

# Annual Financial Report 2014

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*Mith Samlanh*



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mith samlanh

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# Acronyms & Abbreviations

3PC	Partnership Program for the Protection of Children
ACTED	Agency for Technical Cooperation & Development
AFD	Agence Française de Développement
CB	Cookbook (The Best of Friends)
DIC	Drop-In-Centre
EU	European Union
FI	Friends-International
FnS 13	Friends "n" Stuff Street 13 (main outlet)
FnS RM	Friends "n" Stuff Russian Market outlet
FnS Rom	Friends "n" Stuff Romdeng Restaurant outlet
FSB	Friends Social Business
FtR	Friends the Restaurant
GFATM	Global Fund Fight Against Aids, Tuberculosis & Malaria
HBP	Home-Based Production
MS	Mith Samlanh
NGO	Non-Governmental Organisation
PSF	Pharmaciens Sans Frontières
TA	Technical Advisor(s)
TC	Training Centre
TH	Transitional Home(s)
UNICEF	United Nations Children's Fund
VT	Vocational Training
WCF	World Childhood Foundation

# Organisation Information

## **Board of Directors**

Malcolm Howlett – Chairman  
Nuy Bora - Member  
Sophea Chenda Chhun - Member  
Tith Davy - Member  
Dana Langlois - Member  
Hok Sothik - Member  
Dararith Kim Yeat - Member  
Sebastien Marot – Non-Voting Member  
Mâp Somaya – Non-Voting Member

## **Founder**

Sebastien Marot

## **Management Team**

Mâp Somaya/ Ly Sophat – Program Director  
Pring Kimchhay - Finance Coordinator

## **Technical Advisor**

Charlotte Arno / Friends-International

## **Auditors**

KPMG Cambodia Ltd,  
#2, Street 208,  
Phnom Penh, Cambodia

## **Registered Office**

House #215, Street 13,  
PO Box 588  
Sangkat Chey Chumneas,  
Khan Daun Penh,  
Phnom Penh, Cambodia

## **Registration Number**

172 Sor Dor Nor

# Executive Summary Points

- Children and youth reached increased by 2% to a total of **9,286 individuals**.
- There was a 60% increase in service events, totalling **2,204,768 events**.
- Total **income** increased by 18%; from \$3,037,000 to **\$3,538,000**.
- Donor **grants** increased by \$335,815 to **\$1,545,531**, of which approximately 25% was acquired through new donor grants.
- **Expenses** increased by 13% to **\$3,337,385**. (2013: \$2,951,823)
- **Staff salaries** costs increased the most in absolute value by **\$144,000** and number of staff increased by 10%.
- **Assets & Equipment** increased by 252%, as the transitional homes were refreshed with new furniture and equipment, such as beds, cupboards and lockers, and a new bus was bought for transporting children.
- Social business supported the **funding gaps** for 10 projects with **\$269,952** (2013: \$297,341)
- Largest funding gaps in 2014 were for Vocational Training, Outreach and Drugs, totalling \$156,000.
- Social Businesses generated total **sales revenues of \$1,852,148**, and a **net profit of \$294,000**, retaining 15% of sales.
- Sales revenue contributes to 52% of total income.
- A new decentralised **Moto Mechanics** Vocational Training workshop was opened in **Takhmao** in March 2014. In 10 months this workshop generated sales of \$3,700, of which 86% of customers were external to Mith Samlanh.
- The 2 **restaurants** generated **sales of \$1,443,000** (78% of total sales) and **net profit \$206,000** (70% of total profit).
- **Friends “n” Stuff** Street 13 outlet is the most successful of all the outlets and generated **sales of \$294,000** and **net profit \$64,000**.
- The social businesses increased their **net value to \$612,000** or by 4%, after internal grants for social services.
- **Standard sustainability** remained steady at **55%**, with both sales revenue and total expenses increasing. The **donor dependency ratio**, however, increased from 78% to **83%** due to reduced net profits against increased program expenses
- In **2015**, Mith Samlanh forecasts a 16% increase in budget needs to **\$3,871,000**. \$2.2m for program activities, of which approximately **73%** has been **secured**.

# Summary of Significant Accounting Policies

Mith Samlanh adopts the following accounting policies in the preparation of its financial statements.

## Basis of Preparation

The financial statements are expressed in its presentational currency - the US\$, and are prepared in accordance with a modified cash receipts and disbursements basis of accounting. Under this basis of accounting, income is recognized when funds are received rather than when they are 'earned' and expenditure is recognized when payments are made rather than when they are incurred, except for the following treatment:

- Cash Advances are initially recognized as a current asset in the Balance Sheet. Upon liquidation with supporting documents, the balances are expensed in the Statement of Income and Expenditure.
- Deposits to suppliers, loans to staff and other advances are recorded as Accounts Receivables in the Balance Sheet until these balances are settled.
- Salary tax payable withheld from staff salaries is recorded as Taxation Payable in the Balance Sheet until payments have been made to the Tax Authorities.
- On 31 December 2014 all FnS outlet business inventory was capitalized on the Balance Sheet in order to improve reporting profit and loss for the social businesses, however, for comparative purposes, the Social Business Results section of this report will exclude this capitalization, until 2015 financial reports

## Fixed Assets

The costs of fixed assets are charged to expenses upon acquisition. For control and management purposes, a memorandum account of fixed assets is maintained by way of an asset register.

## Foreign Currency Translation

MS executes transactions primarily in local currency. Local (functional) currencies are both KHR (Khmer Riel) and US\$ (United States Dollar). In 2014 MS maintained its records in its primary currency, the US dollar. Transactions in currencies other than the primary currency are converted into the primary currency at the rate of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in currencies other than primary currency are translated into it at the open market rates of exchange ruling at the year-end date. Exchange differences are recognized in the statement of income and expenditure.

# Certification of Financial Statements

Financial statements for Mith Samlanh have been independently audited by KPMG Cambodia. The audited financial statements present a consolidation of both the MS Program and the MS Social Businesses.

During 2014, Mith Samlanh also underwent project audits as requested by its donors, as follows:

- Dan Church Aid
- Global Fund (via Friends-International)
- European Union

All audits conducted confirmed the integrity of the financial statements and the annual audit report is available to download from the MS website.

