

PONLEU NEY KDEY SANGKHUM (PNKS)

**Report of the board of directors
And
Audited financial statements**

For the year ended 31 December 2017

PONLEU NEY KDEY SANGKHUM (PNKS)

Financial Statements

For the year ended 31 December 2017

CONTENTS	PAGE
Organization information	1
Report of the board of directors	2-3
Audited financial statements	
Independent auditor's report	4-6
Statement of financial position	7
Statement of income and expenses	8
Statement of cash flows	9
Notes to financial statements	10-21
Statement of income, expenses and fund balance by donors FY 2017	22
Statement of income, expenses and fund balance by donors FY 2016	23

ORGANISATION INFORMATION

Legal Status

The Organisation is registered as a Local Non-Government Organisation (NGO) under the Ministry of Interior on 30 January 2001 to improve community welfare and dignity for vulnerable groups, especially people with disability, women, children and youth through empowerment, and capacity development of community networks and local authorities with a focus on health, natural resource management, food security, democracy and good governance.

Executing Agency Ponleu Ney Kdey Sangkhum (PNKS)

Board of Directors
Ms. Barbara Soun, Chairman
Mr. Mark Smith, Secretary
Mr. Ly Yasak, Member
Claire E. Willard, Member
Tep Sokhoeun, Member

Organisation Management
Mr. Leak Chowan, Program Development Manager
Ms. Mok Sopheakveary, Finance Manager
Mr. Long Doeun, Project Manager
Mr. Sun Chanthou, Project Manager

Address

#19B, St. 145 Phnom Penh
Kingdom of Cambodia

Banker

Foreign Trade Bank of Cambodia
ACLEDA Bank Plc.

Auditors

Donasco & Co., Ltd. CPAs
House No. 344, Street 10BT
Boeung Tumpun, Khan Meanchey
Phnom Penh, Kingdom of Cambodia

Registration Information

Registration No. 096 សី ជ ណ
30 January 2001



ដើម្បីការរស់នៅប្រសើររបស់អ្នកក្រីក្រ
Committed to better living for the poor

អង្គការពង្រឹងនៃភ្នំសង្ឃឹម

លេខ: ០៧៦២/១៤ ពនកស

REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 December 2017

The Board of Directors of Ponleu Ney Kdey Sangkhum (PNKS), ("the Organisation") submits its report together with the audited financial statements for the year ended 31 December 2017 ("the period").

THE ORGANISATION

The Organisation was registered in Cambodia as a local Non-Government Organisation (NGO) under the Ministry of Interior on 30 January 2001 with register number 096សជណ.

PNKS goal for 2017-19 includes individual, group and systemic change. Central is people in our target areas seeing opportunities for improved living conditions, freedom, environment, and hope, are accessible and the future is in their own hands. These BP will connect and empower individuals, groups and whole villages to define and find ways to realize their aspirations. VDAs can best do this if they have strong relationships with their VL, CC and SSCs and the behavior attitudes relationships and policies of these organizations is aligned towards grass roots participatory village development. The systemic dimension of PNKS' goal therefore is strong relationships and common direction amongst VDA, CDA, VL, SSC and CC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Organisation's management is responsible for the preparation of the financial statements for the year ended 31 December 2017, which is prepared, in all material respects, to show the fund received and disbursed for the period and fund balance.

In preparing these financial statements, management is required to:

- select suitable accounting policies and then apply them consistently; and
- make judgments and estimates that are reasonable and prudent.

Management is responsible for ensuring that proper accounting records are kept which enables the Organisation to prepare financial statements in accordance with the accounting policies described in Note 2 to the financial statements. Management is also responsible for safeguarding the assets of the Organisation and hence, taking reasonable steps for the prevention and detection of fraud and other irregularities.



ដើម្បីការរស់នៅប្រសើររបស់អ្នកក្រ
Committed to better living for the poor

អង្គការព្រះនិយមសង្គម

លេខ: ០៧៦២/១៨ ពនកស

REPORT OF THE BOARD OF DIRECTORS (Continued)

For the year ended 31 December 2017

Management has confirmed that the Organisation has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements of the Organisation as set out on pages 7 to 21 which are prepared, in all material respects, to present the Organisation's financial position as at 31 December 2017, and the results of its operation for the year ended 31 December 2017, in accordance with the accounting policies described in Note 2 to financial statements, and comply with the related financial agreements.

