

FRIENDS-INTERNATIONAL – ARANYAPRATHET

**Financial Statements
for the year ended 31 December 2018
and
Report of the Independent Auditors**

Friends-International – Aranyaprathet

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Organisation Information

Organisation Name	Friends-International	
Program Name	Friends-International – Aranyaprathet (“the Program”)	
Main Donors	Gisela Foundation Damnok Toek World Childhood Foundation United Nations Office on Drugs & Crime	
Board of Directors	Leonard Coster Wilfried Schneider Timothee Wagener Michael Gilmore Vivian Gee	Chairperson (appointed on 18 March 2018) Chairperson (resigned on 17 March 2018) Member Member Member
Management	Sebastien Marot Ms. Orawan Saowapat Lay Vorleak Mr. Sebastien Le Mouellic Ms. Phalla Von	Executive Director/Founder Country Program Director Project Manager Program Technical Coordinator International Coordinator
Registered Office	601 NV18 room, K.M. 5 Left side Road, Aranyaprathet Srakaew 27120 Thailand	
Principal Bankers	ANZ Royal Bank (Cambodia) Ltd ACLEDA Bank Plc.	
Auditors	KPMG Cambodia Ltd	

Statement by the management

I, the undersigned, on behalf of management of Friends-International Aranyaprathet, a program of Friends-International Thailand under the Headquarters of Friends-International Cambodia, do hereby state that, in my opinion, the accompanying financial statements which comprise the statement of financial position as at 31 December 2018 and the statement of income and expenditure for the year then ended as set out on pages 6 to 13 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.



Ms. Orawan Saowapat
Country Program Director

Bangkok, Thailand

Date: 17 JAN 2020



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Report of the independent auditors To the Donors and Management of Friends-International Aranyaprathet

Opinion

We have audited the accompanying financial statements of Friends-International – Aranyaprathet, a program of Friends-International Thailand under the Headquarters of Friends-International Cambodia (“the Program”), which comprises the statement of financial position as of 31 December 2018, 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 6 to 13 (“financial statements”).

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 International Standards on Auditing (ISAs). 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 Program in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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

We draw attention to the fact that we have not audited the accompany statement of financial position as at 31 December 2017, the statement of income and expenditure for the year then ended, or any of the related notes and accordingly, we do not express an opinion on them.



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 Program. The financial statements are prepared for the information of and use by the Donors and management of the Program. 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 Program and not for other purpose. This restriction on use does not limit the disclosure or distribution of our report if such disclosure or distribution is required by laws and regulations. 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 of pages (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 Program'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 Program'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 ISAs 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 ISAs, 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 Program'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 Program'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 Program 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


17 January 2020

Friends-International – Aranyaprathet

Statement of financial position as at 31 December 2018

	Note	2018 Baht	2017 Baht (Unaudited)
Assets			
Cash and bank balances	3	527,221	457,340
Cash advances		17,498	-
Receivables	4	38,854	14,547
Deposits		26,144	26,000
		<u>609,717</u>	<u>497,887</u>
Liabilities			
Other payables	5	39,627	1,768
		<u>570,090</u>	<u>496,119</u>
Net assets			
		<u>570,090</u>	<u>496,119</u>
Fund balance at end of year			
		<u>570,090</u>	<u>496,119</u>

Prepared by:



Ms Von Phalla
International Coordinator

Date: 17 JAN 2020

Approved by:



Ms. Orawan Saowapat
Country Program Director

Date: 17 JAN 2020

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

Friends-International – Aranyaprathet

Statement of income and expenditure for the year ended 31 December 2018

	Note	2018 Baht	2017 Baht (Unaudited)
Income			
Donor funding	6	1,862,172	1,959,998
Private donations	7	1,022	3,000
Other income	8	13,880	-
		<u>1,877,074</u>	<u>1,962,998</u>
Expenditure			
Personnel costs	9	932,650	1,103,616
Direct costs	10	357,192	422,831
Equipment/Assets		1,664	7,000
Indirect costs	11	397,360	421,416
Capacity building, monitoring and evaluation	12	27,390	102,208
Coordination, management monitoring		10,729	-
Headquarter support costs	13	76,118	64,672
		<u>1,803,103</u>	<u>2,121,743</u>
Surplus of income over expenditure		73,971	(158,745)
Fund balance at beginning of year		496,119	654,864
Fund balance at end of year		<u><u>570,090</u></u>	<u><u>496,119</u></u>