## Summary of Basic Data

	2014	2013
Number of Staff (31 Dec)	282	256
Total Income (US\$)	3,538,882	3,004,986
Total Expenses (US\$)	3,337,385	2,951,823
Administrative Costs	3%	2%
Social Businesses	7	7

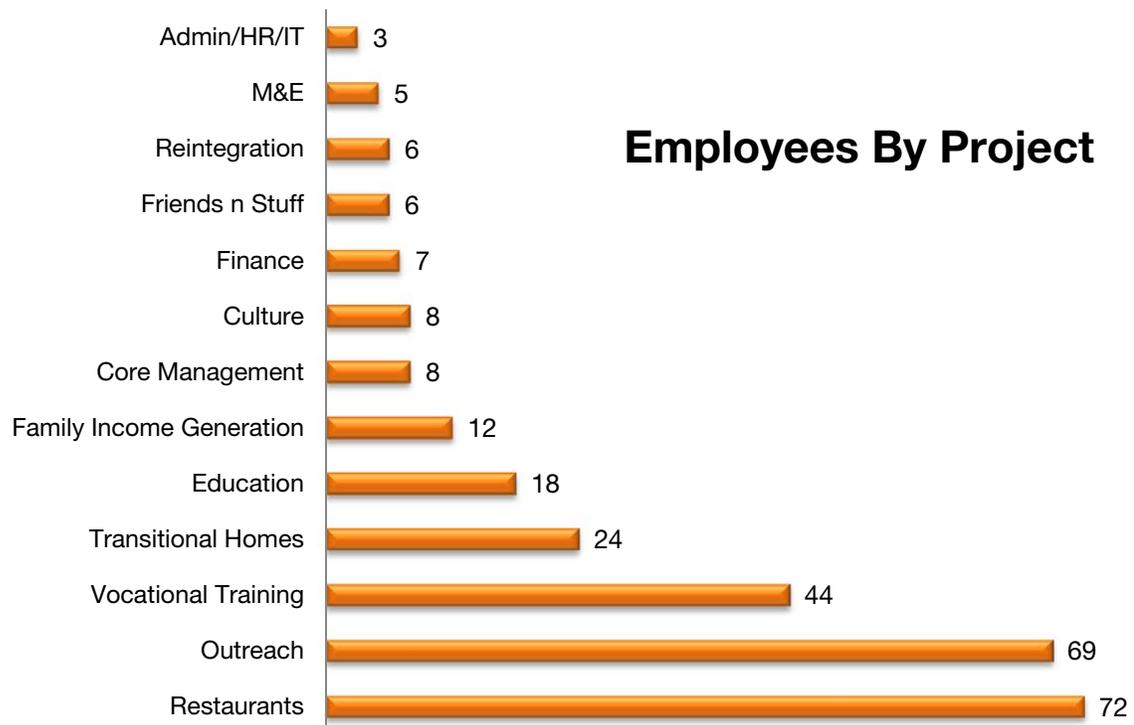
## Top 15 Donors

#	DONOR	2014 \$	2013 \$
1	European Union	237952	173,319
2	UNICEF Cambodia (FI)	159,190	155,386
3	Juniclair Foundation	156,462	0
4	GFATM/ NCHADS (FI)	107422	54,461
5	USAID/ World Learning (FI)	107,254	0
6	Comic Relief	106,050	
7	Planet Wheeler Foundation	100000	127,500
8	Gisela Foundation	90,000	105,000
9	AusAID/ DfAT	78040	26,072
10	DanChurchAid	77,187	54,655
11	Work Together Foundation (FI)	54,445	55,097
12	World Childhood Foundation	49,986	68,181
13	Caritas France	40,689	38,904
14	Aide et Action	37140	0
15	Harvey World Travel	31456	0

# Employee Breakdown

POSITION	2014		2013		↑↓
Management	1	0%	2	1%	-50%
Project/ Assistant Managers	22	8%	24	9%	-8%
Specialists	11	4%	9	4%	22%
Team Leaders	5	2%	5	2%	0%
Social Workers / Case Managers	76	27%	69	27%	10%
Teachers	95	34%	76	30%	25%
Trainers	12	4%	8	3%	50%
Medics	15	5%	13	5%	15%
Sales Staff	7	2%	8	3%	-13%
Cooks (for children/youth)	5	2%	6	2%	-17%
Administrative / HR/ M&E	6	2%	8	3%	-25%
Finance	7	2%	9	4%	-22%
Support staff	20	7%	19	7%	5%
<b>TOTAL</b>	<b>282</b>	<b>100%</b>	<b>256</b>	<b>100%</b>	<b>10%</b>

- Specialists are for e.g., HIV/AIDS, Drugs, Case Management providing technical support.
- Social Workers/ Case Managers includes prevention, drugs, outreach, house parents etc
- Teachers includes Education & Vocational Training teachers
- Support Staff comprises of guards, cleaners, drivers



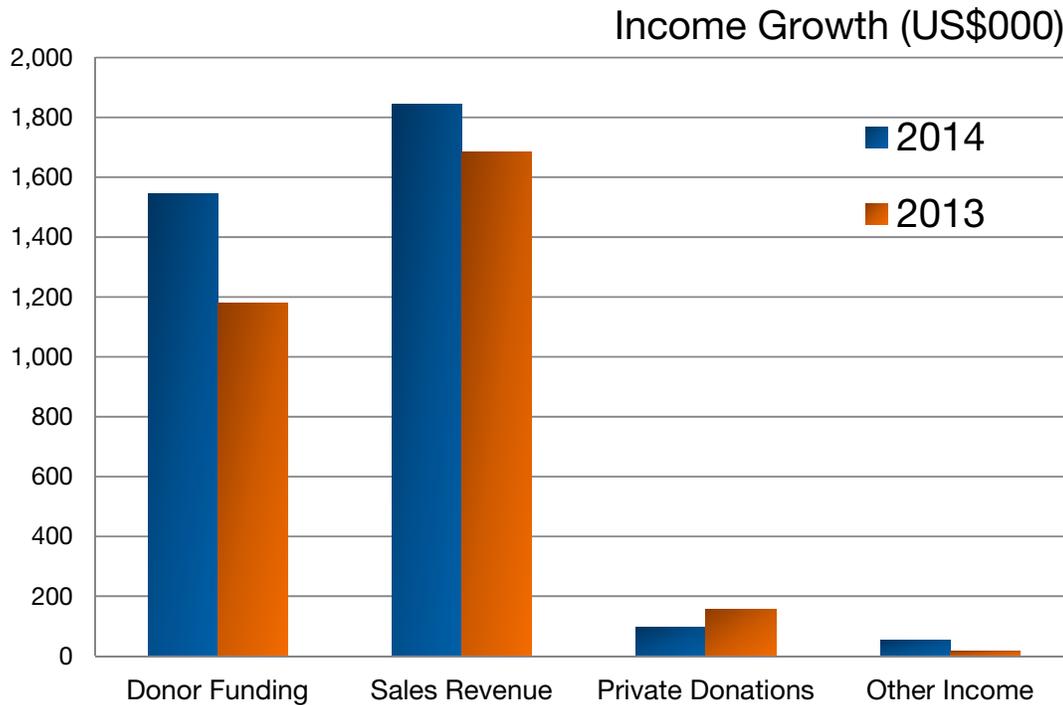
## Unrestricted Funds

As at 1 Jan 2014, MS had unrestricted funds amounting to \$595,126. This comprised of social business reserves, private donations and other miscellaneous income. Throughout 2014, the Internal Funding Committee granted a total of \$269,952 to MS programs after receiving Internal Proposals from various projects. This internal funding came entirely from the MS Social Businesses, and was granted only on a quarterly basis. This amount was made up as follows:

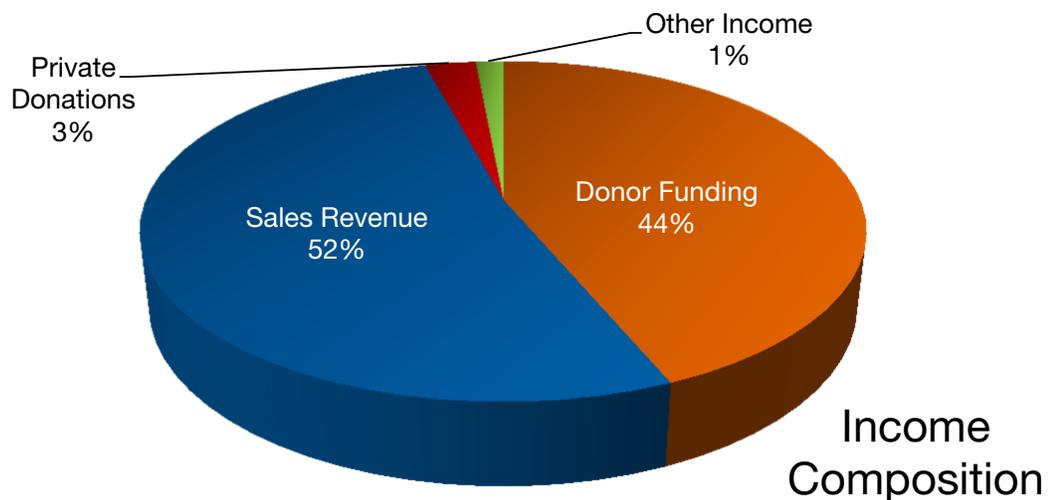
PROJECTS	2014	2013
Education	\$13,216	\$30,425
Culture	\$23,927	\$16,280
Home Based Production	\$24,774	\$23,771
Outreach	\$43,848	\$20,582
Reintegration	\$9,386	\$9,070
Transitional Homes	\$13,344	\$47,822
Vocational Training	\$68,204	\$93,978
Drugs	\$43,780	\$36,804
Andong Community Work	\$19,419	\$17,160
Wise Youth Centre	\$10,053	\$0
Mortgage Interest	\$0	\$1,452
<b>GRAND TOTAL</b>	<b>\$269,952</b>	<b>\$297,341</b>

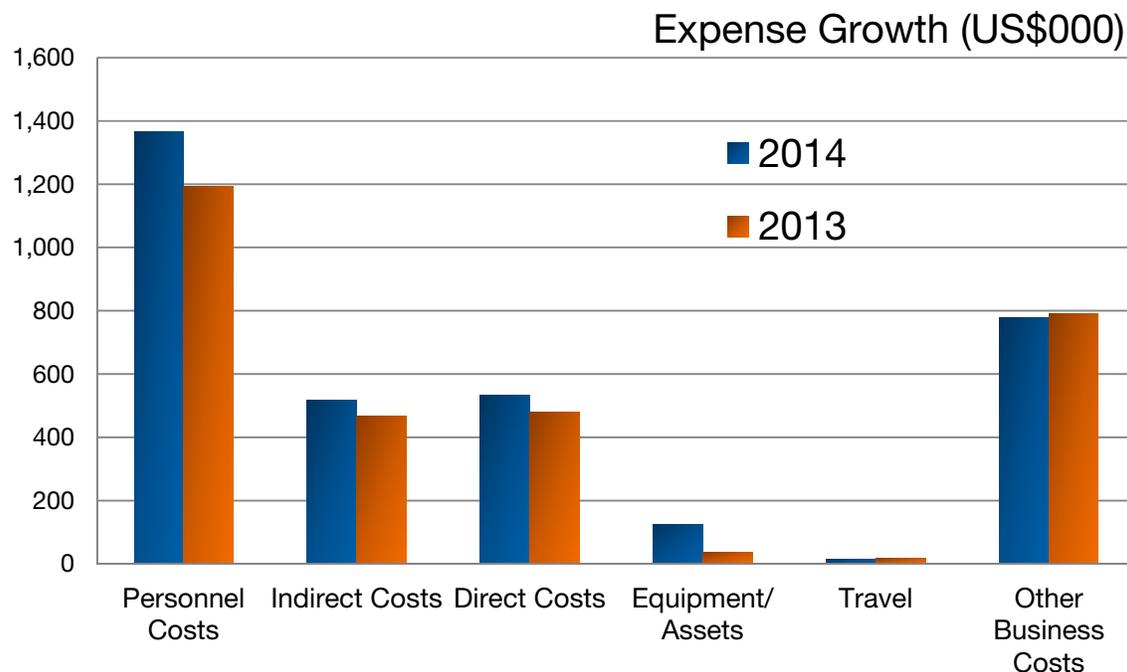
As at 31 December 2014, the unrestricted funds balance was \$814,056, predominantly from Social Business Reserves.

# Program Results



Total income increased by 17% from 2013 (2013: 14% increase). Donor Grants by 31%, Sales Revenue by 10%, and private donations decreased by 39%. A total of \$418K was received in new grants or donations from Aide et Action, Amadeus, Comic Relief, Cosmoqueen, Fondation de l'Orangerie, Harvey World Travel, Junclair, Salling, Tesco and World Education. A total of \$1.2m was received in either renewed grants or multi-year grants. Sales Revenue income still exceeds income receipts through donor grants and private donations.





Total expenses increased by 12% (\$353K) [2013: 9% increase]. The largest expense increases in absolute values were;

- Staff salaries; the number of staff also increased by 26 people
- Centre Supplies; many new bedding supplies etc were purchased for the Transitional Homes, as well as refining and correcting data-entry of expenses
- Rent & Utilities; caused by increases in monthly rents of various drop in centres across the city, as well as the additional Takhmao Mechanics class
- Assets & Equipment; a new bus was purchased for transporting children, as well as furniture for refreshing the Transitional Homes.
- TREE Franchise fees; increased in line with increase in sales.