On behalf of the Organisation's Board of Directors:

Mr. Mark Smith
Secretary
Ponleu Ney Kdey Sangkhum (PNKS)
Date: 20 February 2018

Mr. Chowan Leak
Program Development Manager
Ponleu Ney Kdey Sangkhum (PNKS)
Date: 20 February 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ponleu Ney Kdey Sangkhum (PNKS)
#19B, St. 145 Phnom Penh, Kingdom of Cambodia

Opinion

We have audited the financial statements of Ponleu Ney Kdey Sangkhum (PNKS) ("the Organisation"), which comprise the statement of financial position as at 31 December 2017, the statement of income, expenses and fund balance, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Organisation as at 31 December 2017 and for the year then ended are prepared, in all material respects, in accordance with the accounting principles set out in Note 2 to the financial statements and the financial reporting provision of the Organisation and its applicable funding agencies.

Basis of Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organisation 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 of our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Organisation in complying with the financial reporting provisions of the Organisation and its applicable funding agencies. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the Organisation and its applicable funding agencies and should not be distributed to or used by parties other than the Organisation and its applicable funding agencies. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of the Project and its applicable funding agencies and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 this 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 misstatements 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 Organisation'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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 auditor's report. However, future events or conditions may cause the Organisation 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.



Ronald A. Donasco, FAIA, CPA
Partner

Donasco & Co., Ltd.
Certified Public Accountant
Registered Auditor

House No. 344 Street 10BT
Boeung Tumpun, Khan Meanchey
Phnom Penh, Kingdom of Cambodia

Date: 20 February 2018

PONLEU NEY KDEY SANGKHUM (PNKS)

Statement of financial position

As at 31 December 2017

	NOTES	AS AT 31 DECEMBER 2017 USD	AS AT 31 DECEMBER 2016 USD
ASSETS			
Non-current assets			
Staff loans		-	1,932
		-	1,932
Current assets			
Cash	4	167,050	178,025
Staff loans	5	7,506	8,402
Cash advance		-	1,351
		174,556	187,778
TOTAL ASSETS		174,556	189,710
LIABILITIES			
Non-current liabilities			
Staff pension and severance pay	6	80,786	69,112
Car replacement		13,811	15,130
		94,597	84,242
Current liabilities			
Accrued expenses	7	2,782	6,684
Tax payable	8	418	65
Other payables	9	109	609
		3,309	7,358
TOTAL LIABILITIES		97,906	91,600
NET ASSETS		76,650	98,110
FUND BALANCE			
Fund balance, beginning		98,110	110,394
Deficit for the year		(21,460)	(12,284)
TOTAL FUND BALANCE		76,650	98,110

The accompanying notes on pages 10 to 21 form part of these financial statements.

PONLEU NEY KDEY SANGKHUM (PNKS)

**Statement of income and expenses
For the year ended 31 December 2017**

	NOTES	TOTAL 2017 USD	TOTAL 2016 USD
INCOME			
Funds received from donors	10	426,276	421,734
Other income	11	6,284	6,071
		432,560	427,805
EXPENSES			
Staff Costs	12	296,461	312,892
VDA a strong self-reliance CBO	13	58,964	-
CDA the people voice represent	14	28,635	-
Social accountability	15	25,000	38,740
SSC function for school	16	23,311	-
Capital costs	17	8,364	4,015
VL Democratic Leadership	18	6,064	-
CC adopt pro-poor	19	4,676	-
Other expense		2,545	-
Livelihood programme		-	56,282
HIV/AIDS Prevention and care programme		-	28,160
		454,020	440,089
DEFICIT FOR THE YEAR		(21,460)	(12,284)
FUND BALANCE, BEGINNING		98,110	110,394
FUND BALANCE, ENDING		76,650	98,110

The accompanying notes on pages 10 to 21 form part of these financial statements.

PONLEU NEY KDEY SANGKHUM (PNKS)

**Statement of cash flow
For the year ended 31 December 2017**

	NOTES	TOTAL 2017 USD	TOTAL 2016 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(21,460)	(12,284)
(Increase) decrease in:			
Staff loans		2,828	(1,357)
Cash advance		1,351	(711)
Increase (decrease) in:			
Staff welfare and fund payable		11,674	1,253
Car replacement		(1,319)	6,830
Accrued expenses		(3,902)	5,095
Withholding tax payable		353	65
Other payables		(500)	109
Cash flows provided by operating activities		(10,975)	(1,000)
CASH FLOWS FROM INVESTING ACTIVITY			
Short-term investments		-	-
Cash flow used by investing activity		-	-
NET INCREASE (DECREASE) IN CASH		(10,975)	(1,000)
CASH BALANCE, BEGINNING		178,025	179,025
CASH BALANCE, ENDING	5	167,050	178,025

The accompanying notes on pages 10 to 21 form part of these financial statements.

