

**FRIENDS-INTERNATIONAL
PHNOM PENH HEADQUARTERS**

**Financial Statements
for the year ended 31 December 2021
and
Report of the Independent Auditors**

Friends-International - Phnom Penh Headquarters

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Organisation Information

Organisation Name	Friends-International - Phnom Penh Headquarters (“the Organisation”)	
Organisation Document	Memorandum of Understanding (“MoU”) issued by the Royal Government of Cambodia represented by the Ministry of Foreign Affairs and International Cooperation (“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.	
Main Donors	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 Anonymous (OFF) Fondation Pierre Bellon If International Foundation Shiseido Travel Retail Asia Pacific Pte. Ltd Give2Asia Wat Khmer Kampuchea Krom	
Board of Directors	Leonard Coster Vivian Gee Lucille Belleville Timothee Wagener Michael Gilmore	Chairman Secretary Member Member Treasurer (resigned on 3 January 2021)
Management	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
Registered Office	House #89B, Street 103 P.O Box 597, Phnom Penh, Cambodia	
Principal Banker	J Trust Royal Bank Plc. Advanced Bank of Asia Ltd	
Auditors	KPMG Cambodia Ltd	

Statement by the management

We, the undersigned, on behalf of the management of Friends-International – Phnom Penh Headquarters (“FI HQ”), do hereby state that the accompanying financial statements which comprise the statement of financial position as at 31 December 2021 and the statement of income and expenditure for the year then ended as set out on pages 6 to 23 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.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board,



Mr. Sebastien Marot
Executive Director



Ms. Choeun Sokly
Finance Manager

Phnom Penh, Kingdom of Cambodia

Date: 18 April 2022



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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 2021, 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 23 (“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 iii, 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

18 April 2022

Friends-International – Phnom Penh Headquarters

Statement of financial position as at 31 December 2021

	Note	2021		2020	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Assets					
Cash and bank balances	4	3,796,640	15,467,511	2,470,983	9,995,126
Project advances		30	122	278	1,125
Receivables	5	13,372	54,478	24,447	98,888
Sub-contract advances to implementing partners	6	13,969	56,910	28,138	113,818
Deposits and prepayments		7,762	31,622	4,852	19,626
Loans receivables	7	21,825	88,915	28,415	114,939
Other receivables		14	57	7,050	28,517
		<u>3,853,612</u>	<u>15,699,615</u>	<u>2,564,163</u>	<u>10,372,039</u>
Liabilities					
Tax payable		7,241	29,500	6,054	24,488
Funds in transit	8	340	1,385	30,787	124,533
Other payables	9	153,602	625,775	150,896	610,374
		<u>161,183</u>	<u>656,660</u>	<u>187,737</u>	<u>759,395</u>
Net assets		<u>3,692,429</u>	<u>15,042,955</u>	<u>2,376,426</u>	<u>9,612,644</u>
Fund balance at end of year		<u>3,692,429</u>	<u>15,042,955</u>	<u>2,376,426</u>	<u>9,612,644</u>

Prepared by:



Ms. Choeun Sokly
Finance Manager

Date: 18 April 2022

Approved by:



Mr. Sebastien Marot
Executive Director

Date: 18 April 2022

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 2021

	Note	2021		2020	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Income					
Donor funding	10	4,809,218	19,563,899	3,684,615	15,022,175
Private donations	11	889,609	3,618,929	418,711	1,707,085
Vocational training income generation	12	73,703	299,824	115,377	470,392
Franchise income	13	-	-	52,189	212,775
Consultancy income		-	-	(16,124)	(65,738)
Other income		10,268	41,770	6,499	26,496
		<u>5,782,798</u>	<u>23,524,422</u>	<u>4,261,267</u>	<u>17,373,185</u>
Expenditure					
Personnel costs	14	1,061,079	4,316,469	984,029	4,011,886
Direct costs	15	10,679	43,442	91,773	374,159
Equipment/assets	16	7,196	29,273	12,069	49,205
Indirect costs	17	119,770	487,224	81,168	330,922
Travel and training	18	5,105	20,767	34,162	139,278
Other income generation costs	19	76,826	312,528	85,154	347,173
Transfer to Friends programs	20	2,326,948	9,466,024	1,459,162	5,949,003
Sub-Grants to implementing partners	21	859,192	3,495,193	546,748	2,229,092
		<u>4,466,795</u>	<u>18,170,920</u>	<u>3,294,265</u>	<u>13,430,718</u>
Surplus of income over expenditure		1,316,003	5,353,500	967,002	3,942,467
Fund balance at beginning of year		2,376,426	9,612,644	1,409,424	5,743,402
Currency translation difference		-	76,811	-	(73,225)
Fund balance at end of year		<u>3,692,429</u>	<u>15,042,955</u>	<u>2,376,426</u>	<u>9,612,644</u>

