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ប៉ាកាយណា ខនសាល់ធីង
Barachina Consulting Co., Ltd

PONLEU NEY KDEY SANGKHUM

FINANCIAL STATEMENTS
and Auditor's Report
DECEMBER 31, 2016

PONLEU NEY KDEY SANGKHUM

FINANCIAL STATEMENTS
and Auditor's Report
DECEMBER 31, 2016

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ដើម្បីការរស់នៅប្រសើររបស់អ្នកក្រ
Committed to better living for the poor

អង្គការពន្លឺនៃក្តីសង្ឃឹម

លេខ: ០៦៥៧/១៧ ពនកស

MANAGEMENT'S STATEMENT

Responsibility of the Management in respect of the financial statements

I, Mr. Mark Smith 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, 2016 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, 2016, 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:

Mr. Mark Smith
Board Member
Phnom Penh, Cambodia
Date: 17th February 2017

Mr. Leak Chowan
Program Development Manager
Phnom Penh, Cambodia
Date: 17th February 2017

ភ្នំពេញ: ផ្ទះលេខ១៩លេ ផ្លូវ១៥៥ ផ្សារដើមថ្លូ ចំការមន ០២៣ ២១៩ ៥៥៥ pnksinfo@online.com.kh
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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, 2016 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, 2016 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 ither parties.

Nini Barachina, CPA

License No. 33855
Philippine Regulation Commission
Phnom Penh, Cambodia

17th February 2017

PONLEU NEY KDEY SANGKHUM

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	Notes	US DOLLARS	
		2016	**2015**
ASSETS			
Cash on hand and in bank	3	178,025	179,025
Advances and deposits	4	11,685	9,617
Total Assets		**189,710**	**188,642**
LIABILITIES and FUND BALANCE			
LIABILITIES			
Staff welfare and fund payables	5	69,112	67,859
Other payables	6	22,489	10,389
		91,601	78,248
FUND BALANCE			
Opening fund balance		110,394	126,955
Excess of receipts over expenses		(12,285)	(16,561)
		98,109	110,394
Total Liabilities and Fund balance		**189,710**	**188,642**

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

PONLEU NEY KDEY SANGKHUM

STATEMENT OF ACTIVITIES
For the Year Ended December 31,

	Notes	US DOLLARS 2016	2015
Receipts			
Funds received from donors	7	421,733	361,313
Other income	8	6,071	4,372
		427,805	365,686
Expenses			
Direct Costs			
HIV/AIDS Prevention and care programme	9	28,160	28,387
Livelihood programme	10	56,282	29,789
Social accountability programme	11	38,740	33,833
Direct operating and administrative costs	12	253,562	230,872
Capacity development programme	13	20,405	20,313
Indirect Costs			
Indirect operating and administrative costs	14	38,925	34,449
Capital costs	15	4,015	4,604
		440,089	382,247
Excess of receipts over expenditures		**(12,285)**	**(16,561)**

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

PONLEU NEY KDEY SANGKHUM

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. BACKGROUND INFORMATION

Ponleu 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. 19B, 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

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.

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, 2016

	US DOLLARS	
	2016	2015
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	819	776
Cash on hand - PV	1,671	2,340
Cash on hand - KS	80	235
Cash on hand - SWF	171	1,016
Cash in bank		
FTB - PP	58,505	38,223
FTB - SWF	58,602	57,860
ACLEDA - PP	5,181	38,377
ACLEADA - PV	4,105	5,302
ACLEDA - KS	2,925	7,679
ACLEDA - Danmission	10,550	1,528
PNKS - reserve fund	25,245	24,189
PNKS - car replacement acct	8,670	-
	178,025	**179,025**
4. Advances and deposits		
Staff loans	10,335	8,977
Other advances	1,351	640
	11,685	**9,617**
5. Staff welfare and fund payables		
Beginning balance for the year	67,859	59,445
Contributions during the year	12,055	12,460
Interest income	1,726	1,510
Payment to staff	(12,527)	(5,556)
	69,112	**67,859**
6. Other payables		
Consultant fees payable	5,725	1,589
Car replacement provision*	15,130	8,300
Others	1,634	500
	22,489	**10,389**

