

MITH SAMLANH

**Financial Statements
for the year ended 31 December 2016
and
Report of the Independent Auditors**

Mith Samlanh

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Appendix A – Schedule of income and expenditure by donor (unaudited) (i)

** The Appendix does not form part of the audited financial statements, they are unaudited and provided for information purpose only.*

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

Main donors Global Fund/Friends-International Cambodia (“GFATM/FI”)
Fossil Foundation
WISE/Swiss Philanthropy Fund
Friends Deutschland/Juve Award
Fondation Junclair
Comic Relief
The Mercury Phoenix Trust
Riverview Children’s Foundation
WISE/Eric Barthelmé
Secours Catholique/Caritas France
DanChurchAid (“DCA”)
Gisela Foundation
United Nations Children’s Fund (“UNICEF”)
World Childhood Foundation
Fire Tree
ELLE Fondation
Weyerhaeuser Family Foundation
Allan Murray Jones
SKOLL SE Challenge
Sipar/AFD
AMADEUS

Board of Directors	Mr. Dararith Kim Yeat	Acting Chairman
	Mr. Sao Sarin	Member (Appointed in August 2016)
	Mr. Hong Sovann	Member (Appointed in August 2016)
	Ms. Dana Langlois	Member
	Ms. Chhun Chenda Sophea	Member
	Ms. Tith Davy	Member
	Ms. Mâp Somaya (Ly Sophat)	Member (non-voting member)
	Mr. Sebastien Marot	Member (non-voting member)
	Mr. Malcolm Howlett	Chairman (Resigned on 9 July 2016)
	Mr. Hok Sothik	Member (Resigned on 1 December 2016)

Technical Advisor Friends-International

Management Team	<p>Ms. Mâp Somaya (Ly Sophat) Mr. Pring KimChhay Mr. Pin Sokhom Ms. Kay Phanny Ms. Thuon Somary Mr. Horn Pisith</p> <p>Mr. Hong Sovann</p>	<p>Program Director Finance Coordinator Saving Lives Coordinator HR Coordinator FSB Coordinator Building Future Coordination (Jointed on 25 April 2016) Building Future Coordination (Resigned on 4 March 2016)</p>
Registered Office	#215, Street 13, Phnom Penh Kingdom of Cambodia	
Principal Bankers	ANZ Royal Bank (Cambodia) Ltd Foreign Trade Bank of Cambodia ACLEDA Bank Plc.	
Auditors	KPMG Cambodia Ltd	

Statement by the Director

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 2016, as set out on pages 7 to 20 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: 10 APR 2017



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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 2016, the statement of income and expenditures for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information (“financial statements”), as set out on pages 7 to 20.

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.

Other matter

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Appendix A is presented for purposes of additional analysis, is unaudited and does not form part of the financial statements.

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 audit report is intended solely for the Donors and management of the Organisation and should not be used by or distributed to other parties other than the Donors of the Organisation. 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 Appendix A, 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**



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

10 April 2017

Mith Samlanh

Statement of financial position as at 31 December 2016

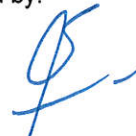
	Note	2016 US\$	2015 US\$
ASSETS			
Cash and bank balances	3	185,327	291,066
Account receivables	4	116,310	88,443
Freehold land	5	2,826,900	2,826,900
		<u>3,128,537</u>	<u>3,206,409</u>
LIABILITIES			
Account payables	6	239,521	56,808
		<u>239,521</u>	<u>56,808</u>
Net assets		<u>2,889,016</u>	<u>3,149,601</u>
Represented by:			
Fund balance at end of year		<u>2,889,016</u>	<u>3,149,601</u>

Prepared by:



Mr. Pring KimChhay
Finance Coordinator

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 2016

	Note	2016 US\$	2015 US\$
Income			
Donor funding/grants	7	1,295,912	1,621,666
Sale revenues	8	1,938,807	1,834,132
Private donations	9	60,097	21,221
Other income	10	14,552	19,076
		<u>3,309,368</u>	<u>3,496,095</u>
Expenditure			
Personnel costs	11	1,671,172	1,508,511
Indirect costs	12	640,004	702,801
Direct costs	13	469,676	586,290
Capital expenditure	14	28,826	82,701
Travel costs		22,895	21,694
Business costs	15	668,273	747,548
		<u>3,500,846</u>	<u>3,649,545</u>
Deficit of income over expenditure		(191,478)	(153,450)
Fund balance at beginning of year		3,149,601	3,304,135
Refunded to donor	16	(69,107)	(1,084)
Fund balance at end of year		<u>2,889,016</u>	<u>3,149,601</u>