Prepared by:



Ms. Choeun Sokly
Finance Manager

Date: 18 April 2022

Approved by:



Mr. Sebastien Marot
Executive Director

Date: 18 April 2022

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 2021

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.

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 2021, the FI HQ had 56 personnel (2020: 51 personnel).

2. Significant accounting policies

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

(a) Basis of aggregation

The financial statements comprise the financial statements of the business and the Project, after elimination of all inter-organisation balances and transactions.

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

2. Significant accounting policies (continued)

(b) Basis of accounting

The financial statements, which are expressed in United States Dollars (“US\$”), have been prepared in accordance with a modified cash receipts and disbursements basis of accounting. This is a basis of accounting that is designed to meet the requirements of the 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.

(c) 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.

(d) 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 2021

2. Significant accounting policies (continued)

(e) 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.

(f) 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 United States Dollar (“US\$”) which is the FI HQ’s functional currency. The translations of US\$ amounts into Khmer Riel (“KHR”) meets the presentation requirements pursuant to Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date. The statements of income and expenditure are translated into KHR at the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the year. Exchange differences arising from the translation are recognised as “Currency Translation Difference” in statements of income and expenditure.

The Organisation uses the following exchange rates:

			Closing rate	Average rate
31 December 2021	US\$1	=	KHR4,074	KHR4,068
31 December 2020	US\$1	=	KHR4,045	KHR4,077

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

4. Cash and bank balances

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Cash at banks (*)	2,995,102	12,202,045	2,470,270	9,992,242
Cash on hand	<u>1,538</u>	<u>6,266</u>	<u>713</u>	<u>2,884</u>
Cash and cash equivalents	2,996,640	12,208,311	2,470,983	9,995,126
Term deposit (**)	<u>800,000</u>	<u>3,259,200</u>	-	-
Cash and bank balances	<u>3,796,640</u>	<u>15,467,511</u>	<u>2,470,983</u>	<u>9,995,126</u>

(*) The cash at banks represent the current accounts held at Advanced Bank of Asia Ltd and J Trust Royal Bank Plc. with annual interest rate at 0.15% and 0.50%, respectively (2020:0.15% from Advanced Bank of Asia Ltd and 0.25% to 0.50% from J Trust Royal Bank Plc.).

(**) The Organisation placed term deposits with J Trust Royal Bank Plc. and ACLEDA Bank Plc. for a period of 1 year with annual interest rate at 5.00%.

5. Receivables

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Receivables – Friends Training Business	5,703	23,234	6,801	27,510
Receivables – Funding	<u>7,669</u>	<u>31,244</u>	<u>17,646</u>	<u>71,378</u>
	<u>13,372</u>	<u>54,478</u>	<u>24,447</u>	<u>98,888</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

6. Sub-contract advances to implementing partners

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Legal Aid Cambodia (LAC)	4,912	20,011	-	-
Korsang (KS)	3,785	15,420	1,293	5,230
Mith Samlanh (MS)	2,638	10,747	6,584	26,632
Cambodian Children's Trust (CCT)	1,090	4,441	184	744
Damnok Toek (DT)	254	1,035	4,354	17,612
Transcultural Psychosocial Organization (TPO)	419	1,708	3,245	13,126
Creative Generation (CG)	208	847	1,378	5,574
Samathapheap Khnom Organisation (SKO)	257	1,047	4,923	19,914
Epic Arts (EA)	168	684	-	-
Krousar Thmey (KT)	84	342	-	-
Khmer Cultural Development Institute (KCDI)	78	318	-	-
Komar Rikreay (KMR)	76	310	6,177	24,986
	<u>13,969</u>	<u>56,910</u>	<u>28,138</u>	<u>113,818</u>

7. Loans receivables

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Staff loans	<u>21,825</u>	<u>88,915</u>	<u>28,415</u>	<u>114,939</u>

The loans were given to staff without interest, unsecured and repay by instalment through deduction of their monthly salaries, in line with the Organisation's policy.

