

**FRIENDS-INTERNATIONAL  
PHNOM PENH HEADQUARTERS**

**Financial Statements  
for the year ended 31 December 2020  
and  
Report of the Independent Auditors**

# Friends-International - Phnom Penh Headquarters

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## Organisation Information

<b>Organisation Name</b>	Friends-International - Phnom Penh Headquarters (“the Organisation”)	
<b>Organisation Document</b>	Memorandum of Understanding (“MoU”) issued by the Royal Government of Cambodia represented by the Ministry of Foreign Affairs and International Cooperation (“MFAIC”) 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. Refer to note 1 for detail.	
<b>Main Donors</b>	UNICEF Cambodia The Cold Mountain Fund of RSF Social Finance NCHADS / GFATM Save The Children / European Union Wise Sarl (Fondation NEXT) Partners for Equity (DAK Foundation) Fossil Foundation Epic Foundation Skoll Foundation Kwok Foundation ECPAT Luxembourg asbl Credit Suisse APAC Foundation Limited Him Lee Memorial Fund	
<b>Board of Directors</b>	Leonard Coster Vivian Gee Michael Gilmore Lucille Belleville Timothee Wagener	Chairman Secretary Treasurer Member Member
<b>Management</b>	Sebastien Marot Ampor Sam Oeun Sebastien Le Mouellic Iona Bergius James Sutherland Kanchan Kapoor Khemreth Vann Marie Duong Marko Ivkovic Phalla Von Vuthy Reth	Executive Director and Founder Building Futures International Coordinator and Deputy Director Saving Lives International Coordinator and Deputy Director International Partnerships Coordinator International Communications Coordinator International Finance Coordinator ChildSafe Agents Technical Coordinator International ChildSafe Coordinator International Human Resources Coordinator Internal Controls & Compliance Coordinator Migration Technical Coordinator
<b>Registered Office</b>	House #89B, Street 103 P.O Box 597, Phnom Penh, Cambodia	
<b>Principal Banker</b>	J Trust Royal Bank (Cambodia) Ltd Advance Bank of Asia Ltd	
<b>Auditors</b>	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 2020 and the statement of income and expenditure for the year then ended as set out on pages 6 to 22 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.



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Mr. Sebastien Marot  
*Executive Director*



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Ms. Choeun Sokly  
*Finance Manager*

Phnom Penh, Kingdom of Cambodia

Date: 03. May. 2021



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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 2020, 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 22 (“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 tended 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 pages i to ii, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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

3 May 2021

## Friends-International – Phnom Penh Headquarters

### Statement of financial position as at 31 December 2020

	Note	2020		2019	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Assets</b>					
Cash and bank balances	4	2,470,983	9,995,126	1,082,475	4,411,086
Cash advances		278	1,125	2,671	10,884
Receivables – Friends					
Training Business		6,801	27,510	69,679	283,942
Receivables – Funding		17,646	71,378	38,368	156,350
Sub-contract advances to implementing partners	5	28,138	113,818	229,919	936,920
Deposits and prepayments		4,852	19,626	4,177	17,021
Loans receivables	6	28,415	114,939	20,643	84,120
Other receivables		7,050	28,517	9,356	38,126
		<u>2,564,163</u>	<u>10,372,039</u>	<u>1,457,288</u>	<u>5,938,449</u>
<b>Liabilities</b>					
Tax payable		6,054	24,488	6,994	28,501
Funds in transit	7	30,787	124,533	16,474	67,132
Other payables	8	150,896	610,374	24,396	99,414
		<u>187,737</u>	<u>759,395</u>	<u>47,864</u>	<u>195,047</u>
<b>Net assets</b>		<u>2,376,426</u>	<u>9,612,644</u>	<u>1,409,424</u>	<u>5,743,402</u>
<b>Fund balance at end of year</b>		<u>2,376,426</u>	<u>9,612,644</u>	<u>1,409,424</u>	<u>5,743,402</u>

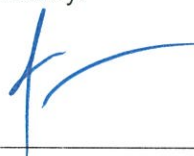
Prepared by:



Ms. Choeun Sokly  
Finance Manager

Date: 03. May. 2021

Approved by:



Mr. Sebastien Marot  
Executive Director

Date: 03. May. 2021

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 2020

	Note	2020		2019	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Income</b>					
Donor funding	9	3,684,615	15,022,175	2,644,759	10,716,563
Private donations	10	418,711	1,707,085	159,310	645,524
Vocational training income generation	11	115,377	470,392	168,752	683,783
Franchise income	12	52,189	212,775	278,128	1,126,975
Consultancy income		(16,124)	(65,738)	58,386	236,580
Other income		6,499	26,496	4,000	16,208
		<u>4,261,267</u>	<u>17,373,185</u>	<u>3,313,335</u>	<u>13,425,633</u>
<b>Expenditure</b>					
Personnel costs	13	984,029	4,011,886	1,193,687	4,836,820
Direct costs	14	91,773	374,159	87,499	354,546
Equipment/assets	15	12,069	49,205	166,361	674,095
Indirect costs	16	81,168	330,922	113,257	458,917
Travel and training	17	34,162	139,278	62,049	251,422
Other income generation costs	18	85,154	347,173	79,439	321,887
Transfer to programs	19	1,459,162	5,949,003	655,287	2,655,223
Sub-Grants to implementing partners	20	546,748	2,229,092	330,655	1,339,814
		<u>3,294,265</u>	<u>13,430,718</u>	<u>2,688,234</u>	<u>10,892,724</u>
<b>Surplus of income over expenditure</b>					
		967,002	3,942,467	625,101	2,532,909
Fund balance at beginning of year		1,409,424	5,743,402	784,323	3,137,292
Currency translation difference		-	(73,225)	-	73,201
<b>Fund balance at end of year</b>		<u>2,376,426</u>	<u>9,612,644</u>	<u>1,409,424</u>	<u>5,743,402</u>

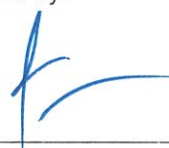
Prepared by:



Ms. Choeun Sokly  
Finance Manager

Date: 03. May. 2021

Approved by:



Mr. Sebastien Marot  
Executive Director

Date: 03. May. 2021

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 2020

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 required to renew every three years. The current period of 3 years was ended on 30 October 2020. On 7 July 2020, the Organisation submitted a letter to the Ministry of Foreign Affairs and International Cooperation to extend the MOU for another 3 years which will be ending on 30 October 2023. At the date of these financial statements, the approval from the Ministry of Foreign Affairs and International Cooperation is still in the process. It is slow down due to the impact of covid-19 to the country especially Phnom Penh city.

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 2020, the FI HQ had 51 personnel (2019: 67 personnel).

### 2. Significant accounting policies

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

# Friends-International – Phnom Penh Headquarters

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### (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.

Under this basis of accounting, income is recognised when funds are received rather than when it is earned and the remaining fund balances transferred back to donors are recorded as a deduction from income following the respective donor funding.

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 report and supporting documents;
- Loans to staff are recorded in the statement of financial position at the outstanding amount until they are fully repaid;
- Deposits and prepayments with suppliers 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;
- Expenses paid by implementing partners on behalf of the Organisation are recorded as payable in the transition account until they are settled.
- Where a donor has specially stipulated that a transfer of fund is exclusively for the next fiscal year, these advances are recorded as deferred income in the statement of financial position.

The financial statements are prepared for the information of and use by the Donors and management of the Organisation but FI note. As a result, the financial statements may not be suitable for another purpose.

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 2. Significant accounting policies (continued)

##### (a) Basis of accounting (continued)

###### Change in presentation

In the preparation of the 2020 financial statements, the management chose to present the expenditure by new activities name instead of by previous activities as applied in the preparation of 2019 financial statements. Accordingly, certain comparative figures were reclassified to conform with the current year presentation as follows:

	2019	
	As reclassified US\$	As previously reported US\$
<b>Expenditures</b>		
Travel and Training	62,049	-
Capacity building, monitoring & evaluation	-	44,682
Coordination, management	-	17,367
	<u>62,049</u>	<u>62,049</u>

##### (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.

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 2. Significant accounting policies (continued)

##### (d) Foreign currency translation

The national currency of Cambodia is Khmer Riel (“KHR”). However, the Organisation transacts its operations and maintains its accounting records primarily in United States Dollars (“US\$”). The management has determined the US\$ to be the Organisation’s functional currency as it reflects the economic substance of the underlying events and circumstance of the Organisation.