Prepared by:



Mr. Pring KimChhay
Finance Coordinator

Date: 10 APR 2017

Approved by:



Ms. Mâp Somaya (Ly Sophat)
Program Director

Date: 10 APR 2017

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

Mith Samlanh

Notes to the financial statements for the year ended 31 December 2016

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/youths, 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, Labour, Vocational Training and Youth dated 2 August 1999 and subsequently renewed on 8 December 2004.

The Organisation’s objective is to reintegrate children and youths back into school, their families and communities so that they become active and productive citizens of their country. Since 1994, the Organisation has been working with children and youths 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 2016, the Organisation had 239 employees (2015: 300 employees).

2. Summary of 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 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 2016

2. Summary of 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 sale 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.

(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.

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2016

3. Cash and bank balances

	2016 US\$	2015 US\$
Cash on hand	13,257	9,874
Cash at banks		
ANZ Royal Bank (Cambodia) Ltd.	143,688	249,476
ACLEDA Bank Plc.	26,136	26,286
Foreign Trade Bank of Cambodia	2,246	5,430
	172,070	281,192
	185,327	291,066

4. Account Receivables

	2016 US\$	2015 US\$
Receivables - Credit sales	27,935	18,475
Guarantee deposits	2,128	5,550
Receivables - Program	86,245	58,930
Cash advances	-	631
Prepaid house rental	-	2,160
Staff loan	-	2,661
Prepaid gasoline	2	36
	116,310	88,443

5. Freehold land

In order to secure the future of the program 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 24 November 2016, the Organisation paid the Property Tax at the amount of US\$44,635 (Note 12), of which the penalty on late payment on property tax is 10% and interest is 2% calculated retrospectively to the historical purchase date on 30 September 2011.

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2016

6. Account payables

	2016 US\$	2015 US\$
TREE franchise fee payable	17,040	17,228
Student tip payable	3,540	3,804
Gasoline payable	1,917	3,187
Salary tax payable	3,537	3,291
Technical advisor fee payable	131,566	24,602
Gas payable	78	469
Loan from Friend International (FI)	20,178	-
Staff payable	56,183	-
Consignment product purchase	3,002	-
Others	2,480	4,227
	<u>239,521</u>	<u>56,808</u>

7. Funds received from donors

	2016 US\$	2015 US\$
United Nations Children's Fund ("UNICEF") through FI	194,335	134,755
Fire Tree	150,000	-
Fondation Junclair – Chbar Ampov	109,295	-
Gisela Foundation	85,000	85,000
Fossil Foundation	81,395	80,000
European Union ("EU")	61,618	180,997
WISE/Eric Barthelmé	55,451	61,020
Fondation Junclair	53,700	120,080
Secours Catholique/Caritas France	51,940	31,860
Comic Relief	49,100	73,940
Global Fund/Friends-International Cambodia ("GFATM/FI")	117,521	262,605
DanChurchAid ("DCA")	41,433	50,000
WISE/Swiss Philanthropy Fund	37,574	43,369
ELLE Fondation	33,638	-
World Childhood Foundation	28,667	37,484
Weyerhaeuser Family Foundation	25,000	-
Allan Murray Jones	20,000	-
Sub-total	<u>1,195,667</u>	<u>1,161,110</u>

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Notes to the financial statements (continued) for the year ended 31 December 2016

7. Funds received from donors (continued)

	2016 US\$	2015 US\$
Riverview Children's Foundation	18,825	17,700
Friends Deutschland/Juve Award	18,514	51,856
SKOLL SE Challenge	16,488	-
The Mercury Phoenix Trust	14,900	14,790
Fondation Junclair-GH	10,984	-
Sipar/AFD	8,034	-
AMADEUS	7,500	-
United Nations Children's Fund ("UNICEF") through the Ministry of Social Affairs Veteran and Youth Rehabilitation (MoSVY)	5,000	78,187
ADECCO Management & Consulting	-	75,000
Aide et Action Cambodia ("AEA")	-	86,933
The Australian Embassy (DFAT-Aid)	-	20,979
DanChurchAid Project Evaluation	-	6,000
World Education	-	1,184
Work Together Foundation (WTF)	-	29,615
Tesco	-	18,336
La Chaîne de L'Espoir	-	13,611
Save The Children	-	46,365
Sub-total	100,245	460,556
	1,295,912	1,621,666

