International – Phnom Penh Headquarters

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

14. Indirect costs

| | 2019 US\$ | 2018 US\$ |
|--------------------------------------|----------------|----------------|
| Rent | 19,800 | 19,800 |
| Advertising and marketing | 18,857 | 6,817 |
| Communications | 18,042 | 16,620 |
| Office supplies | 8,475 | 7,462 |
| Fundraising costs | 7,501 | 2,818 |
| External audits | 7,200 | 7,491 |
| Utilities | 7,041 | 7,579 |
| Transport and gasoline | 6,089 | 7,664 |
| Bank charges | 5,010 | 4,739 |
| Donor, staff and authority relations | 4,951 | 2,646 |
| Maintenance and renovations | 3,471 | 1,660 |
| Miscellaneous costs | 2,263 | 8,011 |
| Vehicle and building Insurance | 2,171 | 1,542 |
| Postage and shipping | 1,166 | 8,356 |
| Printing and photocopying | 1,027 | 391 |
| Subscriptions | 193 | 162 |
| | <u>113,257</u> | <u>103,758</u> |

15. Capacity building, monitoring & evaluation

| | 2019 US\$ | 2018 US\$ |
|--------------------------|---------------|---------------|
| National travel | 25,297 | 18,550 |
| Research and assessments | 11,055 | 18,646 |
| International travel | 7,352 | 14,297 |
| External staff training | 567 | 36 |
| Internal training | 411 | 84 |
| | <u>44,682</u> | <u>51,613</u> |

Friends-International – Phnom Penh Headquarters

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

16. Coordination, management monitoring

| | 2019 US\$ | 2018 US\$ |
|------------------------|---------------|---------------|
| International travel | 7,987 | 17,969 |
| Annual general meeting | 7,101 | 8,686 |
| National travel | 2,164 | 2,363 |
| Conferences | 115 | 366 |
| | <u>17,367</u> | <u>29,384</u> |

17. Other income generation costs

| | 2019 US\$ | 2018 US\$ |
|----------------------------|---------------|---------------|
| Costs of income generation | 77,949 | 86,916 |
| Packaging cost | 173 | 89 |
| Other | 1,317 | 212 |
| | <u>79,439</u> | <u>87,217</u> |

18. Transfer to programs

| | 2019 US\$ | 2018 US\$ |
|---|----------------|----------------|
| Mith Samlanh: | | |
| UNICEF Cambodia | 69,278 | 263,000 |
| NCHADS / GFATM | 133,970 | 123,767 |
| Ganesha Foundation | 9,600 | - |
| Foundation NEXT | 150,400 | - |
| Intrepid Foundation | 7,652 | - |
| Gisela Stichting | 5,367 | - |
| WISE Sarl (Swiss Philanthropy Foundation) | - | 32,400 |
| | <u>376,267</u> | <u>419,167</u> |

Friends-International – Phnom Penh Headquarters

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

18. Transfer to programs (continued)

| | 2019 US\$ | 2018 US\$ |
|---|---------------|---------------|
| Friends-International Siem Reap: | | |
| UNICEF Cambodia | 63,053 | 205,000 |
| Ganesha Foundation | 1,800 | - |
| RSF Social Finance | 20,200 | - |
| Teresa Orr | 27,472 | - |
| Epic Foundation | 67,923 | - |
| | <hr/> 180,448 | <hr/> 205,000 |
| Yayasan Teman Baik (Indonesia): | | |
| FI Reserves | - | 12,969 |
| Friends-International Thailand: | | |
| TREE Alliance | - | 11,811 |
| FI Reserves | 7,243 | 6,025 |
| | <hr/> 7,243 | <hr/> 17,836 |
| Friends-International Lao PDR: | | |
| FI Program Support | 16,765 | 11,353 |
| RSF Social Finance | 45,009 | - |
| Teresa Orr | 17,555 | - |
| TREE Alliance | - | 4,613 |
| | <hr/> 79,329 | <hr/> 15,966 |
| Linkage: | | |
| CW Asia Fund Charitable Foundation | 12,000 | - |
| | <hr/> 655,287 | <hr/> 670,938 |