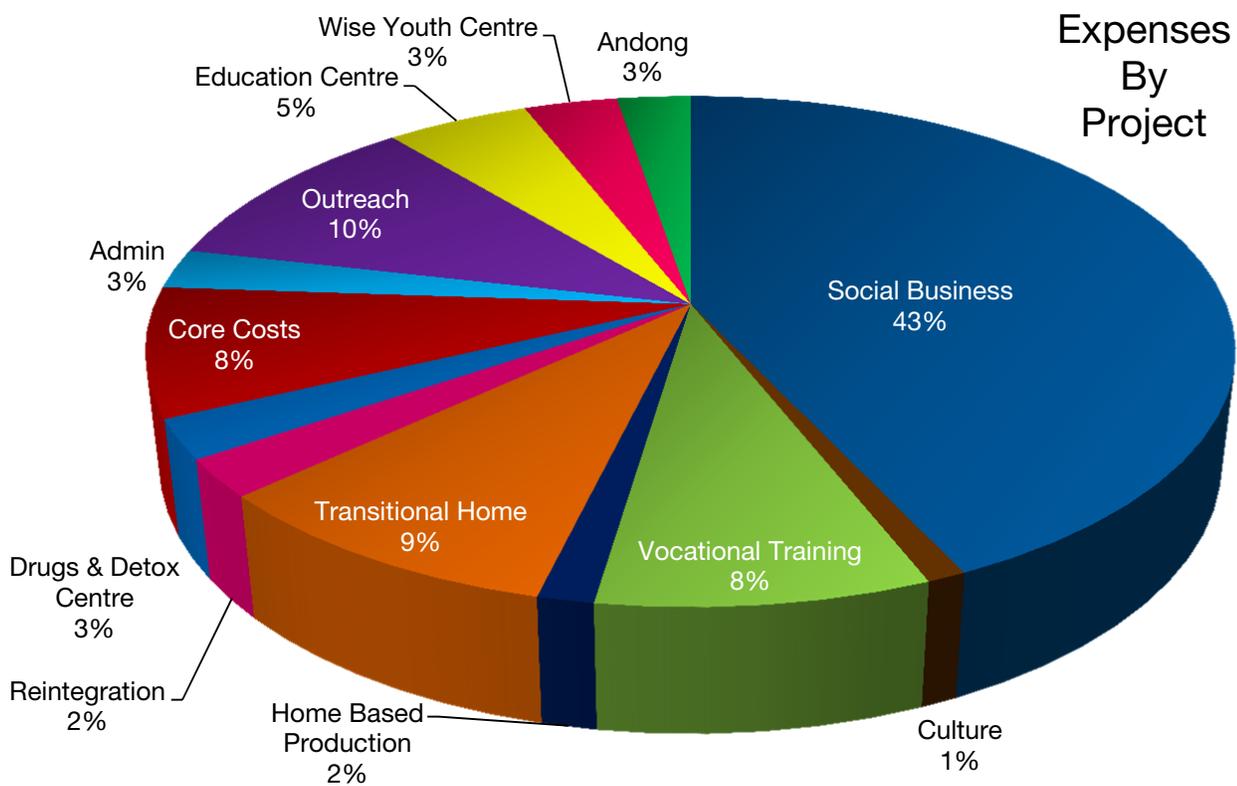
Social Service expenses increased by 8% (2013: 6% increase), with increased donor grants. Social Business expenses increased by 20% (2013: 12%) as shown by the table below. Social Service expenses were comprised of 43% personnel costs, 27% direct program costs, 16% indirect costs, 5% capital expenditures, 1% travel costs and 8% consultancy /advisory fees to Friends-International.

EXPENSES	2014		2013		↑↓
Social Services	\$1,779,245	53%	\$1,652,346	56%	8%
Social Business	\$1,558,139	47%	\$1,299,477	44%	20%
<b>TOTAL</b>	<b>\$3,337,385</b>	<b>100%</b>	<b>\$2,951,823</b>	<b>100%</b>	<b>13%</b>

By project, the 7 Social Businesses appear to expend the most, however, the social services combined spent 46%, excluding core and admin support costs. The Transitional Homes increased proportionately from 2013 (7% proportion), due to the increased spending in refurbishment of furniture and house supplies.

Outreach remains the largest social service spender, with 69 staff (24% of total staff) allocated to the project. Vocational Training is generally the second largest social service provided with 44 staff allocated to the project (16% of total staff).

Mith Samlanh's Admin costs remained at a very low 3%.



# Financial Statements

## Consolidated Income Statement

For the year ended 31 Dec 2014

INCOME	2014 (US\$)	2013 (US\$)	↑↓
Donor Funding	1,545,531	1,179,716	31%
Sales Revenue	1,845,681	1,684,288	10%
Private Donations	95,544	157,396	-39%
Consultancy	6,797	3,517	93%
Other Income	45,330	12,493	263%
<b>TOTAL INCOME</b>	<b>3,538,882</b>	<b>3,037,411</b>	<b>17%</b>
EXPENSES	2014 (US\$)	2013 (US\$)	↑↓
PERSONNEL			
Staff Salaries	1,289,432	1,131,431	14%
Health Benefits	33,800	27,988	21%
Overtime	34,428	26,670	29%
Staff Training & Development	6,862	4,828	42%
Recruitment Costs	1,694	1,049	61%
	<b>1,366,216</b>	<b>1,191,966</b>	<b>15%</b>
DIRECT COSTS			
Beneficiary Training	65,339	64,318	2%
Centre Supplies	28,198	9,709	190%
Clothing for Beneficiaries	7,640	4,826	58%
Education Materials	25,296	22,028	15%
Family Support	32,550	47,308	-31%
Food/Drink/Snacks	137,527	131,279	5%
General Activity Costs	1,206	2,354	-49%
Harm Reduction Materials	48,919	38,580	27%
Hygiene Materials	4,888	16,073	-70%
IEC Material	12,830	6,156	108%
Medical Cost	71,026	56,771	25%
Outreach Materials	4,927	1,738	183%
Public school cost	24,700	20,399	21%
Recreational Material	7,556	8,988	-16%
Placement Support Cost	32,411	25,942	25%
Foster care support cost	25,776	23,186	11%
Student support Cost	1,583	1,441	10%
	<b>532,372</b>	<b>481,098</b>	<b>11%</b>

EXPENSES	2014 (US\$)	2013 (US\$)	↑↓
<b>EQUIPMENT/ASSETS</b>			
IT/Computers	6,937	4,183	66%
Vehicles	38,610	3,870	898%
Furniture/Fittings	50,938	3,831	1230%
Vocational Training Equipment	19,777	18,746	6%
Miscellaneous	9,989	5,239	91%
	<b>126,251</b>	<b>35,869</b>	<b>252%</b>
<b>INDIRECT COSTS</b>			
Advertising/Marketing	7,800	9,539	-18%
Audit Fee	8,140	8,231	-1%
Bank Charge	6,841	7,332	-7%
Building/Vehicle Insurance	5,900	6,248	-6%
Communications	16,137	16,335	-1%
Donor Relations	6,239	4,715	32%
Maintenance/Renovation	66,365	61,374	8%
Office Supplies	50,367	48,329	4%
Printing/Copies	10,124	8,060	26%
Rent & Utilities	213,894	177,409	21%
Staff Uniform	10,294	3,554	190%
Transportation/Gasoline	78,703	72,108	9%
Professional fee	16,862	23,714	-29%
Kitchen Supplies	10,598	15,054	-30%
Miscellaneous	9,566	5,175	85%
	<b>517,829</b>	<b>467,177</b>	<b>11%</b>
<b>TRAVEL COSTS</b>			
Flights/ Overland Travel	5,837	6,879	-15%
Per Diem / Accommodation	10,362	9,986	4%
Board Meetings/ Conferences	21	857	-98%
	<b>16,220</b>	<b>17,721</b>	<b>-8%</b>
<b>OTHER BUSINESS COST</b>			
Cost of Sales	608,582	640,780	-5%
TREE Franchise Fee	143,386	120,775	19%
Food for staff	24,643	28,862	-15%
Quality Control Cost	1,887	0	100%
	<b>778,497</b>	<b>790,417</b>	<b>-2%</b>
<b>TOTAL EXPENSES</b>	<b>3,337,385</b>	<b>2,984,247</b>	<b>12%</b>
<b>NET INCOME</b>	<b>201,498</b>	<b>53,164</b>	
Retained funds brought forward	3,233,940	3,180,777	
<b>EQUITY</b>	<b>3,435,438</b>	<b>3,233,940</b>	

