

PONLEU NEY KDEY SANGKHUM

**FINANCIAL STATEMENTS
DECEMBER 31, 2015**

PONLEU NEY KDEY SANGKHUM

FINANCIAL STATEMENTS DECEMBER 31, 2015

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MANAGEMENT'S STATEMENT

Responsibility of the Management in respect of the financial statements

I, Ms. Gunilla Bun and Mr. Leak Chowan, being one of the Board Member and Program Development Manager, respectively, of PONLEU NEY KDEY SANGKHUM ("PNKS" or "the Organisation"), on behalf of the management is responsible to prepare the financial statement and statement of activities for each financial period which gives a true and fair view of the state of affairs of PONLEU NEY KDEY SANGKHUM ("PNKS" or "the Organisation") as at twelve (12) months period ended December 31, 2015 and the surplus or deficit for that period.

In preparing this statement of financial position and statement of activities, the management is required to:

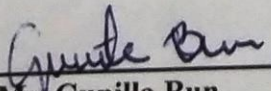
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the statement of financial position and statement of activities on the going concern basis unless it is inappropriate to presume that the organisation will continue its operations.

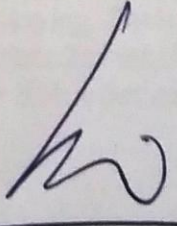
The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

Approval of the financial statements

We hereby approve the accompanying financial statements set out on page 6 - 15 which shows the statement of financial position as at December 31, 2015, and statement of activities of the Organisation for the year then ended, prepared, in all material respects, in accordance with the accounting policies as described in note 2 of the financial statements.

On behalf of the Management:


Ms. Gunilla Bun
Board Member
Phnom Penh, Cambodia
Date: 7th March 2016


Mr. Leak Chowan
Program Development Manager
Phnom Penh, Cambodia
Date: 7th March 2016

ភ្នំពេញ: ថ្ងៃទី០៧ ខែមីនា ឆ្នាំ២០១៦
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ប្រអប់សំបុត្រប្រៃសណីយ៍: ៤២៣និង ប្រអប់សំបុត្រ ស៊ី. ស៊ី. ស៊ី: ១៥៥

AUDITOR'S REPORT: PONLEU NEY KDEY SANGKHUM

We have audited the statement of financial position and statement of activities of PONLEU NEY KDEY SANGKHUM ("PNKS" or "the Organisation") as at December 31, 2015 and changes in fund balance for the year then ended. These financial statements have been prepared in accordance with the accounting principles generally accepted in Cambodia.

Respective responsibilities of the Organisation's management and auditors

The statement of financial position and statement of activities are the responsibility of the Organisation's management. In preparing these statements, which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. Our responsibility is to express an opinion on the statement of financial position and statement of activities based on our audit.

Basis of opinion

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position and statement of activities. It also includes assessing the accounting principles used and significant estimates and judgment made by management in the preparation of the statements, and whether the accounting policies are appropriate to the Organisation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the statement of financial position and statement of activities are free of material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statement of financial position and, statement of activities. We believe that our audit provides a reasonable basis for our opinion.

The Organisation's policy is to prepare the accompanying financial statement and statement of activities on a cash basis except as noted in Note 2 to the financial statements. On this basis, income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

Opinion


In our opinion, the statement of financial position, statement of activities and changes in fund balance gives a true and fair view, in all material respects, of PONLEU NEY KDEY SANGKHUM (“PNKS” or “the Organisation”) as at December 31, 2015 in conformity with the accounting principles generally accepted in Cambodia.

Basis of accounting and restriction on usage

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes the basis of accounting and accounting policies adopted by the Organisation. The financial statements are prepared for the information and use of the Management of the Organisation. As a result, the financial statements may not be suitable for another purpose. Our report is solely for the Management of the Organisation and should not be distributed to or used by other parties.

Other Matter

The financial statements of the Organisation for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 16th March 2015.