##### (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 on the Implementation of Cambodian Financial Reporting Standard for Not-For-Profit Entities (“CIFRS for NFPEs”) which follows the cash basis of accounting and is effective for the period beginning on or after 1 January 2018 established 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. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in US\$. The translations of US\$ amounts into Khmer Riel are included solely for meeting the presentation requirement pursuant to the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date. The statement of income and expenditure are translated into KHR using the average rate for the year. Exchange difference arising from the translation are recognised as “Currency translation reserves” in the statement of income and expenditure.

The Organisation uses the following exchange rates:

			<b>Closing rate</b>	<b>Average rate</b>
31 December 2020	US\$1	=	KHR4,045	KHR4,077
31 December 2019	US\$1	=	KHR4,075	KHR4,052

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 4. Cash and bank balances

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Cash at banks	2,470,270	9,992,242	1,080,980	4,404,994
Cash on hand	713	2,884	1,495	6,092
	<u>2,470,983</u>	<u>9,995,126</u>	<u>1,082,475</u>	<u>4,411,086</u>

The cash at banks represent the current accounts held at Advanced Bank of Asia Ltd with annual interest rate 0.25% (2019:0.25%) and J Trust Royal Bank with no earned interest.

#### 5. Sub-contract advances to implementing partners

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Mith Samlanh (MS)	6,584	26,632	41,160	167,727
Komar Rikreay (KMR)	6,177	24,986	18,959	77,258
Samathapheap Khnom Organisation (SKO)	4,923	19,914	13,512	55,061
Damnok Toek (DT)	4,354	17,612	21,288	86,749
Transcultural Psychosocial Organization (TPO)	3,245	13,126	17,781	72,458
Creative Generation	1,378	5,574	-	-
Korsang (KS)	1,293	5,230	3,748	15,273
Cambodia Children's Trust (CCT)	184	744	13,948	56,838
M'lop Tapang (MT)	-	-	30,260	123,310
Kalihan Mith (Friends- International Siem Reap)	-	-	38,441	156,647
Krousar Thmey (KT)	-	-	13,536	55,159
Children's Future International (CFI)	-	-	17,286	70,440
	<u>28,138</u>	<u>113,818</u>	<u>229,919</u>	<u>936,920</u>

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 6. Loans receivables

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Staff loans	28,415	114,939	20,643	84,120

The loans were given to staff without interest, unsecured and repay by instalment through deduction of their monthly salaries.

#### 7. Funds in transit

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends-International Lao PDR	22,094	89,370	4,855	19,784
Project Audit Fees-ECPAT				
Luxembourg	3,300	13,349	-	-
Mith Samlanh	1,674	6,771	1,515	6,174
Friends-International Siem Reap	1,674	6,772	742	3,024
Peuan Peuan Bangkok	1,562	6,318	7,859	32,025
Martin Wong	292	1,180	-	-
Yayasan Teman Baik	191	773	-	-
Creative Generation	-	-	1,475	6,011
Komar Rikreay	-	-	28	114
	30,787	124,533	16,474	67,132

#### 8. Other payables

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Deferred income	150,000	606,750	13,562	55,265
Guarantee deposit	500	2,023	500	2,038
Other payables	396	1,601	10,334	42,111
	150,896	610,374	24,396	99,414