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2016

8. Sales revenues

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 businesses to train the youths under its care and also to generate income from business activities. The business activities consist of the following:

2016	Note	Fund balance 1 January 2016 US\$	Income US\$	Other income US\$	Expenditure US\$	income/ (expenditure)* US\$	Transfers** US\$	Fund balance 31 December 2016 US\$
Friends N Stuff (Toul Tom Pong)	(i)	10,776	13,281	-	(10,274)	(42)	(13,741)	-
Friends N Stuff (Street no.13)	(ii)	46,028	299,112	1,322	(166,219)	(2,882)	(152,846)	24,515
Friends N Stuff (Romdeng)	(iii)	14,237	50,983	-	(41,732)	-	(18,837)	4,651
Friends the Restaurant	(iv)	184,518	844,650	1,756	(691,162)	(1,663)	(285,717)	52,382
Romdeng Restaurant	(iv)	69,468	654,303	1,995	(586,537)	(702)	(106,745)	31,782
Cookbook "Best of Friends"	(v)	17,157	12,331	-	(2,072)	-	(25,116)	2,300
Training Centre	(vi)	13,175	34,089	-	(26,868)	4,592	(18,837)	6,151
Screen Printing		-	9,741	-	(2,781)	697	(7,657)	-
Home Base Production		-	20,317	2	(9,691)	-	(10,409)	219
		<u>355,359</u>	<u>1,938,807</u>	<u>5,075</u>	<u>(1,537,336)</u>	<u>-</u>	<u>(639,905)</u>	<u>122,000</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\$627,905 (2015: US\$496,278) and from restaurant rental amounting to US\$12,000 (2015: 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 2016

8. Sales revenues (continued)

2015	Note	Fund balance 1 January 2015 US\$ (Restated)	Income US\$	Other income US\$	Expenditure US\$	Inter-business income/ (expenditure)* US\$	Transfers** US\$	Fund balance 31 December 2015 US\$
Friends N Stuff (Toul Tom Pong)	(i)	38,896	13,754	17	(21,638)	(20)	(20,233)	10,776
Friends N Stuff (Street no.13)	(ii)	137,209	347,348	2,450	(248,744)	496	(192,731)	46,028
Friends N Stuff (Romdeng)	(iii)	17,626	64,585	251	(47,847)	(18)	(20,360)	14,237
Friends the Restaurant	(iv)	286,049	726,767	3,272	(642,782)	(2,066)	(186,722)	184,518
Romdeng Restaurant	(iv)	93,861	622,784	2,701	(594,235)	(1,633)	(54,010)	69,468
Cookbook "Best of Friends"	(v)	21,549	22,301	6	(2,200)	-	(24,499)	17,157
Training Centre	(vi)	17,625	36,593	-	(34,561)	3,241	(9,723)	13,175
		<u>612,815</u>	<u>1,834,132</u>	<u>8,697</u>	<u>(1,592,007)</u>	<u>-</u>	<u>(508,278)</u>	<u>355,359</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\$496,278 (2014: US\$257,591) and from restaurant rental amounting to US\$12,000 (2014: 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 2016

8. Sales revenues (continued)

(i) *Friends N Stuff (Toul Tom Pong)*

This Friends N Stuff sales outlet is located in Phsa Toul Tom Pong, also known as, the Russian Market. 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. The shop was closed on 11 October 2016.

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

Friends N Stuff, established in May 2003 and located next to Friends the 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. Beauty students also run the Nail Bar in this shop, providing manicures, pedicures and nail art.

(iii) *Friends N Stuff (Romdeng)*

This Friends N Stuff (Romdeng) sales outlet was established on 15 December 2011 and is located in Romdeng 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.

(iv) *Friends the Restaurant and Romdeng Restaurant*

Friends the Restaurant serves Western and Asian Tapas and has been operating since February 2001. Romdeng Restaurant specialises in Cambodian food and opened in December 2005. Both 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 150 students each year with around 50 students in each level.