License No. 33855
Philippine Regulation Commission
Phnom Penh, Cambodia
Nini Barachina, CPA
March 7, 2016

PONLEU NEY KDEY SANGKHUM

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31,**

		US DOLLARS	
	Notes	2015	2014
ASSETS			
Cash on hand and in bank	3	179,025	181,846
Advances and deposits	4	9,617	13,964
<i>Total Assets</i>		188,642	195,810
LIABILITIES and FUND BALANCE			
LIABILITIES			
Staff welfare and fund balance	5	67,859	59,445
Other payables	6	10,389	9,410
		78,248	68,855
FUND BALANCE			
Opening fund balance		126,955	120,073
Excess of receipts over expenses		(16,561)	6,882
		110,394	126,955
<i>Total Liabilities and Fund balance</i>		188,642	195,810

The accompanying notes from pages 8–15 form part of these financial statements

PONLEU NEY KDEY SANGKHUM

**STATEMENT OF ACTIVITIES
DECEMBER 31,**

	Notes	US DOLLARS	
		2015	2014
Receipts			
Funds received from donors	7	361,313	370,838
Other income	8	4,372	6,556
		<u>365,686</u>	<u>377,394</u>
Expenses			
<i>Direct Costs</i>			
HIV/AIDS Prevention and care programme	9	28,387	21,601
Livelihood programme	10	29,789	42,838
Social accountability programme	11	33,833	23,624
Direct operating and administrative costs	12	230,872	222,188
Capacity development programme	13	20,313	18,583
<i>Indirect Costs</i>			
Indirect operating and administrative costs	14	34,449	40,465
Capital costs	15	4,604	1,213
		<u>382,247</u>	<u>370,512</u>
Excess of receipts over expenditures		<u>(16,561)</u>	<u>6,882</u>

The accompanying notes from pages 8–15 form part of these financial statements

PONLEU NEY KDEY SANGKHUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

1. BACKGROUND INFORMATION

Ponlue Ney Kdey Sangkhum (“PNKS” or “The Organisation”) is a Cambodian non – government organisation that works with poor communities in Cambodia. The Organisation was established through the Agricultural Business and Community and Development (“ABCD”) program, originally implemented by Christian Outreach Relief and Development (“CORD”). It was registered with the Ministry of Interior on 30 January 2001.

The registered office of the Organisation is house No. 19, street 145, Sangkat Phsar Doeum Thkov, Khan Chamkar Morn, Phnom Penh, Kingdom of Cambodia.

Vision

PNKS’s vision is to have the Cambodian people living in dignity, peace, justice and hope within a healthy and a sustainable environment.

Mission

PNKS’s mission is to work to improve community welfare and dignity for vulnerable groups, especially people with disability, women, children and youth through empowerment, and capacity development of community network and local authorities with a focus on health, natural resource management, food security, democracy and good governance.

Goal

PNKS’s goal is to have 60% of ID Poor households in 58 targeted villages are no longer identified as ID Poor and they become good role model and leaders for other poor families in their communities.

About PNKS’s projects

PNKS has been working in Somleng Project in 58 target villages in 9 communes in 3 districts in Prey Veng, Kampot and Kampong Speu province.

The main objective of the Somleng projects is to improve quality of life through better health, equity and greater self – reliance for the community, thereby enabling holistic and sustainable development. The project has three main objectives:

- Social Accountability
- Agriculture and Livelihood
- Health

PONLEU NEY KDEY SANGKHUM

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

2. Summary of Significant Accounting Policies

Basis of accounting

The statement of financial position and statement of activities expressed in United States dollars (US\$), is prepared under the historical cost convention using cash receipts and disbursement basis except for refundable deposits, funds receivable, capitalization of fixed assets, accruals and the pension fund liability. On this basis, receipts except for funds receivable are recognised when received rather than when earned and disbursements except for refundable deposits, capitalization of fixed assets, accruals and the pension fund liability are recognised when paid rather than when incurred.

The statement of financial position and statement of activities is not intended to present the financial position and results of operations of the Organisation in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Cambodia. The accounting principles and practices in Cambodia may differ from those generally accepted in countries and jurisdiction other than Cambodia. Consequently, these financial statements are addressed only to those who are informed about Cambodian accounting principles, procedures and practices

Receipts and disbursements

The primary source of funds is the receipt of grants/donations from donor organisations, individual donors recorded gross of bank charges which is recorded at the date of actual receipt. Disbursements represent all costs incurred in meeting the organisation's objectives.

Foreign currency transactions

Transactions in currencies other than in US\$ are converted into US\$ at the rate of exchange prevailing on the date of the transaction.

Fixed assets/Capital Expenses

Purchase price of fixed assets are charged operation at the time of acquisition. As such no depreciation is provided for the fixed assets. A listing of fixed asset is kept to monitor and tract down the location, users and condition of the fixed assets.