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 9. Donor funding

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Skoll Foundation	528,475	2,154,593	-	-
UNICEF Cambodia	420,825	1,715,702	658,017	2,666,284
Kwok Foundation.	449,975	1,834,548	-	-
SI-NCHADS	358,883	1,463,166	309,268	1,253,154
Credit Suisse APAC foundation	300,000	1,223,100	-	-
Epic Foundation France	219,988	896,891	-	-
Save the Children	219,058	893,099	270,305	1,095,276
ECPAT Luxembourg asbl	208,770	851,156	-	-
Pierre Bellon Fondation	176,042	717,723	-	-
Wise Sarl (Fondation Next)	159,975	652,218	229,978	931,871
HQ Support from Programs	101,513	413,867	89,281	361,766
Shiseido Travel Retail				
Asia Pacific Pte.Ltd	97,904	399,155	-	-
Mith Samlanh	80,560	328,443	156,477	634,044
Epic Foundation	72,429	295,293	52,959	214,590
AGFUND	69,920	285,065	-	-
DAK Foundation	49,969	203,724	49,969	202,474
If Foundation	44,940	183,220	-	-
Fondation Junclair	32,628	133,024	-	-
Smart Axiata Co LTD	28,700	117,010	-	-
Orr Family Foundation	28,750	117,214	-	-
Intrepid Foundation	13,562	55,292	34,965	141,678
Solidarity AccorHotels	10,651	43,425	-	-
Fossil Foundation	10,000	40,770	8,745	35,435
World Childhood Foundation	1,098	4,477	-	-
The Cold Mountain Fund of RSF Social Finance	-	-	350,000	1,418,200
Semester at Sea	-	-	14,973	60,671
Ganesha Foundation	-	-	115,000	465,980
Moodie Davitt International	-	-	253,166	1,025,829
Creative Generation	-	-	10,400	42,141
The University of Texas	-	-	11,260	45,626
CW Asia Fund Charitable Foundation	-	-	20,000	81,040
Gisela Stichting	-	-	9,996	40,504
	<u>3,684,615</u>	<u>15,022,175</u>	<u>2,644,759</u>	<u>10,716,563</u>

#### 10. 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 2020

#### 11. Vocational training income generation

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends “n” Stuff	115,377	470,392	168,752	683,783

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.

#### 12. Franchise income

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Monthly on-going training support fees	52,189	212,775	278,128	1,126,975

#### 13. Personnel costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
International staff	470,789	1,919,406	656,714	2,661,005
National staff	310,073	1,264,168	341,982	1,385,711
Consultancies/ professional fees	135,047	550,587	138,528	561,315
Indemnity/Severance pay/ Seniority	45,414	185,153	31,826	128,960
Health insurance	7,700	31,393	9,932	40,244
Stipends	7,107	28,975	6,577	26,650
Overtime/Compensation	5,520	22,505	5,946	24,094
Recruitment cost	2,379	9,699	2,182	8,841
	984,029	4,011,886	1,193,687	4,836,820

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 14. Direct costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Harm reduction materials	65,820	268,348	60,970	247,050
ChildSafe Activities	12,300	50,147	3,695	14,973
Community event costs	5,495	22,403	-	-
Centre supplies	2,559	10,433	444	1,799
ChildSafe Experience activities	2,366	9,646	8,370	33,915
Food and drink for beneficiaries	1,344	5,479	695	2,816
Hygiene costs	703	2,867	-	-
Staff uniforms	527	2,149	3,455	14,000
Beneficiary transport	442	1,802	-	-
Medical costs	163	665	141	571
Outreach materials	54	220	-	-
Vocational training materials	-	-	8,775	35,556
Family and school support	-	-	731	2,962
Project travels	-	-	100	405
Information, education, and communication materials	-	-	90	365
School reintegration support	-	-	33	134
	<u>91,773</u>	<u>374,159</u>	<u>87,499</u>	<u>354,546</u>

#### 15. Equipment/assets

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
IT and computers	7,757	31,625	9,799	39,706
Furniture and fittings	2,988	12,182	1,355	5,490
Construction and building (*)	834	3,400	139,180	563,957
Inventory	490	1,998	4,994	20,236
Vocational training equipment	-	-	7,093	28,741
Vehicles	-	-	3,940	15,965
	<u>12,069</u>	<u>49,205</u>	<u>166,361</u>	<u>674,095</u>

(\*) In prior year, the expense represented the construction costs of the Futures Factory Project in the Mith Samlanh premise which had fully completed in 2019. In 2020, the expenses referred to decoration cost on the Futures Factory Project.