Prepared by:



Ms Von Phalla
International Coordinator

Date: 17 JAN 2020

Approved by:



Ms. Orawan Saowapat
Country Program Director

Date: 17 JAN 2020

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

Friends-International – Aranyaprathet

Notes to the financial statements for the year ended 31 December 2018

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 street children, attempting to reintegrate these children into their society. Friends-International works with street children in a developmental and sustainable perspective in accordance with the Convention of the Rights of the Child (“UN-CRC”). In this framework, Friends-International launched, with Sébastien Marot as founder and Technical Advisor for the implementation, the Non – Government Organisation (“NGO”) Mith Samlanh Friends in Cambodia.

Through its work in Cambodia, Friends-International observed growing numbers of street children and youth traveling to Thailand. In 2005, Friends-International launched a research project in collaboration with UNIAP, exploring the reasons that Cambodian children and mothers went to the streets of Bangkok, including how they travelled there, how children and mothers survive and the process of repatriation to Cambodia.

As a result of the findings of this research, the Peuan Peuan program was launched by Friends-International in 2006 and later extended to include Thai, Lao and Burmese children and youth. The overall objective is protect and provide good practice services leading to the sustainable reintegration of migrant and other marginalized children and youth in Thailand.

The specific objectives are:

- To improve the data collection and monitoring of migrant and other marginalized children/ youth in Bangkok and Aranyaprathet
- To develop the protection and reintegration of migrant and other marginalized children/ youth in Bangkok in close collaboration with authorities
- To develop the protection and reintegration of migrant and other marginalized children/ youth in Aranyaprathet in close collaboration with authorities
- To build the capacity of project staff and government partners.

On 5 June 2018, the Royal Government of Cambodia represented by Banteay Meanchey Province issued the authorisation letter to Friends International-Aranyaprathet to conduct the humanitarian activities with no ended period. Friend International – Aranyaprathet was operated and administered by Friend International – Thailand until October 2017 that the administrative and accounting records were transferred to be managed by Friends-International Headquarters.

As at 31 December 2018, the Program had 4 personnel (2017: 4 personnel).

Friends-International – Aranyaprathet

Notes to the financial statements (continued) for the year ended 31 December 2018

2. Significant accounting policies

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

(a) Basis of accounting

The financial statements, which are expressed in Thai Baht (“THB”), 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 Friends-International; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards.

The financial statements are prepared for the information of and use by the Donor and management of Friends-International.

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 which is initially recognised as receivables in the statement of financial position and only recognised as expenditure when they have been liquidated by supporting invoices.
- Deposits with suppliers, other receivables and loans to staff are recorded as receivables in the statement of financial position until settled.
- Tax payable and other payables are recorded in the statement of financial position until settled.

The financial statements are prepared for the information of and use by the Donors and management of the Program. 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.

Friends-International – Aranyaprathet

Notes to the financial statements (continued) for the year ended 31 December 2018

2. Significant accounting policies (continued)

(c) Foreign currency translation

The Program 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. Exchange differences are recognised in the statement of income and expenditure.

All amounts in US\$ are translated into Thai Baht solely for presentation purpose, using monthly average exchange rate from the National Bank of Cambodia and is solely for presentation purpose.

3. Cash and bank balances

	2018 Baht	2017 Baht (Unaudited)
Cash at banks	527,221	440,774
Cash on hand	-	16,566
	<u>527,221</u>	<u>457,340</u>

4. Receivables

	2018 Baht	2017 Baht (Unaudited)
Fund receivable:		
Friends-International – Bangkok	33,198	-
Friends-International – Headquarters	5,656	14,547
	<u>38,854</u>	<u>14,547</u>

Friends-International – Aranyaprathet

Notes to the financial statements (continued) for the year ended 31 December 2018