# Financial Statements

## Consolidated Statement of Financial Position

As at 31 Dec 2014

NON-CURRENT ASSETS		2014 (US\$)	2013 (US\$)
	Land & Buildings	2,826,900	2,826,900
CURRENT ASSETS			
Current Assets			
	Cash & Bank	497,743	414,044
	Project Advances	406	184
	Prepayments	17	12,709
	Inventory	131,303	0
Accounts Receivable			
	Funding Receivables	3,076	0
	Business Receivables	10,535	7,549
	Guarantee Deposit	5,550	3,000
	Miscellaneous	0	1,328
TOTAL ASSETS		3,475,529	3,265,715
LIABILITIES			
Current Liabilities			
	Tax Payable	3,334	2,881
	Miscellaneous	34,891	28,894
	Healthy Child Fund	1,866	0
TOTAL LIABILITIES		40,091	31,775
EQUITY		3,435,438	3,233,940

# Financial Statements

## Statement of Changes in Equity as at 31 Dec 2014

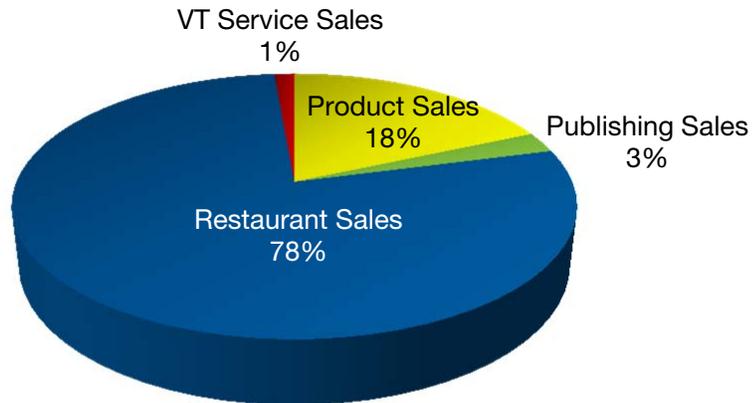
#	FUND ACCOUNT	TYPE	OPENING	INCOME	EXPENSES	TRANSFER	CLOSING
1	Best of Friends Cook Book	<i>Business</i>	19,119	22,648	1,178	-10,135	30,455
2	Friends n Stuff Russian Market	<i>Business</i>	53,331	24,597	15,448	-19,052	43,428
3	Friends n Stuff Romdeng	<i>Business</i>	19,937	55,304	37,650	-8,353	29,237
4	Friends n Stuff St.13	<i>Business</i>	137,032	284,746	116,564	-61,735	243,479
5	Friends the Restaurant	<i>Business</i>	259,486	819,794	664,388	-128,843	286,049
6	Romdeng Restaurant	<i>Business</i>	74,758	619,952	564,813	-36,053	93,844
7	Training Centre	<i>Business</i>	24,733	25,107	26,795	-5,420	17,624
8	Acted (PSF)	<i>Donor</i>	0	24,693	24,693	0	0
9	Aide et Action	<i>Donor</i>	0	37,140	28,281	0	8,858
10	AusAID/ DfAT	<i>Donor</i>	11,173	25,701	27,166	0	9,708
11	Caritas France	<i>Donor</i>	0	40,689	40,689	0	0
12	ChildWise Cambodia	<i>Donor</i>	-369	744	374	0	0
13	Comic Relief	<i>Donor</i>	0	106,050	75,987	0	30,063
14	Cosmoqueen	<i>Donor</i>	0	11,580	752	0	10,828
15	DanChurchAid	<i>Donor</i>	189	77,187	77,376	0	0
16	Salling	<i>Donor</i>	0	18,000	14,429	0	3,571
17	Deutsche Bank	<i>Donor</i>	3,465	0	3,465	0	0
18	European Union	<i>Donor</i>	-29,914	237,952	220,447	0	-12,408
19	HAARP/ DfAT (FI)	<i>Donor</i>	103	52,339	52,339	0	103
20	Fondation de l'Orangerie (FI)	<i>Donor</i>	0	18,469	18,469	0	0
21	Gisela Foundation	<i>Donor</i>	12,606	90,000	102,606	0	0

#	FUND ACCOUNT	TYPE	OPENING	INCOME	EXPENSES	TRANSFER	CLOSING
22	Give2Asia	<i>Donor</i>	5,257	0	5,257	0	0
23	GFATM/ NCHADS (FI)	<i>Donor</i>	0	107,422	103,383	0	4,039
24	Juniclair Foundation	<i>Donor</i>	-11,662	156,462	103,576	0	41,223
25	La Chaine de l'Espoir	<i>Donor</i>	11,325	18,181	15,103	0	14,402
26	Mercury Phoenix	<i>Donor</i>	9,375	0	9,375	0	0
27	Planet Wheeler Foundation	<i>Donor</i>	87,594	100,000	115,071	0	72,523
28	Riverview Children's Foundation	<i>Donor</i>	21,365	21,750	24,681	0	18,434
29	SIPAR	<i>Donor</i>	0	19,467	19,467	0	0
30	SNV Netherlands Development Organisation	<i>Donor</i>	-1,147	1,147	0	0	0
31	Tesco	<i>Donor</i>	0	16,480	16,480	0	0
32	UNICEF Cambodia (FI)	<i>Donor</i>	13,104	159,190	145,101	0	27,192
33	USAID/ World Learning (FI)	<i>Donor</i>	660	107,254	117,060	0	-9,146
34	Work Together Foundation	<i>Donor</i>	649	54,445	55,093	0	0
35	World Childhood Foundation	<i>Donor</i>	0	49,986	49,986	0	0
36	World Education (FI)	<i>Donor</i>	0	9,846	10,170	0	-324
37	General Reserves	<i>Reserves</i>	6,781	76,986	283,417	269,591	69,940
38	Rickard Funds	<i>Private</i>	1,218	1,903	3,122	0	0
39	Amadeus	<i>Private</i>	0	2,209	2,209	0	0
40	Dayer & Ahlstom	<i>Private</i>	105,889	0	105,889	0	0
41	Harvey World Travel	<i>Private</i>	0	31,456	28,826	0	2,630
42	MS Land Funds	<i>Private</i>	2,397,886	1,800	0	0	2,399,686
43	Sosense Education	<i>Private</i>	0	10,209	10,209	0	0
	<b>TOTAL</b>		<b>3,233,940</b>	<b>3,538,882</b>	<b>3,337,385</b>	<b>0</b>	<b>3,435,438</b>