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement

For the year ended 31 December 2017

1. NATURE OF OPERATIONS

Ponleu Ney Kdey Sangkhum ("PNKS" or "the Organisation") was registered in Cambodia as a local Non-government Organisation (NGO) under the Ministry of Interior on 30 January 2001 with Registration No. 096សដណ្ត. The Organisation is governed by Governance Board whose members do not receive compensation.

In 1993 CORD (Christian Outreach Relief and Development) started its operation in Prey Veng province, which is located in the south-eastern part of Cambodia. The aim of the operation was to provide support and assistance to poor people in Prey Veng province. CORD launched two projects—one was called "ABCD" (Agriculture, Business and Community Development) and the other "EFGH" (Educating For Good Health). In 1998, based on strategic planning in order to promote sustainable local development, a local non-governmental organization Ponleu Ney Kdey Sangkhum (PNKS), meaning Light of Hope, was localized from CORD to handle the ABCD project. PNKS, a Christian non-governmental organization, was officially registered with the Ministry of Interior in January 2001.

In 2001, CORD took over an integrated rural development project, Community Development Assistance Project (CDAP) in Kampong Speu Province, started by ZOA in 1998. Over a period of six years CORD reduced its role while initiating a range of capacity development strategies within PNKS. Finally in 2004, EFGH (Educating For Good Health) and CDAP, by this time called "Somleng (Voice of) Kampong Speu" project, were handed over to PNKS. Although CORD handed over all projects to PNKS CORD continued to provide advisory support to PNKS until 2006.

At the beginning of 2006, the ABCD project was integrated with the EFGH project; the combination of these two projects comprised a program called "A2H". The year 2006 marked the transition year for the merging of the two projects. The plan to merge ABCD and EFGH into one program was aimed to better serve the target group of each project by integrating planning, management and monitoring of the projects. The project was then called "Somleng (Voice of) Prey Veng" project, consistent with the project in Kampong Speu.

Currently PNKS Somleng Program has these two projects—Somleng Prey Veng project (S-PV) based in Prey Veng province and Somleng Kampong Speu project (S-KS) based in Kampong Speu and Kampot. The Somleng program has been focussing on improving community health, income generation and community empowerment focusing on human rights, advocacy and social accountability.

The Somleng program will continue support to already existing partners and target areas, in 58 villages, the majority of which PNKS entered in 2011 – 27 villages in 2011, 14 villages in 2012 and 17 villages in 2013.

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement

For the year ended 31 December 2017

1. NATURE OF OPERATIONS (CONT'D)

Recommendations from the evaluation of the three-year program ending cycle and the post-evaluation are the main driver of this program design, as results PNKS decided to move from a sector-focus program to a people-oriented program which focusing on behaviour change, attitude change, relationship change and policy change under community-led development approach.

VISION

People with a deep sense of hope and freedom because they see opportunities in their lives to express themselves and their own aspirations. Communities would be characterized by respectful and loving relationships, sharing of resources and ideas and peace on individual and group levels. People would feel well off if they have enough money but also opportunities, inclusive relationships a strong sense of community and a healthy, sustainable environment around them.

MISSION

PNKS mission is bringing hope and freedom to people in our target areas. We see hope as arising from people having the possibility of changing their circumstances and having some control over this change. From experience over our history this can best come about through strong, well-functioning civil society organizations with community oriented values working in a context where they can effectively initiate actions and express their values.

PNKS mission is to support and strengthen VDAs in communities so that they can open opportunities for individuals, groups and communities to define what they would like to change and help them access resources to effect those changes. Practically this means PNKS will support VDAs with resources and capacity in various areas of community development as well as working with them on their own organization and governance and vision and values.

As well as supporting VDAs PNKS sees its mission as contributing to the context in which VDAs operate, making it more conducive to change. Therefore PNKS will also work to connect VDAs in different villages and support collective action by them. PNKS will also work on the way VL, CDA, CC and SSCs think, how they behave, the kinds of policy they make and their relationships with VDAs and each other. Our mission is to have all these actors working, from where they are, with a common vision of community led development based in justice, equality and sustainability.

GOAL

PNKS goal for 2017-19 includes individual, group and systemic change. Central is people in our target areas seeing opportunities for improved living conditions, freedom, environment, and hope, are accessible and the future is in their own hands. These BP will connect and empower individuals, groups and whole villages to define and find ways to realize their aspirations.

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement

For the year ended 31 December 2017

1. NATURE OF OPERATIONS (CONT'D)

GOAL (CONT'D)

VDAs can best do this if they have strong relationships with their VL, CC and SSCs and the behaviour attitudes relationships and policies of these organizations is aligned towards grass roots participatory village development. The systemic dimension of PNKS' goal therefore is strong relationships and common direction amongst VDA, CDA, VL, SSC and CC.