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 16. Indirect costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Office rental	19,800	80,724	19,800	80,230
Communications	13,007	53,030	18,042	73,106
External audits	10,710	43,665	7,200	29,174
Bank charges	8,086	32,967	5,010	20,301
Utilities	6,141	25,037	7,041	28,530
Maintenance and renovations	6,086	24,813	3,471	14,064
Office supplies	4,843	19,745	8,475	34,341
Transport and gasoline	3,582	14,603	6,089	24,672
Advertising and marketing	1,809	7,375	18,857	76,409
Vehicle and building Insurance	1,770	7,216	2,171	8,797
Printing and photocopying	1,235	5,035	1,027	4,161
Fundraising costs	1,178	4,803	7,501	30,394
Subscriptions	1,129	4,603	193	782
Miscellaneous costs	1,064	4,338	2,263	9,170
Postage and shipping	558	2,275	1,166	4,725
Donor, staff and authority relations	170	693	4,951	20,061
	<u>81,168</u>	<u>330,922</u>	<u>113,257</u>	<u>458,917</u>

#### 17. Travel and training

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Workshops/Meetings	18,040	73,549	11,170	45,260
National travel	10,874	44,333	27,461	111,272
Exchanges/Exposure trips	2,578	10,511	-	-
International travel	2,015	8,215	15,339	62,154
Staff training	456	1,859	978	3,963
Board of director meeting	199	811	7,101	28,773
	<u>34,162</u>	<u>139,278</u>	<u>62,049</u>	<u>251,422</u>

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 18. Other income generation costs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Costs of income generation	84,845	345,913	77,949	315,850
Miscellaneous business costs	309	1,260	-	-
Outlet supplies	-	-	1,317	5,336
Packaging cost	-	-	173	701
	<u>85,154</u>	<u>347,173</u>	<u>79,439</u>	<u>321,887</u>

#### 19. Transfer to programs

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Mith Samlanh:</b>				
SI-NCHADs	165,432	674,466	133,970	542,846
UNICEF Cambodia	118,428	482,831	69,278	280,714
ECPAT Luxembourg asbl	101,455	413,632	-	-
Shiseido	97,904	399,155	-	-
Pierre Bellon	70,417	287,090	-	-
Wise Sarl (Fondation NEXT)	69,800	284,575	150,400	609,421
Credit Suisse APAC Foundation	69,656	283,988	-	-
Him Lee Memorial Fund	48,762	198,803	-	-
Intrepid Foundation	13,562	55,292	7,652	31,006
Anonymous via Dragonfly APAC	13,400	54,632	-	-
If Foundation- (Covid)	12,500	50,963	-	-
Friends Deutschland	10,389	42,356	-	-
SMART Axiata Co LTD	9,814	40,012	-	-
Ganesha Foundation	-	-	9,600	38,899
Gisela Stichting	-	-	5,367	21,747
	<u>801,519</u>	<u>3,267,795</u>	<u>376,267</u>	<u>1,524,633</u>

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 19. Transfer to programs (continued)