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

8. Funds in transit

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Peuan Peuan Bangkok	265	1,079	1,562	6,318
Mith Samlanh (MS)	67	273	1,674	6,771
Friends-International Siem Reap	8	33	1,674	6,772
Friends-International Lao PDR	-	-	22,094	89,370
Project Audit Fees-ECPAT				
Luxembourg	-	-	3,300	13,349
Martin Wong	-	-	292	1,180
Yayasan Teman Baik	-	-	191	773
	<u>340</u>	<u>1,385</u>	<u>30,787</u>	<u>124,533</u>

9. Other payables

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Deferred income	150,000	611,100	150,000	606,750
Guarantee deposit	-	-	500	2,023
Other payables	<u>3,602</u>	<u>14,675</u>	<u>396</u>	<u>1,601</u>
	<u>153,602</u>	<u>625,775</u>	<u>150,896</u>	<u>610,374</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

10. Donor funding

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
UNICEF Cambodia	1,326,958	5,398,065	420,825	1,715,702
Wise Sarl (Fondation Next)	360,000	1,464,480	159,975	652,218
Kwok Foundation	350,000	1,423,800	449,975	1,834,548
The Cold Mountain Fund of RSF Social Finance	329,993	1,342,412	-	-
Credit Suisse APAC Foundation Limited	300,000	1,220,400	300,000	1,223,100
If International Foundation	254,561	1,035,554	44,940	183,220
NCHADS/GFATM	232,638	946,371	358,883	1,463,166
Save the Children/EU	219,913	894,606	219,058	893,099
Pierre Bellon Fondation	175,380	713,446	176,042	717,723
Epic Foundation	150,786	613,397	219,988	896,891
Skoll Foundation	150,000	610,200	528,475	2,154,593
ECPAT Luxembourg asbl	136,651	555,896	208,770	851,156
HQ Support from Programs	133,043	541,218	101,513	413,867
Mith Samlanh (MS)	112,349	457,036	80,560	328,443
Anonymous (OFF)	109,995	447,460	28,750	117,214
Shiseido Travel Retail Asia Pacific Pte.Ltd	97,975	398,562	97,904	399,155
Partners for Equity (DAK Foundation)	89,950	365,917	49,969	203,724
Give2Asia	82,173	334,280	-	-
Firetree Asia Foundation	49,969	203,274	-	-
Solidarity AccorHotels	46,942	190,960	10,651	43,425
World Childhood Foundation	41,581	169,152	1,098	4,477
Fresh Leaf Charitable Foundation	21,320	86,730	-	-
International Labour Organization	14,965	60,878	-	-
Caritas Switzerland	10,000	40,680	-	-
Tourism Cares	8,555	34,802	-	-
Fondation RAJA	3,521	14,323	-	-
Epic Foundation	-	-	72,429	295,293
Arab Gulf Programme for Development (AGFUND)	-	-	69,920	285,065
Fondation Junclair	-	-	32,628	133,024
Smart Axiata Co LTD	-	-	28,700	117,010
Intrepid Foundation	-	-	13,562	55,292
Fossil Foundation	-	-	10,000	40,770
	<u>4,809,218</u>	<u>19,563,899</u>	<u>3,684,615</u>	<u>15,022,175</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

11. Private donations

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

12. Vocational training income generation

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends “n” Stuff	<u>73,703</u>	<u>299,824</u>	<u>115,377</u>	<u>470,392</u>

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.

13. Franchise income

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Monthly on-going training support fees	<u>-</u>	<u>-</u>	<u>52,189</u>	<u>212,775</u>

14. Personnel costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
International staff	499,805	2,033,207	470,789	1,919,406
National staff	327,362	1,331,709	310,073	1,264,168
Consultancies/professional fees	171,818	698,956	135,047	550,587
Indemnity/Severance pay/ Seniority	48,015	195,325	45,414	185,153
Health & Pensions	6,748	27,451	7,700	31,393
Stipends	564	2,294	7,107	28,975
Overtime/Compensation	1,055	4,292	5,520	22,505
Recruitment cost	5,354	21,780	2,379	9,699
Staff COVID Testing	358	1,455	-	-
	<u>1,061,079</u>	<u>4,316,469</u>	<u>984,029</u>	<u>4,011,886</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