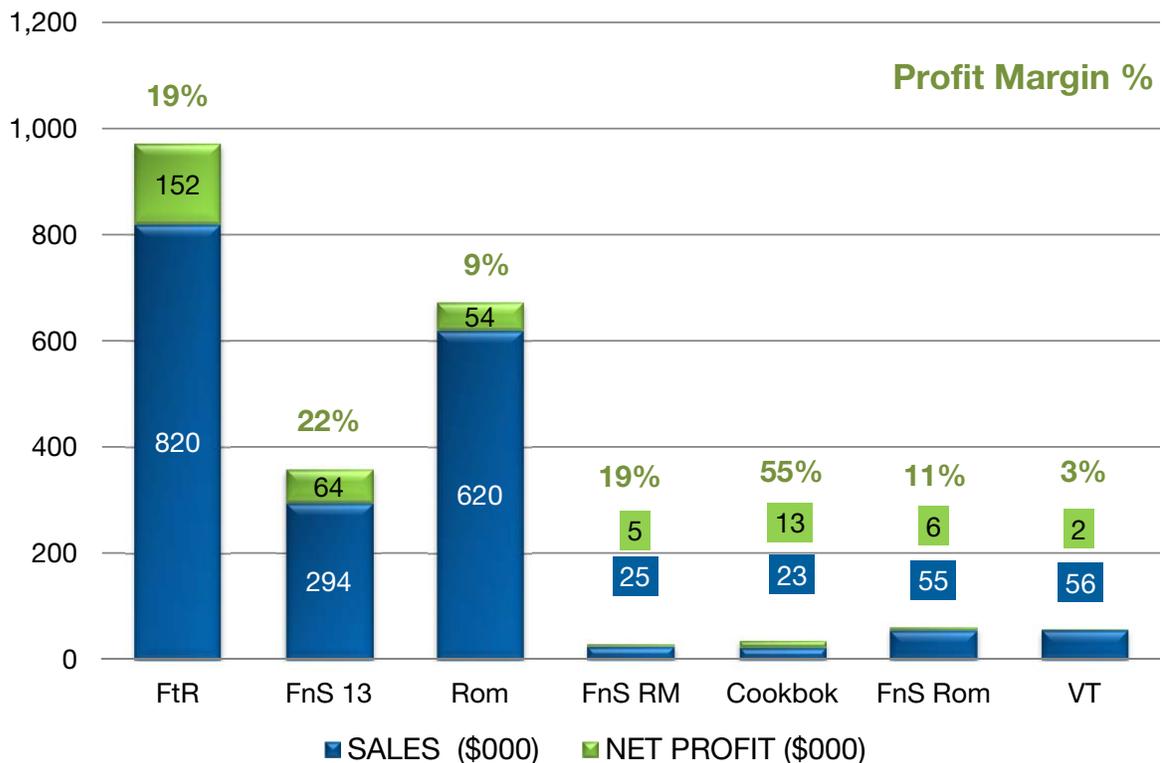
# Business Results

The pie chart below shows a breakdown of MS Sales Revenue by type of sale. Restaurant sales are again surpassing all other sales, comprising of 78% (2013; 74%) of the total revenue of \$1.9m. Product Sales remain at steady a 18% of total revenues.

Sales Composition



In 2014, all social businesses made a profit. The largest net profits came from the largest social business units; Friends the Restaurant, Friends n Stuff Street 13 outlet, and Romdeng Restaurant.



# Financial Sustainability

## Overview, Definition and Summary

Annually, Mith Samlanh calculates its financial sustainability. This is the degree to which MS generates sales revenue to absorb the full cost of its activities, which is an important strategic objective for Mith Samlanh; to meet the needs of its beneficiaries in the long-term.

SUSTAINABILITY TYPE	2014	2013
Standard Sustainability	55%	56%
Social Business Sustainability	119%	128%
Social Program Sustainability	17%	22%
Donor Dependency	83%	78%

## Formulas

### 1. Standard Sustainability Ratio

$$\frac{\text{Sales Revenue}}{\text{Total Expenditure}}$$

The standard ratio tells us how much sales revenue is available as a percentage of total expenditure, both for program and business activities. In 2014 this results in **55%** sustainability rate. However, the MS business expenses alone comprised of 43% of the total expenditure and therefore financial sustainability should be assessed by zooming in to the additional 3 ratios below.

### 2. Social Business Sustainability

$$\frac{\text{Sales Revenue}}{\text{Business Expenditure}}$$

Defined as the rate at which the businesses are sustainable themselves. In 2014, the social businesses were **119%** self-sustainable. The business expenditure would have to increase by 19% while sales remain steady, in order to break-even. This percentage also indicates how much of external sales revenue MS is able to reserve for the program activities (i.e. net profit).

### 3. Social Program Sustainability

$$\frac{\text{Business Net Profit}}{\text{Program Expenditure}}$$

Defined as the rate at which the business net profits for the year can support the program expenditure. In 2014, the program sustainability was **17%**. This means the additional 19% above break-even calculated in the formula #2 is 19% of the total program expenditure, or that the net profit of businesses amount to 19% of program costs.

#### **4. Donor Dependency**

100% – Social Program Sustainability

This formula shows the rate at which MS is still dependent on donor funding or sources of funds other than its social businesses. 83% of program expenditure would still need to be sourced externally.

Overall, the sustainability ratios indicate that MS needed approximately \$1.5 million (83%) from donor/external sources in 2014 to cover its program costs, and that only \$294,000 of 2014 net profit was available from the social businesses to support 17% of the program costs. Over 2014 however, the MS businesses supported the program with \$270,000.

### **2015 Objective**

MS' strategic objective for 2015 is achieving:

#### **1. 60% STANDARD SUSTAINABILITY**

This means sales must be equivalent to 60% of the total expenses (budgeted at \$3.9m), amounting to \$2.34m. Sales would have to then increase by 25% to \$2.3m.

#### **2. 25% SOCIAL PROGRAM SUSTAINABILITY**

This means net profit must be equivalent to 25% of the program expenses (budgeted at \$2.2m). Net profit would then have to increase by 89% to \$556,000

# Financial Statements

## Consolidated Income Statement – Social Businesses

For the year ended 31 Dec 2014

	2014	2013	↓↑
<b>SALES REVENUE</b>			
HBP Sales	340,419	319,532	7%
Publishing Sales	46,318	64,938	-29%
Restaurant Sales	1,433,837	1,244,970	15%
Training Centre Sales	25,107	54,847	-54%
Other income	6,467	5,614	15%
<b>Total SALES REVENUE</b>	<b>1,852,148</b>	<b>1,689,902</b>	<b>10%</b>
Cost of Sales	739,885	640,780	15%
<b>GROSS PROFIT</b>	<b>1,112,263</b>	<b>1,049,122</b>	<b>6%</b>
<b>EXPENSES</b>			
Personnel	396,579	330,262	20%
Running Costs	255,803	224,635	14%
Equipment	22,487	15,450	46%
TREE Franchise fee	143,386	120,775	19%
<b>Total Expenses</b>	<b>818,255</b>	<b>691,122</b>	<b>18%</b>
<b>NET PROFIT</b>	<b>294,008</b>	<b>358,000</b>	<b>-18%</b>
Program Support	-269,952	-295,890	-9%
Opening Balance	588,396	526,285	
<b>NET FUND BALANCE</b>	<b>612,452</b>	<b>588,396</b>	<b>4%</b>