	2020		2019	
	US\$	KHR'000	US\$ (Note 3)	KHR'000 (Note 3)
<b>Friends-International Siem Reap:</b>				
UNICEF Cambodia	93,846	382,610	63,053	255,491
ECPAT Luxembourg asbl	61,873	252,256	-	-
Fondation Pierre Bellon	61,619	251,221	-	-
Credit Suisse APAC Foundation	50,492	205,856	-	-
Epic Foundation	26,798	109,255	67,923	275,224
Him Lee Memorial Fund	23,518	95,883	-	-
If Foundation	12,500	50,963	-	-
SMART Axiata Co LTD	4,000	16,308	-	-
Semester at Sea	480	1,957	-	-
Teresa Orr	-	-	27,472	111,317
The Cold Mountain Fund of RSF Social Finance	-	-	20,200	81,850
Ganesha Foundation	-	-	1,800	7,294
	<u>335,126</u>	<u>1,366,309</u>	<u>180,448</u>	<u>731,176</u>
<b>Temak Baik (Indonesia)</b>				
FI Reserves	15,189	61,926	-	-
<b>Friends-International Thailand</b>				
Credit Suisse APAC Foundation	63,213	257,718	-	-
The Cold Mountain Fund of RSF Social Finance	20,000	81,540	-	-
If Foundation	10,000	40,770	-	-
SMART Axiata Co LTD	7,920	32,290	-	-
FI Reserve	2,600	10,600	7,243	29,349
CS Alliance Reserves	2,480	10,111	-	-
	<u>106,213</u>	<u>433,029</u>	<u>7,243</u>	<u>29,349</u>
<b>Friends-International Lao PDR</b>				
Him Lee Memorial Fund	77,720	316,862	-	-
The Cold Mountain Fund of RSF Social Finance	26,750	109,060	45,009	182,376
FI Program Support	24,256	98,892	16,765	67,932
Fondation Junicclair	24,218	98,737	-	-
If Foundation (COVID)	5,000	20,385	-	-
Friends Deutschland	2,370	9,662	-	-
Teresa Orr	-	-	17,555	71,133
	<u>160,314</u>	<u>653,598</u>	<u>79,329</u>	<u>321,441</u>

## Friends-International – Phnom Penh Headquarters

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 19. Transfer to programs (continued)

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Friends International Myanmar</b>				
Teresa Orr	6,500	26,501	-	-
Mr. Jeronimo	3,000	12,231	-	-
Simply Giving donations	2,248	9,165	-	-
Linkage	2,000	8,154	-	-
CW Asia Fund Charitable Foundation	-	-	12,000	48,624
	<u>13,748</u>	<u>56,051</u>	<u>12,000</u>	<u>48,624</u>
<b>Friends Suisse</b>				
AGFUND	18,688	76,191	-	-
FI General	8,365	34,104	-	-
	<u>27,053</u>	<u>110,295</u>	<u>-</u>	<u>-</u>
	<u>1,459,162</u>	<u>5,949,003</u>	<u>655,287</u>	<u>2,655,223</u>

#### 20. Sub-Grants to implementing partners

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Korsang (KS)	96,626	393,944	77,089	312,365
Damnok Toek (DT)	88,316	360,064	40,090	162,445
M'lop Tapang (MT)	72,585	295,929	63,543	257,474
Komar Rikreay (KMR)	64,659	263,615	21,191	85,867
Samathapheap Khnom Organisation (SKO)	56,440	230,106	23,312	94,459
Children's Future International (CFI)	51,137	208,486	29,287	118,672
Cambodia Children's Trust (CCT)	40,695	165,914	9,684	39,240
Transcultural Psychosocial Organization (TPO)	34,482	140,583	26,700	108,187
Krousar Thmey (KT)	31,125	126,897	22,979	93,112
Experience Baraka Consulting for Sustainable Tourism Development	9,060	36,938	-	-
Creative Generation	1,623	6,616	10,380	42,060
Plastic Commune	-	-	6,400	25,933
	<u>546,748</u>	<u>2,229,092</u>	<u>330,655</u>	<u>1,339,814</u>

# Friends-International – Phnom Penh Headquarters

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 21. Commitments

#### (i) Operating lease 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 15.

As at 31 December 2020, the Organisation has commitments in respect of operating leases as follows:

	2020		2019	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Within one year	19,800	80,229	19,800	80,725
Within two to five years	38,720	156,893	57,750	235,447
	<u>58,520</u>	<u>237,122</u>	<u>77,550</u>	<u>316,172</u>

#### (ii) Back pay seniority commitment

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 2020 who have past service before year 2019 are entitled to back pay seniority. As at 31 December 2020, the management has estimated the maximum back pay seniority payment commitment amounting to US\$45,129 (31 December 2019: US\$48,931).