Advances and deposits

Staff advances and office rental deposits are recorded as other receivables and recognised as expenditure upon liquidation. Each employee who has worked for the Organisation for more than one year can request staff loans up to a maximum amount of 70% of their cumulative welfare fund. These staff loans bear interest at the rate of 10% per annum. These loans were disbursed to the staff using the staff welfare fund.

PONLEU NEY KDEY SANGKHUM

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

2. Summary of Significant Accounting Policies (Continued)

Staff welfare fund

The Organisation has a defined contribution retirement plan (staff welfare fund), which consists of pension and severance funds covering all eligible employees. Staff welfare fund contributions are made by the Organisation on an annual basis to each employee at one month's basis salary.

The contributions made by the Organisation to the fund are charged to the statement of financial activities, and the outstanding balance of the fund is recorded in the statement of financial position as "staff welfare fund payable".

The staff welfare fund payable will be fully paid to the employee upon their retirement or resignation if they have worked for the organisation for more than five years. If employees have worked for the Organisation for less than five years, they will only be entitled to receive 50% of the total contribution.

Employee who has work for the Organisation for more than one year can request staff loans up to 70% of their welfare cumulative fund balances.

This fund is maintained in a separate bank account, but is under the Organisation's name. Any interest earned from the fund is proportionately applied to each member of staff based on their cumulative fund balances.

PONLEU NEY KDEY SANGKHUM

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

		US DOLLARS	
		2015	2014
3. Cash on hand and Cash in Bank			
Cash on hand			
Petty cash - PP	500	500	
Petty cash - PV	500	500	
Petty cash- KS	500	500	
Cash on hand - PP	776	1,339	
Cash on hand - PV	2,340	1,926	
Cash on hand - KS	235	1,274	
Cash on hand - SWF	1,016	709	
Cash in bank			
FTB - PP	38,223	85,526	
FTB - SWF	57,860	44,767	
ACLEDA - PP	38,377	15,914	
ACLEADA - PV	5,302	2,444	
ACLEDA - KS	7,679	638	
ACLEDA - Danmission	1,528	1,855	
ACLEDA – CC project	-	551	
PNKS - reserve fund	24,189	23,403	
	<u>179,025</u>	<u>181,846</u>	
4. Advances and deposits			
Staff loans	8,977	13,964	
Other advances	640		
	<u>9,617</u>	<u>13,964</u>	
5. Staff welfare and fund payables			
Beginning balance for the year	59,445	52,859	
Contributions during the year	12,460	11,212	
Interest income	1,510	1,220	
Payment to staff	(5,556)	(5,846)	
	<u>67,859</u>	<u>59,445</u>	
6. Other payables			
Consultant fees payable	1,589	5,669	
Car replacement provision *	8,300	3,000	
Other payable	500	741	
	<u>10,389</u>	<u>9,410</u>	

* This represents provision for changing a new car

PONLEU NEY KDEY SANGKHUM**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

	US DOLLARS	
	2015	2014
7. Funds received from donors		
TEAR Fund Australia	129,378	198,964
Diaconaat/CORD - DH	10,968	-
Danmission	77,759	38,236
Transform Aid International	117,760	111,975
Mission Alliance	25,449	-
Diakonia	-	21,663
	<u>361,313</u>	<u>370,838</u>
8. Other Income		
Sale of vehicle & other assets	19	1,110
Income from office sharing	3,488	4,350
Interest Income	836	809
Others	30	287
	<u>4,372</u>	<u>6,556</u>
9. HIV/AIDS Prevention and Care Programme		
Promote personal hygiene	11,909	9,710
Promote cleaning environment	5,642	7,245
Promote women and children nutrition	6,309	3,686
Strengthen health network	4,527	960
	<u>28,387</u>	<u>21,601</u>
10. Livelihood Programme		
Improve community water management	99	21,830
Promote home garden	14,845	9,421
Address water management	3,024	3,380
Promote cooperative	1,743	2,860
Agricultural experiment	4,218	2,587
Strengthen water management	-	1,595
Address water issue	5,859	1,165
	<u>29,789</u>	<u>42,838</u>