15. Direct costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Harm reduction materials	6,438	26,190	65,820	268,348
Information, education, and communication materials	1,817	7,392	-	-
Hygiene costs	1,635	6,651	703	2,867
Community event costs	353	1,436	5,495	22,403
Staff uniforms	218	887	527	2,149
ChildSafe Activities	167	679	12,300	50,147
ChildSafe Experience activities	51	207	2,366	9,646
Centre supplies	-	-	2,559	10,433
Food and drink for beneficiaries	-	-	1,344	5,479
Beneficiary transport	-	-	442	1,802
Medical costs	-	-	163	665
Outreach materials	-	-	54	220
	<u>10,679</u>	<u>43,442</u>	<u>91,773</u>	<u>374,159</u>

16. Equipment/assets

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
IT and computers	6,472	26,328	7,757	31,625
Inventory	724	2,945	490	1,998
Furniture and fittings	-	-	2,988	12,182
Construction and building	-	-	834	3,400
	<u>7,196</u>	<u>29,273</u>	<u>12,069</u>	<u>49,205</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

17. Indirect costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
External audits	55,100	224,147	10,710	43,665
Office rental	19,800	80,546	19,800	80,724
Communications	9,563	38,902	13,007	53,030
Subscriptions	6,068	24,685	1,129	4,603
Bank charges	5,254	21,373	8,086	32,967
Utilities	5,098	20,739	6,141	25,037
Office supplies	4,439	18,058	4,843	19,745
Vehicle and building Insurance	3,058	12,440	1,770	7,216
Maintenance and renovations	3,026	12,310	6,086	24,813
Transport and gasoline	1,625	6,611	3,582	14,603
Advertising and marketing	640	2,604	1,809	7,375
Fundraising costs	505	2,053	1,178	4,803
Postage and shipping	414	1,684	558	2,275
Donor, staff and authority relations	324	1,318	170	693
Printing and photocopying	132	537	1,235	5,035
Miscellaneous costs	4,724	19,217	1,064	4,338
	<u>119,770</u>	<u>487,224</u>	<u>81,168</u>	<u>330,922</u>

18. Travel and training

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
National travel	2,648	10,772	10,874	44,333
Workshops/Meetings	2,159	8,783	18,040	73,549
Staff training	298	1,212	456	1,859
Exchanges/Exposure trips	-	-	2,578	10,511
International travel	-	-	2,015	8,215
Board of director meeting	-	-	199	811
	<u>5,105</u>	<u>20,767</u>	<u>34,162</u>	<u>139,278</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

19. Other income generation costs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Costs of income generation	76,407	310,824	84,845	345,913
Miscellaneous Vocational Training costs	131	532	309	1,260
Outlet supplies	288	1,172	-	-
	<u>76,826</u>	<u>312,528</u>	<u>85,154</u>	<u>347,173</u>

20. Transfer to Friends programs

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Mith Samlanh:				
UNICEF Cambodia	267,009	1,086,193	118,428	482,831
Foundation NEXT	185,739	755,586	69,800	284,575
If Foundation	127,787	519,838	12,500	50,963
NCHADS/GFATM	122,938	500,112	165,432	674,466
ECPAT Luxembourg asbl	85,525	347,916	101,455	413,632
Fondation Pierre Bellon	70,152	285,378	70,417	287,090
Credit Suisse APAC Foundation Limited	64,546	262,573	69,656	283,988
Wat Khmer Kampuchea Krom	54,255	220,709	-	-
EPIC Foundation	50,000	203,400	-	-
Partners for Equity (DAK Foundation)	39,975	162,618	-	-
Anonymous Donor (via Dragonfly APAC)	38,353	156,020	13,400	54,632
Solidarity Accor Hotels	35,077	142,693	-	-
Give2Asia	30,000	122,040	-	-
FI Reserve	26,598	108,201	-	-
Shiseido Travel Retail Asia Pacific Pte.Ltd	23,255	94,601	97,904	399,155
Andrew Leaver	19,975	81,258	-	-
Firetree Asia Foundation Limited	19,360	78,756	-	-
World Childhood Foundation	9,922	40,363	-	-
Fondation Juniclair	4,649	18,912	-	-
Sub-total	<u>1,275,115</u>	<u>5,187,167</u>	<u>718,992</u>	<u>2,931,332</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