* This represents provision for changing a new car

PONLEU NEY KDEY SANGKHUM

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

	US DOLLARS	
	2016	2015
7. Funds received from donors		
TEAR Fund Australia	155,526	129,378
Diaconaat	10,829	10,968
Danmission	67,094	77,759
Transform Aid International	106,332	117,760
Mission Alliance	81,953	25,449
	421,733	**361,313**
8. Other Income		
Sale of vehicle & other assets	689	19
Income from office sharing	2,140	3,488
Interest Income	1,139	836
Others	2,103	30
	6,071	**4,372**
9. HIV/AIDS Prevention and Care Programme		
Promote personal hygiene	7,942	11,909
Promote cleaning environment	3,576	5,642
Promote women and children nutrition	7,525	6,309
Strengthen health network	5,345	4,527
Promote awareness in public health	3,771	-
	28,160	**28,387**
10. Livelihood Programme		
Improve community water management	20,118	99
Promote home garden	10,969	14,845
Address water management	9,135	3,024
Promote cooperative	7,168	1,743
Agricultural experiment	3,634	4,218
Address water issue	-	5,859
Increase community resilience	5,259	-
	56,282	**29,789**

PONLEU NEY KDEY SANGKHUM

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

	US DOLLARS	
	2016	2015
11. Social Accountability Programme		
Promote independence of VDA/CDA	12,254	8,644
Promote role model poor ID	-	11,903
Develop ID poor capacity	6,421	12,017
Promote safe migration	-	1,229
Cooperate with local church	762	40
Strengthen primary education	9,949	-
Promote children/youths rights	5,176	-
Increase cooperation & network	4,178	-
	38,740	**33,833**
12. Direct Operating and Administrative Costs		
Payroll cost	158,400	157,077
Staff insurance and benefits	20,455	22,666
Transportation	24,964	24,028
Premises running costs	20,660	20,231
Evaluation and monitoring	29,083	5,029
Network Prey Veng and other networks for advocacy movement	-	1,841
	253,562	**230,872**
13. Capacity Development Programme		
Annual review and planning	12,734	13,522
Capacity development	7,371	6,491
Public relations and networks	300	300
	20,405	**20,313**
14. Indirect Operating and Administrative Costs		
Payroll costs	19,932	16,797
Office rental and utilities	6,455	5,831
Professional fee	2,400	2,280
Office supplies and communication	4,024	3,523
Transportation costs	2,415	897
Staff insurance and benefits	3,191	2,856
Other expense	507	2,265
	38,925	**34,449**
15. Capital Costs		
Office equipment & furniture	4,015	2,704
Vehicle and motorbike	-	1,900
	4,015	**4,604**

PONLEU NEY KDEY SANGKHUM

Separate fund balance for the year ended 31 December 2016

	Tear Fund Australia	Danmission	Diaconaat/ CORD -DH	Transform Aid International	Mission Alliance	Other	**Total**
				US DOLLARS			
Receipts							
Funds received from donors	155,526	67,094	10,829	106,332	81,953	-	**421,733**
Other receipts	-	-	-	-	-	6,071	**6,071**
	155,526	**67,094**	**10,829**	**106,332**	**81,953**	**6,071**	**427,805**
Expenses							
Direct Costs							
HIV/AIDS Prevention and Care Programme	10,534	-	-	11,188	6,438	-	**28,160**
Livelihood Programme	12,464	4,505	20,118	11,789	7,406	-	**56,282**
Social Accountability Programme	12,977	5,373	762	8,485	11,143	-	**38,740**
Direct Operating and Administrative Costs	99,584	42,860	2,081	60,879	48,157	-	**253,562**
Capacity Development Programme	5,651	2,779	-	8,218	3,756	-	**20,405**
Indirect Costs							**-**
Indirect Operating and Administrative Costs	13,929	6,367	11	10,490	8,035	92	**38,925**
Capital Costs	1,655	950	-	76	1,334	-	**4,015**
	156,794	**62,834**	**22,972**	**111,127**	**86,269**	**92**	**440,089**
Surplus/(deficit) for the year	(1,268)	4,260	(12,143)	(4,795)	(4,317)	5,979	**(12,285)**
Opening fund balance	17,491	3,334	12,575	37,575	4,317	35,103	**110,394**
Fund balance at the end of the year	**16,222**	**7,594**	**432**	**32,780**	**-**	**41,082**	**98,109**

PONLEU NEY KDEY SANKHUM

Separate fund balance for the year ended 31 December 2015

	Tear Fund Australia	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							
Direct Costs							
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**
Indirect Costs							-
Indirect Operating and Administrative Costs	13,162	10,714	11	8,732	25	1,805	**34,449**
Capital Costs	1,316	2,683	-	605	-	-	**4,604**
	166,764	**75,004**	**470**	**117,071**	**21,132**	**1,805**	**382,247**
Surplus/(deficit) for the year	(37,386)	2,755	10,497	689	4,317	2,567	**(16,561)**
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**	**35,103**	**110,394**