(v) *Cookbook "Best of Friends"*

The Cookbook "Best of Friends", established in December 2004, is sold in the Organisation's restaurants and shops to generate income for the Organisation.

(vi) *Training Centre*

Training Centre offers seven vocational training workshops: cooking, welding, beauty, sewing, electricity, motorbike mechanics, and men's hair dressing to street youths (from age 15 to 24 years), building their self-confidence and developing marketable skills and leading gainful employment. To increase their business knowledge, students also have the opportunity to study 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 2016

9. Private donations

	2016 US\$	2015 US\$
Partners For Equity Limited	50,000	-
Donation via Paypal Account	3,317	9,430
Other private/individual donors	2,932	4,266
Petra Van Der Klaauw	2,000	-
Funds from sale of bricks	1,848	795
Columbia University	-	6,730
	<u>60,097</u>	<u>21,221</u>

10. Other income

	2016 US\$	2015 US\$
Proceed from vehicles disposal	4,750	3,870
Sale of obsolete equipment	736	-
Interest income	228	588
Others	8,838	14,618
	<u>14,552</u>	<u>19,076</u>

11. Personnel costs

	2016 US\$	2015 US\$
Staff salaries	1,381,832	1,303,867
Technical assistance consultancy fees	153,825	153,824
Health benefits	29,723	31,265
Training and development	4,402	9,825
Staff lay-off and indemnity (*)	94,938	3,233
Other staff costs	6,452	6,497
	<u>1,671,172</u>	<u>1,508,511</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2016

11. Personnel costs (continued)

- (*) Represents the indemnity costs of laying off project's staff during the year. Staff who were terminated before the contractual maturity date were entitled to receive the compensation payment on top of the gross salary and the memorandum of indemnity was issued for each individual staff accordingly.

The indemnity was decided during the management meeting held on 30 August 2016 owing to the main factor of insufficient funding. The compensation was made in accordance to Mith Samlanh Internal Regulation and the Labour Law, Article 89, which was calculated based on employee's length of service worked with the Organisation.

12. Indirect costs

	2016 US\$	2015 US\$
TREE franchise fees	150,051	134,955
Rentals	108,620	117,370
Utilities	74,709	80,552
Transportation/gasoline	46,213	71,393
Maintenance/renovation	46,502	96,474
Office supplies	48,301	50,902
Food for staff	22,421	18,497
Communications	18,104	17,042
Security fees	19,965	13,721
Professional fees	8,347	24,445
Kitchen supplies	7,812	20,770
Staff uniforms	2,109	11,506
Printing/copies	4,784	12,164
Advertising/marketing	5,156	1,875
Bank charges	8,617	7,702
Donor relations	4,014	6,616
Building/vehicles insurance	7,128	6,565
Property tax payment (Note 5)	44,635	-
Others	12,516	10,252
	<u>640,004</u>	<u>702,801</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2016

13. Direct costs

	2016 US\$	2015 US\$
Food/drinks/snacks	116,776	148,150
Medical costs	54,189	102,767
Beneficiary training	55,728	69,954
Harm reduction materials	76,023	45,752
Family supports	14,100	37,318
Placement support costs	14,249	48,537
Centre supplies	16,240	17,112
Foster care support costs	28,230	26,737
Education materials	16,480	28,544
Public school costs	23,266	29,824
Clothes	5,397	10,368
Recreational materials	3,760	6,435
Hygiene materials	3,181	7,562
Student support costs	2,508	3,830
Information, education and communication materials	1,664	1,188
Outreach materials	3,932	2,212
Group home/independent living	20,475	-
Cost of apprenticeship	1,736	-
Family income generation support	11,742	-
	<u>469,676</u>	<u>586,290</u>

14. Capital expenditure

	2016 US\$	2015 US\$
Furniture and fittings	2,759	2,598
Kitchen equipment	3,287	9,899
IT/computers	8,670	6,701
Vehicles	870	43,929
Office equipment	4,901	8,289
Others	8,339	11,285
	<u>28,826</u>	<u>82,701</u>

Mith Samlanh

Notes to the financial statements (continued) for the year ended 31 December 2016

15. Business costs

Business costs represent costs of products sold at community Based Business, Friends N Stuff, Friends the Restaurants, Romdeng Restaurant, costs of cookbook "Best of Friends" and costs of raw materials used at Training Centre.