# Financial Statements

## Statement of Financial Position – Social Businesses

As at 31 Dec 2014

		2014	2013
<b>CURRENT ASSETS</b>			
	Cash in hand & bank	403,499	363,899
	Prepayments	0	10,094
	A/R Credit Sales	10,535	7,549
	A/R (MS Programs)	225,448	284,183
<b>TOTAL CURRENT ASSETS</b>		<b>639,482</b>	<b>665,725</b>
<b>CURRENT LIABILITIES</b>			
	A/P Miscellaneous	18,149	15,959
	A/P Student Tips	8,881	5,739
	A/P (MS Program)	0	55,631
<b>TOTAL CURRENT LIABILITIES</b>		<b>27,030</b>	<b>77,329</b>
<b>NET EQUITY</b>		<b>612,452</b>	<b>588,396</b>

# Financial Statements

## Statement of Changes in Equity– Social Businesses

As at 31 Dec 2014

#	BUSINESS UNIT	OPENING	INCOME*	EXPENSES*	INTRA SALES/ PURCHASES**	PROGRAM SUPPORT	CLOSING
1	Best of Friends Cook Book	19,119	22,648	10,084	0	-10,147	21,537
2	Friends N Stuff (Romdeng)	19,937	55,304	49,245	-240	-8,125	17,630
3	Friends N Stuff (Russian Market)	53,331	24,597	19,980	0	-19,078	38,870
4	Friends N Stuff (Street 13)	137,032	292,513	230,601	1,725	-63,542	137,126
5	Friends the Restaurant	259,486	819,794	664,388	-3,161	-125,851	285,880
6	Romdeng Restaurant	74,758	619,952	564,813	-1,540	-34,560	93,797
7	Training Centre*	24,733	52,570	54,258	3,216	-8,648	17,613
		588,396	1,887,378	1,593,369	0	-269,952	612,452

\* Includes sales to the MS programs

\*\* Sales and purchases between the social business

# Friends the Restaurant

Income Statement *for the year ended 31 Dec 2014*

	2014	2013	↓↑
<b>Sales Revenue</b>			
Restaurant Sales	816,378	676,289	21%
Publishing sales	390	3,139	-88%
Other Income	3,026	3,134	-3%
<b>Total Sales Revenue</b>	<b>819,794</b>	<b>682,562</b>	<b>20%</b>
<b>Expenses</b>			
Cost of Sales	286,728	249,614	15%
Personnel Costs	177,226	141,143	26%
Running Costs	111,745	88,760	26%
TREE Franchise fee	81,638	67,629	21%
Equipment	10,212	11,313	-10%
<b>Total Expenses</b>	<b>667,549</b>	<b>558,458</b>	<b>20%</b>
<b>NET PROFIT</b>	<b>152,245</b>	<b>124,104</b>	<b>23%</b>

## Key Points

- Sales Revenue increased by 20% (2013: 13% increase)
- FtR sales were 44% of total social business sales.
- Net profit increased by 10% (2013 increase 10%).
- FtR net profit contributes 51% to the total social business net profit
- Expenses increased by 20% (2013 increase 19%) directly in line with sales
- Costs of Sales (food & beverages) are 35% of sales.
- FtR is the largest income generator for MS
- Since 2010 FtR sales have increased by 64% and net profit has increased by 76%
- In 2014 FtR supported \$126K of social service costs

# Romdeng Restaurant

Income Statement *for the year ended 31 Dec 2014*

	2014	2013	↓↑
<b>Sales Revenue</b>			
Restaurant Sales	617,480	531,457	16%
Other Income	2,493	1,674	49%
<b>Total Sales Revenue</b>	<b>619,973</b>	<b>533,131</b>	<b>16%</b>
<b>Expenses</b>			
Cost of Sales	192,665	172,011	12%
Personnel Costs	169,712	131,400	29%
Running Costs	130,659	123,800	6%
TREE Franchise fee	61,748	53,146	16%
Equipment	11,590	4,232	174%
<b>Total Expenses</b>	<b>566,374</b>	<b>484,589</b>	<b>17%</b>
<b>NET PROFIT</b>	<b>53,599</b>	<b>48,541</b>	<b>10%</b>

## Key Points

- Sales Revenue increased by 16% (2013: 12% increase)
- Romdeng sales were 33% of total social business sales.
- Net profit increased by 10% (2013 decrease 18%).
- Romdeng net profit contributes 18% to the total social business net profit
- Expenses increased by 17% (2013 increase 16%) in line with sales
- Costs of Sales (food & beverages) are 31% of sales.
- Romdeng is the 3<sup>rd</sup> largest income generator for MS
- Since 2010 Romdeng sales have increased by 101% and net profit has increased by 103%
- In 2014 Romdeng supported \$35K of social service costs

# Friends 'n' Stuff, St 13

Income Statement *for the year ended 31 Dec 2014*

	2014	2013	↓↑
<b>Sales Revenue</b>			
HBP Sales	280,394	241,631	16%
Publishing sales	12,966	13,780	-6%
Other Income	879	723	22%
<b>Total Sales Revenue</b>	<b>294,238</b>	<b>256,134</b>	<b>15%</b>
<b>Expenses</b>			
Cost of Sales	204,083	119,245	71%
Personnel Costs	19,247	18,954	2%
Running Costs	6,581	3,206	105%
Equipment	690	80	763%
<b>Total Expenses</b>	<b>230,601</b>	<b>141,485</b>	<b>63%</b>
<b>NET PROFIT</b>	<b>63,637</b>	<b>114,649</b>	<b>-44%</b>

## Key Points

- Sales Revenue increased by 15% (2013: 6% increase)
- FnS 13 sales were 16% of total social business sales.
- Net profit decreased by 44% (2013 decrease 18%).
- FnS 13 net profit contributes 22% to the total social business net profit
- Expenses increased by 63% (2013 increase 28%) with the largest increase in Cost of Sales.
- From 2015, MS will capitalize its inventory, so that Cost of Sales is accurately reflected
- FnS Street 13 is the 2<sup>nd</sup> largest income generator for MS
- Since 2010 FnS 13 sales have increased by 103% but net profit has decreased by 4%
- In 2014 FnS 13 supported \$64K of social service costs

# Friends 'n' Stuff, Russian Market

Income Statement *for the year ended 31 Dec 2014*

		2014	2013	↓↑
<b>Sales Revenue</b>				
	HBP Sales	24,100	37,985	-37%
	Publishing sales	485	660	-27%
	Other Income	12	0	
<b>Total Sales Revenue</b>		<b>24,597</b>	<b>38,645</b>	<b>-36%</b>
<b>Expenses</b>				
	Cost of Sales	10,759	13,505	-20%
	Personnel Costs	8,976	6,563	37%
	Running Costs	244	738	-67%
<b>Total Expenses</b>		<b>19,980</b>	<b>20,807</b>	<b>-4%</b>
<b>NET PROFIT</b>		<b>4,617</b>	<b>17,839</b>	<b>-74%</b>