5. Other payables

	2018 Baht	2017 Baht (Unaudited)
Fund payable	23,497	1,768
Miscellaneous payable:		
Maly printing and advertising	14,221	-
Staff	1,909	-
	<u>39,627</u>	<u>1,768</u>

6. Donor funding

	2018 Baht	2017 Baht (Unaudited)
World Childhood Foundation	1,086,715	1,257,649
Gisela Foundation	258,965	340,000
Domnok Toek	144,964	157,426
Terres des Hommes	-	204,923
Funds received from donors through Headquarters:		
United Nations Office on Drugs & Crime	371,528	-
	<u>1,862,172</u>	<u>1,959,998</u>

7. Private donations

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

8. Other income

This represents consultant income from Chulalongkorn University.

Friends-International – Aranyaprathet

Notes to the financial statements (continued) for the year ended 31 December 2018

9. Personnel costs

	2018 Baht	2017 Baht (Unaudited)
National staff	894,752	1,070,400
Health insurance	21,751	19,451
International staff	16,147	-
Recruitment costs	-	13,765
	<u>932,650</u>	<u>1,103,616</u>

10. Direct costs

	2018 Baht	2017 Baht (Unaudited)
School reintegration support	137,808	146,867
ChildSafe Materials/Activities	36,423	16,040
Clothing for beneficiaries	25,903	42,330
Family income generation support	22,613	39,645
IEC materials	21,407	9,450
Medical costs	17,165	25,426
Outreach materials	15,408	27,703
Family reintegration travel	13,981	12,411
Centre supplies	13,596	17,922
Hygiene costs	13,463	460
Recreational activity support	12,939	757
Family and school support	10,619	33,099
Placement support	7,417	9,350
Family and school support	5,211	2,600
Vocational training materials	3,239	14,812
Non-Formal Education Materials	-	14,377
General activity costs	-	4,982
Staff uniforms	-	4,600
	<u>357,192</u>	<u>422,831</u>

Friends-International – Aranyaprathet

Notes to the financial statements (continued) for the year ended 31 December 2018

11. Indirect costs

	2018 Baht	2017 Baht (Unaudited)
Rent	246,751	240,000
Transport and gasoline	48,310	51,375
Communications	26,932	27,491
Utilities	17,238	28,684
Maintenance and renovations	13,967	21,167
Audit fees	11,335	23,260
Office supplies	8,814	14,865
Bank charges	6,512	4,622
Vehicles and building insurance	6,208	2,799
Donor, staff and authority relations	5,847	-
Advertising and marketing	3,239	3,531
Printing and photocopying	3,153	2,646
Postage and shipping	715	976
Gain on exchange rate	(2,593)	-
Other expenses	932	-
	<u>397,360</u>	<u>421,416</u>

12. Capacity building, monitoring and evaluation

	2018 Baht	2017 Baht (Unaudited)
National travel	7,759	80,436
International travel	7,352	15,533
Internal training	6,258	5,594
External staff training	3,401	-
Research/assessments	2,620	645
	<u>27,390</u>	<u>102,208</u>

13. Headquarter support costs

This represents Headquarter Support fee charged by Friends International Headquarters for its technical advisory and core management service for management at the Program. The charge ranged from 10% to 15% of approved budget.

Friends-International – Aranyaprathet

Annex I – Schedule of income and expenditure by donors for the year ended 31 December 2018

Source of Fund	Fund balance as at 1 January 2018 Baht	Income Baht	Expenses Baht	Transfer Baht	Fund balance as at 31 December 2018 Baht
General Reserves of Friends-International - Aranyaprathet	55,129	14,902	405	-	69,626
Damnok Toek	414,309	258,965	364,800	-	308,474
Gisela Foundation	-	144,964	144,964	-	-
UNVTF Secretariat (UNODC)	-	371,528	179,335	-	192,193
World Childhood Foundation	26,681	1,086,715	1,113,599	-	(203)
	<u>496,119</u>	<u>1,877,074</u>	<u>1,803,103</u>	<u>-</u>	<u>570,090</u>

Prepared by:

Approved by:



Ms Von Phalla
International Coordinator

Date: 17 JAN 2020



Ms. Orawan Saowapat
Country Program Director

Date: 17 JAN 2020