20. Transfer to Friends programs (continued)

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Mith Samlanh (continued):				
AusCham	3,056	12,432	-	-
Caritas Switzerland / EU	813	3,307	-	-
SMART Axiata Co LTD	573	2,331	9,814	40,012
Anonymous Donor (HLM)	-	-	48,762	198,803
Intrepid Foundation	-	-	13,562	55,292
Friends Deutschland	-	-	10,389	42,356
Sub total	4,442	18,070	82,527	336,463
	<u>1,279,557</u>	<u>5,205,237</u>	<u>801,519</u>	<u>3,267,795</u>
Friends-International Siem Reap:				
UNICEF Cambodia	142,355	579,100	93,846	382,610
If International Foundation	126,773	515,713	12,500	50,963
Shiseido Travel Retail Asia Pacific Pte.Ltd	74,720	303,961	-	-
Fondation Pierre Bellon	61,378	249,686	61,619	251,221
Credit Suisse APAC Foundation Limited	45,312	184,329	50,492	205,856
Wat Khmer Kampuchea Krom	36,170	147,140	-	-
ECPAT Luxembourg asbl	32,292	131,364	61,873	252,256
Firetree Asia Foundation	24,985	101,639	-	-
Give2Asia	20,000	81,360	-	-
Andrew Leaver	10,000	40,680	-	-
World Childhood Foundation	9,189	37,381	-	-
Solidarity Accor Hotels	8,671	35,274	-	-
Tourism Cares	5,000	20,340	-	-
Fondation RAJA	3,520	14,318	-	-
Sub-total	<u>600,365</u>	<u>2,442,285</u>	<u>280,330</u>	<u>1,142,906</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

20. Transfer to Friends programs (continued)

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends-International Siem Reap (continued):				
Caritas Switzerland / EU	813	3,307	-	-
Epic Foundation	-	-	26,798	109,255
Anonymous Donor (HLM)	-	-	23,518	95,883
SMART Axiata Co LTD	-	-	4,000	16,308
Semester at Sea	-	-	480	1,957
	<u>813</u>	<u>3,307</u>	<u>54,796</u>	<u>223,403</u>
	<u>601,178</u>	<u>2,445,592</u>	<u>335,126</u>	<u>1,366,309</u>
Temak Baik (Indonesia)				
Anonymous Donor (TO)	50,000	203,400	-	-
Credit Suisse APAC Foundation Limited	28,164	114,571	-	-
Norman Buchan	5,000	20,340	-	-
FI Reserves	-	-	15,189	61,926
	<u>83,164</u>	<u>338,311</u>	<u>15,189</u>	<u>61,926</u>
Friends-International Thailand				
Credit Suisse APAC Foundation Limited	60,041	244,247	63,213	257,718
Anonymous Donor (TO)	20,000	81,360	-	-
World Childhood Foundation	18,189	73,993	-	-
Wat Khmer Kampuchea Krom	7,234	29,428	-	-
Give2Asia	6,304	25,645	-	-
The Cold Mountain Fund of RSF Social Finance	-	-	20,000	81,540
If International Foundation	-	-	10,000	40,770
SMART Axiata Co LTD	-	-	7,920	32,290
FI Reserves	-	-	2,600	10,600
ChildSafe Alliance Reserves	-	-	2,480	10,111
	<u>111,768</u>	<u>454,673</u>	<u>106,213</u>	<u>433,029</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