The detail costs are as follow:

	2016 US\$	2015 US\$
Food and beverage	497,178	481,489
Labor charge	21,794	21,873
Raw materials	22,424	22,553
CookBook	3,290	6,550
Spare parts	1,728	4,773
T-Shirt printing	-	1,555
Cost of goods	121,859	208,755
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	668,273	747,548
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16. Refunded to donor

The Organisation refunded to SCI amounting to US\$547 and Global Fund through FI amounting to US\$68,560 on 2 February 2016 and 5 April 2016 respectively.

17. 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 2016, the Organisation has commitments in respect of operating leases as follows:

	2016 US\$	2015 US\$
Within one year	89,342	103,957
Within two to five years	54,878	110,740
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	144,220	214,697
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Appendix A

Schedule of income and expenditure by donor (unaudited) for the year ended 31 December 2016

	Balance at 1 January 2016 US\$	Income US\$	Expenditure US\$	Transfers to donor US\$	Transfers US\$	Balance at 31 December 2016 US\$
Mith Samlanh (land)	2,400,481	1,848	-	-	-	2,402,329
Mith Samlanh (business activities)	355,359	1,943,882	(1,537,336)	-	(639,905)	122,000
Mith Samlanh (reserve)	86,129	67,726	(53,348)	-	12,000	112,507
Internal Funding - All Projects	-	-	(627,905)	-	627,905	-
Global Fund/Friends-International Cambodia ("GFATM/FI")	141,649	117,521	(187,318)	(68,560)	-	3,292
Fossil Foundation	71,403	81,395	(185,388)	-	-	(32,590)
WISE/Swiss Philanthropy Fund	40,341	37,574	(39,687)	-	-	38,228
Friends Deutschland/Juve Award	40,071	18,514	(58,585)	-	-	-
FONDATION JUNICLAIR	27,702	53,701	(81,403)	-	-	-
La Chaîne de l'Espoir	10,369	-	(10,369)	-	-	-
Comic Relief	9,707	49,100	(56,729)	-	-	2,078
The Mercury Phoenix Trust	8,735	14,900	(11,710)	-	-	11,925
Riverview Children's Foundation	7,750	18,825	(10,920)	-	-	15,655
WISE/Eric Barthelmé	5,465	55,451	(52,803)	-	-	8,113
The Australian Embassy (DFAT-Aid)	3,297	-	(2,549)	-	-	748
Cosmoqueen	2,095	-	(2,095)	-	-	-
Save The Children	547	-	-	(547)	-	-
Tesco	118	-	(118)	-	-	-
Sub-total	3,211,218	2,460,437	2,918,263	69,107	-	2,684,285

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Appendix A

Schedule of income and expenditure by donor (unaudited) (continued) for the year ended 31 December 2016

	Balance at 1 January 2016 US\$	Income US\$	Expenditure US\$	Transfers to donor US\$	Transfers US\$	Balance at 31 December 2016 US\$
European Union ("EU")	(61,617)	61,617	-	-	-	-
Secours Catholique/Caritas France	-	51,940	(51,940)	-	-	-
DanChurchAid ("DCA")	-	41,433	(41,433)	-	-	-
Gisela Foundation	-	85,000	(85,000)	-	-	-
United Nations Children's Fund ("UNICEF") through FI	-	194,335	(202,573)	-	-	(8,238)
United Nations Children's Fund ("UNICEF") through MoSVY	-	5,000	(880)	-	-	4,120
World Childhood Foundation	-	28,667	(28,667)	-	-	-
Fire Tree	-	150,000	(64,341)	-	-	85,659
FONDATION JUNICLAIR-CHBAR AMPOV	-	109,295	(9,409)	-	-	99,886
ELLE Fondation	-	33,638	(16,662)	-	-	16,976
WEYERHAEUSER FAMILY FOUNDATION	-	25,000	(25,000)	-	-	-
Allan Murray Jones	-	20,000	(20,000)	-	-	-
SKOLL SE Challenge	-	16,488	(16,488)	-	-	-
FONDATION JUNICLAIR-GH	-	10,984	(7,576)	-	-	3,408
Sipar/AFD	-	8,034	(8,034)	-	-	-
AMADEUS	-	7,500	(4,580)	-	-	2,920
Sub-total	(61,617)	(848,931)	(582,583)	-	-	204,731
Total	3,149,601	3,309,368	(3,500,846)	(69,107)	-	2,889,016