Friends-International – Phnom Penh Headquarters

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

19. Sub-Grants to implementing partners

| | 2019 US\$ | 2018 US\$ |
|---|----------------|----------------|
| Korsang (KS) | 77,089 | 44,260 |
| M'lop Tapang (MT) | 63,543 | 123,050 |
| Damnok Toek (DT) | 40,090 | 84,942 |
| Children's Future International (CFI) | 29,287 | 26,033 |
| Transcultural Psychosocial Organization (TPO) | 26,700 | 19,492 |
| Samathapheap Khnom Organisation (SKO) | 23,312 | 15,926 |
| Krousar Thmey (KT) | 22,979 | 12,000 |
| Komar Rikreay (KMR) | 21,191 | 31,040 |
| Creative Generation | 10,380 | 1,600 |
| Cambodia Children's Trust (CCT) | 9,684 | 25,482 |
| Plastic Commune | 6,400 | - |
| | <u>330,655</u> | <u>383,825</u> |

20. Commitments

(i) Expenditure commitments

The Organisation leases its office and building areas under non-cancellable operating lease agreement which will expire on 30 November 2023. The lease expenditure charged to the statement of income and expenditure during the year is disclosed in Note 14.

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

| | 2019 US\$ | 2018 US\$ |
|--------------------------|---------------|---------------|
| Within one year | 19,800 | 19,800 |
| Within two to five years | 57,750 | 77,550 |
| | <u>77,550</u> | <u>97,350</u> |

Friends-International – Phnom Penh Headquarters

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

20. 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 2018 are entitled to past years of seniority service. The management has estimated the maximum seniority payment commitment at US\$48,931.

(iii) Separate business activities

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 or non-profit activities to register its business activities as a separate company under sole proprietorship for and must have separate accounting records for these separate business activities .

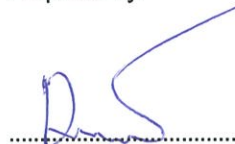
As at the date of these financial statements, the Organisation is in the process to register the separate business activities with the GDT and prepare a split accounting records.

Friends-International – Phnom Penh Headquarters

Annex I – Schedule of income and expenditure by donors (Unaudited) (continued) for the year ended 31 December 2019

| Description | Fund balance as at 1 January 2019 US\$ | Income US\$ | Expenditure US\$ | Fund balance as at 31 December 2019 US\$ |
|------------------------------------|---|------------------|---------------------|---|
| Friends "n" Stuff | (169,182) | 211,452 | 202,737 | (160,467) |
| TREE Alliance | 224,099 | 238,190 | 200,953 | 261,336 |
| Damnok Toek | - | 4,009 | 4,009 | - |
| UNICEF Vietnam | - | 29,434 | 429 | 29,005 |
| CW Asia Fund Charitable Foundation | - | 20,000 | 12,000 | 8,000 |
| Partner of Equity (DAK Foundation) | 49,321 | 49,968 | 49,320 | 49,969 |
| Epic Foundation | 34,906 | 52,959 | 83,885 | 3,980 |
| EXO Foundation | 1,500 | - | 904 | 596 |
| Fossil Foundation | - | 8,745 | 4,948 | 3,797 |
| Gisela Foundation | 6,435 | 9,996 | 16,431 | - |
| NCHADS / GFATM | 44,800 | 309,268 | 319,068 | 35,000 |
| Intrepid Foundation | 3,600 | 34,965 | 38,565 | - |
| Michael Gilmore | (1,085) | 4,870 | 3,785 | - |
| Mith Samlanh | - | 156,477 | 141,299 | 15,178 |
| Moodie Davitt Foundation | - | 253,166 | 4,705 | 248,461 |
| Semester at Sea | - | 14,973 | 3,813 | 11,160 |
| Save the Children / European Union | - | 270,305 | 203,367 | 66,938 |
| Teresa Orr | 89,158 | - | 83,962 | 5,196 |
| Ms. Karen McLeod Adair | - | 10,000 | 10,000 | - |
| The University of Texas | - | 11,260 | 11,260 | - |
| RSF Social Finance | - | 350,000 | 200,000 | 150,000 |
| UNICEF Cambodia | 12,576 | 658,017 | 426,158 | 244,435 |
| US Embassy | - | 400 | 400 | - |
| WISE Sarl (Fondation NEXT) | 254,344 | 229,978 | 407,417 | 76,905 |
| Ganeshha Foundation | - | 115,000 | 66,481 | 48,519 |
| World Childhood Foundation | - | - | 1,098 | (1,098) |
| FI Reserves | 233,851 | 269,903 | 191,240 | 312,514 |
| | 784,323 | 3,313,335 | 2,688,234 | 1,409,424 |

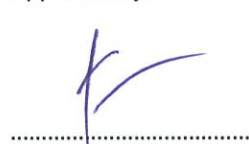
Prepared by:



Ms. Von Phalla
International Finance Coordinator

31 March 2020

Approved by:



Mr. Sebastien Marot
Executive Director

31 March 2020