## Key Points

- Sales Revenue decreased by 36% (2013: 2% increase)
- FnS RM sales were 1% of total social business sales.
- Net profit decreased by 74% (2013 increase 276%).
- FnS RM net profit contributes 1% to the total social business net profit
- From 2015, MS will capitalize its inventory, so that Cost of Sales is accurately reflected
- Since 2012 FnS RM sales have decreased by 35% and net profit has decreased by 3%
- In 2014 FnS RM supported \$19K of social service costs

# Friends 'n' Stuff Romdeng

Income Statement *for the year ended 31 Dec 2014*

	2014	2013	↓↑
<b>Sales Revenue</b>			
HBP Sales	45,418	40,891	11%
Publishing Sales	9,830	14,985	-34%
Other Income	56	39	45%
<b>Total Sales Revenue</b>	<b>55,304</b>	<b>55,914</b>	<b>-1%</b>
<b>Expenses</b>			
Cost of Sales	33,142	31,678	5%
Personnel Costs	9,262	7,337	26%
Running Costs	6,997	6,381	10%
Equipment	85	35	143%
<b>Total Expenses</b>	<b>49,485</b>	<b>45,432</b>	<b>9%</b>
<b>NET PROFIT</b>	<b>5,818</b>	<b>10,482</b>	<b>-44%</b>

## Key Points

- Sales Revenue decreased by 1% (2013: 14% decrease)
- FnS Romdeng sales were 3% of total social business sales.
- Net profit decreased by 44% (2013 decrease 15%).
- FnS Romdeng net profit contributes 2% to the total social business net profit
- From 2015, MS will capitalize its inventory, so that Cost of Sales is accurately reflected
- Since 2012 FnS Romdeng sales have decreased by 15% and net profit has decreased by 53%
- In 2014 FnS Romdeng supported \$8K of social service costs

# “The Best of Friends” Cookbook

Income Statement *for the year ended 31 Dec 2014*

		2014	2013	↓↑
<b>Sales Revenue</b>				
	Publishing Sales	22,647	32,374	-30%
	Other Revenue	1	6	-78%
<b>Total Sales Revenue</b>		<b>22,648</b>	<b>32,380</b>	<b>-30%</b>
<b>Expenses</b>				
	Cost of Sales	10,075	0	100%
	Running Costs	9	0	100%
<b>Total Expenses</b>		<b>10,084</b>	<b>0</b>	<b>100%</b>
<b>NET PROFIT</b>		<b>12,564</b>	<b>32,380</b>	<b>-61%</b>

## Key Points

- Sales Revenue decreased by 30% (2013: 12% decrease)
- Cookbook sales were 1% of total social business sales.
- Net profit decreased by 61%, however in 2013 no re-print of the cookbook occurred, distorting the net profit
- Cookbook net profit contributes more than 4% to the total social business net profit
- From 2015, MS will capitalize its inventory, so that Cost of Sales is accurately reflected
- Since 2011 Cookbook sales have decreased by 49% and net profit has decreased by 64%
- In 2014 Cookbook supported \$10K of social service costs

# Vocational Training Centre

Income Statement *for the year ended 31 Dec 2014*

	2014	2013	↓↑
<b>Sales Revenue</b>			
Services Sales - External Customers	23,295	23,849	-2%
Services Sales - MS Program	29,274	30,999	-6%
Services Sales - MS Businesses	3,409	5,911	-42%
<b>Total Sales Revenue</b>	<b>55,978</b>	<b>60,758</b>	<b>-8%</b>
<b>Expenses</b>			
Cost of Sales	37,920	37,623	1%
Personnel Costs	12,155	9,419	29%
Running Costs	4,276	3,478	23%
Equipment	100	0	100%
<b>Total Expenses</b>	<b>54,450</b>	<b>50,520</b>	<b>8%</b>
<b>NET PROFIT</b>	<b>1,528</b>	<b>10,239</b>	<b>-85%</b>

## Key Points

- In 2014, MS opened a new Moto Mechanics Workshop in Takhmao and closed the centralized Car Mechanics Workshop. There were a of total 9 Vocational Training workshops as at 31 Dec 2014: Beauty, Cooking, Electricity, Haircut, Mechanics Moto (centralized), Nailbar, Sewing and Welding and the new Takhamo Mechanics Moto.
- Sales Revenue to external customers remained steady; however, net profit reduced by 85%, impacted by both decreased internal sales and increased costs.
- The Nailbar continues to be the most financially successful VT accounting for 25% of the sales (all external customer) and 100% of the net profit.
- The Takhmao Mechanics Workshop brought in 7% of the total VT sales (\$3700 with only \$500 being internal sales).

# Annual Budget - 2015

Mith Samlanh's annual budget for 2015 currently stands at US\$3.9 million. The secured funding as at 31 Mar 2015 amounted to US\$2.8 million leaving a funding gap of just over \$1m. It is estimated that excess business profits can support MS programs up to \$350,000 for the year.

PROJECT	OUTREACH	ANDONG	CHBAR AMPOV	TAKHMAO	REINTEGRATION	TRANSITIONAL HOMES	EDUCATION CENTRE	VOCATIONAL TRAINING	CULTURE	FAMILY INCOME GENERATION	DRUGS	SOCIAL BUSINESS	TOTAL BUDGET
Personnel	201,024	93,701	71,104	51,678	62,557	126,925	101,242	178,945	45,337	43,349	96,880	396,462	\$1,469,205
Direct Costs	223,334	53,085	62,260	22,775	35,240	147,000	74,960	150,616	6,020	21,410	31,200	0	\$827,900
Indirect Project Costs	23,100	8,280	5,520	10,830	2,760	6,780	9,900	28,140	24,550	3,060	4,920	370,653	\$498,493
Equipment/ Assets	6,300	1,800	900	1,800	500	0	0	26,750	0	0	0	14,150	\$52,200
Travel Costs	0	0	0	0	16,800	0	0	0	0	0	0	0	\$16,800
Business Costs	0	0	0	0	0	0	0	0	0	0	0	776,009	\$776,009
HQ Support Costs	48,181	8,966	8,027	4,962	6,843	15,977	10,637	22,022	4,346	4,132	7,416	89,009	\$230,519
<b>GRAND TOTAL</b>	<b>501,939</b>	<b>165,832</b>	<b>147,810</b>	<b>92,045</b>	<b>124,700</b>	<b>296,682</b>	<b>196,739</b>	<b>406,474</b>	<b>80,253</b>	<b>71,952</b>	<b>140,416</b>	<b>1,646,283</b>	<b>3,871,126</b>

SECURED FUNDS (\$)	252,644	71,573	67,549	28,281	35,452	124,587	180,996	328,605	0	19,831	61,955	1,646,283	2,817,757
FUNDING GAP (\$)	249,295	94,259	80,261	63,763	89,248	172,095	15,743	77,869	80,253	52,120	78,461	0	1,053,369
FUNDING GAP (%)	50%	57%	54%	69%	72%	58%	8%	19%	100%	72%	56%	0%	27%