#### (iii) Separate business activities

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**

## **Notes to the financial statements (continued) for the year ended 31 December 2020**

### **22. Significant events during the year and events since the reporting date**

The Novel Coronavirus (Covid-19) outbreak has spread globally causing disruption to business and economic activity since late 2019. During 2020, the government of Cambodia has successfully mitigated its spread within the country. However, the situation has deteriorated from March 2021 causing the threat to public health increased potentially. On 17 April 2021, the Royal Government of Cambodia took measures to contain the outbreak by limiting the movement of people, including the 'lock-down' of Phnom Penh City and Takhmao, among others for two weeks times and subsequently extended for another one week which will be due to reopen on 5 May 2021. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with the future operating assumptions and expectations. The estimate of impact may move materially as events unfold. However, the Organisation does not foresee any material uncertainty that may have significant adverse impact to the Organisation's program activities and business plan or may cast significant doubt on the Organisation's ability to as a going concern.

The Organisation will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Organisation in future periods.



## Friends-International – Phnom Penh Headquarters

### Annex I – Schedule of income and expenditure by donors for the year ended 31 December 2020

Description	Fund balance as at 1 January 2020 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2020 US\$
Friends N Stuff	(160,467)	116,846	119,034	(162,655)
TREE Alliance	261,336	52,189	21,838	291,687
Sipar NGO	-	2,200	10	2,190
UNICEF Vietnam	29,005	(23,741)	5,264	-
Arab Gulf Programme for Development (AGFUND)	-	69,920	28,785	41,135
Credit Suisse APAC Foundation Limited	-	300,000	220,839	79,161
CW Asia Fund Charitable Foundation	8,000	-	2,415	5,586
ECPAT Luxembourg asbl	-	208,288	188,732	19,556
Epic Foundation	3,980	292,416	28,150	268,246
EU / Save The Children	66,938	219,058	257,814	28,182
EXO Foundation	596	-	89	507
Fondation Junclair	-	32,629	32,629	-
Fondation Pierre Bellon	-	176,042	154,940	21,103
Fossil Foundation	3,797	10,000	9,101	4,696
If International Foundation	-	44,940	44,940	-
The Intrepid Foundation	-	13,562	13,562	-
Kwok Foundation	-	449,975	221,732	228,242
Mith Samlanh	15,178	80,560	46,233	49,505
NCHADS / GFATM	35,000	358,883	377,964	15,919
Orr Family Foundation	-	25,000	-	25,000
Partners for Equity (DAK Foundation)	49,969	49,969	17,250	82,688
The Cold Mountain Fund of RSF Social Finance	150,000	-	150,000	-
Shiseido Travel Retail Asia Pacific Pte.	-	97,904	97,904	-
Smart Axiata Co LTD	-	28,700	28,700	-
Solidarity Accor Hotels	-	10,651	10,651	-
Teresa Orr	5,196	500	5,696	-
UNICEF Cambodia	244,435	420,825	659,641	5,618
WISE Sarl (Fondation NEXT)	76,905	159,975	180,246	56,634
WISE Sarl (Ganessa Foundation)	48,519	-	2,348	46,171
World Childhood Foundation	(1,098)	1,098	-	-
Allan Gordon Murray Jones	-	7,250	-	7,250
Friends Deutschland	-	31,893	12,759	19,134
Him Lee Memorial Fund	-	150,000	150,000	-

## Friends-International – Phnom Penh Headquarters

### Annex I – Schedule of income and expenditure by donors (continued) for the year ended 31 December 2020

Description	Fund balance as at 1 January 2020 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2020 US\$
Moodie Davitt Report	248,461	-	150,061	98,400
Semester at Sea Chapman Impact Fund	11,160	-	5,930	5,230
Skoll Foundation	-	528,475	-	528,475
FI Reserves	312,514	345,260	49,008	608,766
	<b>1,409,424</b>	<b>4,261,267</b>	<b>3,294,265</b>	<b>2,376,426</b>

Prepared by:



Ms. Choeun Sokly  
Finance Manager

Date: 03. May. 2021

Approved by:



Mr. Sebastien Marot  
Executive Director

Date: 03. May. 2021