20. Transfer to Friends programs (continued)

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends-International Lao PDR				
Anonymous Donor (TO)	60,000	244,080	-	-
Fondation NEXT	44,850	182,450	-	-
Credit Suisse APAC Foundation Limited	27,394	111,439	-	-
Anonymous Donor (HLM)	20,000	81,360	77,720	316,863
Anonymous (OFF)	20,000	81,360	-	-
Partners for Equity (DAK Foundation)	20,000	81,360	-	-
Anonymous Donor (via Dragonfly APAC)	11,622	47,278	-	-
Give2Asia	10,929	44,459	-	-
FI Program Support	-	-	24,256	98,892
The Cold Mountain Fund of RSF Social Finance	-	-	26,750	109,060
Fondation Junclair	-	-	24,218	98,737
Friends Deutschland	-	-	2,370	9,661
If International Foundation	-	-	5,000	20,385
	<u>214,795</u>	<u>873,786</u>	<u>160,314</u>	<u>653,598</u>
Friends International Myanmar				
CW Asia Fund Charitable Foundation	5,585	22,720	2,000	8,154
Give2Asia	7,924	32,235	-	-
Credit Suisse APAC Foundation Limited	2,977	12,110	-	-
Anonymous Donor (TO)	-	-	6,500	26,501
Jeronimo	-	-	3,000	12,231
Simply Giving	-	-	2,248	9,165
	<u>16,486</u>	<u>67,065</u>	<u>13,748</u>	<u>56,051</u>
Friends Suisse				
Skoll Foundation	20,000	81,360	-	-
Arab Gulf Programme for Development (AGFUND)	-	-	18,688	76,191
FI Reserves	-	-	8,365	34,104
	<u>20,000</u>	<u>81,360</u>	<u>27,053</u>	<u>110,295</u>
	<u>2,326,948</u>	<u>9,466,024</u>	<u>1,459,162</u>	<u>5,949,003</u>

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

21. Sub-Grants to implementing partners

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Damnok Toek (DT)	155,632	633,111	88,316	360,064
M'lop Tapang (MT)	138,778	564,549	72,585	295,929
Samathapheap Khnom Organisation (SKO)	86,340	351,231	56,440	230,106
Children's Future International (CFI)	82,704	336,440	51,137	208,486
Korsang (KS)	78,525	319,440	96,626	393,944
Cambodia Children's Trust (CCT)	67,353	273,992	40,695	165,914
Komar Rikreay (KMR)	63,877	259,852	64,659	263,615
Krousar Thmey (KT)	40,656	165,389	31,125	126,897
Transcultural Psychosocial Organization (TPO)	25,583	104,072	34,482	140,583
ISF Cambodia	22,730	92,466	-	-
Khmer Cultural Development Institute (KCDI)	21,735	88,418	-	-
Epic Arts (EA)	17,086	69,506	-	-
Legal Aid Cambodia (LAC)	11,969	48,688	-	-
Experience Baraka Consulting for Sustainable Tourism Development	10,560	42,958	9,060	36,938
PEPY	8,220	33,439	-	-
Free To Shine	8,172	33,244	-	-
Ministry of Labour	6,504	26,458	-	-
Monsters Among Us (MAU)	4,200	17,086	-	-
AusCam Freedom Project	2,696	10,967	-	-
Voice	2,677	10,890	-	-
Aziza's Place	2,026	8,242	-	-
Creative Generation	1,169	4,755	1,623	6,616
	<u>859,192</u>	<u>3,495,193</u>	<u>546,748</u>	<u>2,229,092</u>

22. 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 17.

Friends-International – Phnom Penh Headquarters

Notes to the financial statements (continued) for the year ended 31 December 2021

22. Commitments (continued)

As at 31 December 2021, the Organisation has commitments in respect of operating leases as follows:

	2021		2020	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Within one year	19,800	80,546	19,800	80,229
Within two to five years	18,920	75,848	38,720	156,893
	<u>38,720</u>	<u>156,394</u>	<u>58,520</u>	<u>237,122</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 who have worked for the Organization prior year 2019 are entitled to back pay seniority.

On 2 June 2020, the MoLVT issued notification No.018/20 to postpone seniority indemnity back-pay for periods before 2019 and current seniority payment in the year 2020 until 2021.

On 23 December 2020, the Royal Government of Cambodia issued an Instruction to allow entities to delay the payment of back pay seniority indemnity before 2019 and the current seniority indemnity for the years 2020 and 2021 until 2022. The Organisation chose to comply with this postpone payment.

As at 31 December 2021, the management has estimated the maximum back pay seniority payment commitment amounting to US\$ 39,894 (31 December 2020: US\$45,129).

(iii) Separate business activities

In accordance with Prakas No. 464 MEF. Prk dated on 12 April 2018 issued by the Ministry of Economy and Finance and the Instruction No. 3303 GDT issued by General Department of Taxation (GDT) on 6 February 2020 on the Instruction for Implementation of Tax Obligation of Associations or Non-Governmental Organisation (NGOs), required NGOs which have separated business activities aside from their sole objective of non-profit activities to register its business activities as a separate company under sole proprietorship for and must have separate accounting record for these separate business activities.