PONLEU NEY KDEY SANGKHUM**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

	US DOLLARS	
	2015	2014
11. Social Accountability Programme		
Promote independence of VDA/CDA	8,644	10,448
Promote role model poor ID	11,903	7,054
Develop ID poor capacity	12,017	4,453
Promote safe migration	1,229	1,669
Cooperate with local church	40	-
	<u>33,833</u>	<u>23,624</u>
12. Direct Operating and Administrative Costs		
Payroll cost	157,077	147,938
Staff insurance and benefits	22,666	21,592
Transportation	24,028	21,459
Premises running costs	20,231	22,142
Evaluation and monitoring	5,029	7,570
Network Prey Veng and other networks for advocacy movement	1,841	1,487
	<u>230,872</u>	<u>222,188</u>
13. Capacity Development Programme		
Annual review and planning	13,522	10,453
Capacity development	6,491	7,830
Public relations and networks	300	300
	<u>20,313</u>	<u>18,583</u>
14. Indirect Operating and Administrative Costs		
Payroll costs	16,797	15,612
Office rental and utilities	5,831	5,869
Professional fee	2,280	5,300
Office supplies and communication	3,523	5,232
Transportation costs	897	4,029
Staff insurance and benefits	2,856	2,698
Other expense	2,265	1,725
	<u>34,449</u>	<u>40,465</u>
15. Capital Costs		
Office equipment & furniture's	2,704	1,213
Vehicle and motorbike	1,900	-
	<u>4,604</u>	<u>1,213</u>

PONLEU NEY KDEY SANKHUM

Separate fund balance for the year ended 31 December 2015

	Tear Fund Australia	Diakonia	Danmission	Diaconaat/ CORD -DH	Transform Aid International	Mission Alliance	Other	Total
	US DOLLARS							
Receipts								
Funds received from donors	129,378	-	77,759	10,968	117,760	25,449	-	361,313
Other receipts	-	-	-	-	-	-	4,372	4,372
	129,378	-	77,759	10,968	117,760	25,449	4,372	365,686
Expenses								
<i>Direct Costs</i>								
HIV/AIDS Prevention and Care Programme	14,109	-	-	-	11,533	2,745	-	28,387
Livelihood Programme	8,416	-	3,694	99	10,534	7,045	-	29,789
Social Accountability Programme	8,682	-	5,376	40	10,728	9,007	-	33,833
Direct Operating and Administrative Costs	112,806	-	50,132	320	67,389	225	-	230,872
Capacity Development Programme	8,274	-	2,405	-	7,549	2,085	-	20,313
<i>Indirect Costs</i>								-
Indirect Operating and Administrative Costs	13,162	-	10,714	11	8,732	25	2,194	34,839
Capital Costs	1,316	-	2,683	-	605	-	-	4,604
	166,764	-	75,004	470	117,071	21,132	2,194	382,637
Surplus/(deficit) for the year	(37,386)	-	2,755	10,497	689	4,317	2,178	(16,951)
Opening fund balance	54,877	-	579	2,078	36,886	-	32,535	126,955
Fund balance at the end of the year	17,491	-	3,334	12,575	37,575	4,317	34,713	110,004

PONLEU NEY KDEY SANKHUM

Separate fund balance for the year ended 31 December 2014

	Tear Fund Australia	Diakonia	Danmission	Diaconaat/ CORD -DH	Transform Aid International	Mission Alliance	Other	Total
	US DOLLARS							
Receipts								
Funds received from donors	198,964	21,663	38,236	-	111,975	-	-	370,838
Other receipts	-	-	-	-	-	-	6,556	6,556
	198,964	21,663	38,236	-	111,975	-	6,556	377,394
Expenses								
<i>Direct Costs</i>								
HIV/AIDS Prevention and Care Programme	12,491	-	-	-	9,110	-	-	21,601
Livelihood Programme	7,859	-	3,319	21,830	9,830	-	-	42,838
Social Accountability Programme	7,996	2,508	2,685	-	10,435	-	-	23,624
Direct Operating and Administrative costs	108,610	13,765	32,626	2,431	64,756	-	-	222,188
Capacity Development Programme	6,855	1,635	4,573	-	5,520	-	-	18,583
<i>Indirect Costs</i>								
Indirect Operating and Administrative Costs	18,051	3,167	4,150	-	13,372	-	1,725	40,465
Capital Costs	-	638	-	-	575	-	-	1,213
	161,862	21,713	47,353	24,261	113,598	-	1,725	370,512
Surplus/(deficit) for the year	37,102	(50)	(9,117)	(24,261)	(1,623)	-	4,831	6,882
Opening fund balance	17,775	50	9,696	26,339	38,509	-	27,704	120,073
Fund balance at the end of the year	54,877	-	579	2,078	36,886	-	32,535	126,955