Since 2020, other than donor's funding, the Organisation has income generated from vocational training and Friends "n" Stuff. Since Covid-19 impact, on 20 April 2020, Friends "n" Stuff which is the major business has suspended its operations until current date.

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

Friends-International – Phnom Penh Headquarters

Annex I – Schedule of income and expenditure by donors for the year ended 31 December 2021

Description	Fund balance as at 1 January 2021 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2021 US\$
Arab Gulf Programme for Development	41,135	-	22,130	19,005
Caritas Switzerland	-	10,000	15,467	(5,467)
Credit Suisse APAC Foundation Limited	79,161	300,000	298,559	80,602
CW Asia Fund Charitable Foundation	5,586	-	5,586	-
ECPAT Luxembourg asbl	19,556	136,651	153,296	2,911
Epic Foundation	268,246	150,786	66,312	352,720
EU / Save The Children	28,182	219,913	248,095	-
EXO Foundation	507	-	507	-
Firetree Asia Foundation	-	49,969	49,969	-
Fondation NEXT	56,634	360,000	294,195	122,439
Fondation Pierre Bellon	21,103	175,380	166,768	29,715
Fondation RAJA	-	3,521	3,521	-
Fossil Foundation	4,696	-	4,696	-
Fresh Leaf Charitable Foundation	-	21,320	11	21,309
Ganesha Foundation	46,171	-	46,171	-
Give2Asia	-	82,173	78,853	3,320
If International Foundation	-	254,561	254,560	1
International Labour Organization	-	14,965	462	14,503
Kwok Foundation	228,242	350,000	379,523	198,719
Mith Samlanh	49,505	112,350	22,974	138,881
Anonymous (OFF)	25,000	109,995	45,580	89,415
Partners for Equity / DAK Foundation	82,688	89,950	110,025	62,613
Semester at Sea Chapman Impact Fund	5,230	-	5,230	-
Shiseido Travel Retail Asia Pacific Pte. Ltd	-	97,975	97,975	-

Friends-International – Phnom Penh Headquarters

Annex I – Schedule of income and expenditure by donors (continued) for the year ended 31 December 2021

Description	Fund balance as at 1 January 2021 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2021 US\$
NCHADS / GFATM	15,919	232,638	241,701	6,856
Skoll Foundation	528,475	150,000	89,974	588,501
Solidarity Accor Hotels	-	46,942	46,942	-
The Cold Mountain Fund of RSF Social Finance	-	329,993	109,876	220,117
Tourism Cares	-	8,555	5,000	3,555
UNICEF Cambodia	5,618	1,326,958	934,886	397,690
World Childhood Foundation	-	41,581	41,581	-
Allan Gordon Murray Jones	7,250	-	7,250	-
Andrew Leaver	-	10,000	10,000	-
Anonymous Donor (HLM)	-	200,000	20,100	179,900
Anonymous (via Dragonfly APAC)	24,975	25,000	49,975	-
Friends Deutschland	19,134	-	-	19,134
Simply Giving	2,344	241	2,585	-
Fondation Junclair	4,649	-	4,649	-
Partners for Equity (Paul Newfield)	-	19,118	-	19,118
Andrew Leaver	-	19,975	19,975	-
Global Goods Partner	-	490	128	362
AusCham	-	3,056	3,056	-
Ministry of Social Affairs, Veterans and Youth Rehabilitation	-	973	962	11
Intrepid Foundation	-	15,965	-	15,965
Moodie Davitt Report	98,400	-	50,469	47,931
Norman Buchan	-	5,000	5,000	-
Planète Enfants & Développement	515	-	515	-
Anonymous donor (TO)	-	299,987	130,000	169,987
Wat Khmer Kampuchea Krom	-	200,000	200,000	-

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Annex I – Schedule of income and expenditure by donors (continued) for the year ended 31 December 2021

Description	Fund balance as at 1 January 2021 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2021 US\$
FI Reserves	576,282	232,517	31,022	777,777
Sipar NGO	2,190	-	2,190	-
Vocational Training	129,033	74,300	88,494	114,839
Total	2,376,426	5,782,798	4,466,795	3,692,429

Prepared by:



Ms. Choeun Sokly
Finance Manager

Date: 18 April 2022

Approved by:



Mr. Sebastien Marot
Executive Director

Date: 18 April 2022