CORE VALUES

Love

We believe true love is not merely a feeling or a concept. We believe love should be put into action. The story of the Good Samaritan has touched our hearts and encouraged us to put love into action.

Humility

We believe God created all men equal. No matter how rich or poor, young or old, no matter what our educational background, our social class - we are all equal. We value and respect people we work with and all the people around us.

Prayer

We believe God answers our prayers and He leads us in our decision-making. We believe that God is with us in our day to day life.

Accountability

We are obligated to accept our responsibilities. We are accountable for our actions, our decisions and for the money we spend, not just to our supporters but also to those we serve.

Commitment

We are accustomed to being in positions of responsibility; we are self-motivated, and willing to set goals and work to achieve them, never assuming the other person is responsible.

Honesty

We believe 'honesty' is a key to strength. Honesty includes 'being transparent'. We want to let people, including staff, donors, boundary partners, stakeholders and beneficiaries, know what they are supposed to know, promoting the sharing of information and practices, whether good or bad, to improve learning and understanding.

Cooperation

We believe 'cooperation' is a key to success. We get people involved. We value people's involvement in planning and problem-solving.

The current office of the Organisation is #19B, St. 145 Phnom Penh, Kingdom of Cambodia

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

1. NATURE OF OPERATIONS (CONT'D)

The Organisation has thirty three (33) and thirty three (33) member staff as at 31 December 2017 and 31 December 2016, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices of the Organisation are set forth to facilitate the understanding of the financial statements:

2.1 Basis of preparation

The financial statements, expressed in United States Dollars (USD), is prepared under the historical cost convention.

The Organisation's policy is to prepare the financial statements on the modified cash basis. On this basis, receipts are recognized when received rather than when earned, and disbursements or expenses are recognized when paid rather than when incurred except for advance payments to staff, partners and contractors some accruals of project expenses and staff severance pay.

All fundamental accounting assumptions relating to going concern are followed in the financial statements except the cost of property and equipment are charged to expenses in the statement of income and expenses, instead of depreciation before arriving at the excess of income over expenses for the year.

The basis of accounting and accounting assumption used is designed to meet the requirements of the Organisation and financial reporting provision of the applicable funding agencies which is the comprehensive basis of accounting of the Organization; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards.

Furthermore, the preparation of the financial statements requires management use of certain critical accounting estimates and the exercise of its judgment in the process of applying the Organisation's accounting policies.

The measurement bases and areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the financial statements are more fully discussed in note 3.

2.2 Cash

Cash consists of cash on hand and cash in designated bank accounts for implementation of program activities of the Organisation.

Cash are stated at face value. Cash includes cash in bank and cash on hand. Cash in bank in savings accounts earn interest at the respective bank deposit rates and these are deposits held at call with banks.

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash on hand is intended as working funds for a small amount of such as periodicals, reproduction cost, transportation, etc.

2.3 Staff loan

Other receivables, if any, include loan to officers and employees. Other receivables are recognized initially at its transaction cost, and subsequently measured at amortized cost less provision for impairment.

This pertains to long term loans receivable of the Organization with its staff. Loans provided to staff pertain to personal or emergency loan. Repayment of the loan is through monthly salary deduction.

2.4 Cash advance

Other receivables, if any, include advances to officers and employees. Other receivables are recognized initially at its transaction cost, and subsequently measured at amortized cost less provision for impairment.

2.5 Employee benefit plan

Staff pension and severance pay

The Organisation has accrued for Staff pension and severance fund expenses granted to all regular employees based on the amount contributed regularly to the staff pension and severance fund, equivalent to 50% of each employee's salary per year. The Organisation deposits on a yearly basis its contribution to the staff pension and severance fund in a savings account held at ACLEDA Bank Plc. under the Organisation name. This will be paid to the staff at the end of their employment with the Organisation.

2.6 Tax payable

Tax payable pertains to withholding tax payable for the office rental and the salaries of the staff. Staff salaries and withholding tax were withheld with related salary tax as required by the Cambodian Tax Law.

2.7 Accrued Expenses

Accrued expenses pertain to expense recognized in the books such as the audit fee and a project expense before it is paid for. It is a liability, and is usually current. These expenses are typically periodic and documented on the Organization's financial position due to the high probability that they will be collected.

2.8 Income taxation

No provision for income tax has been raised as the Organisation is registered not-for-profit non-government Organisation under the Ministry of Interior and is exempt from income tax under Article 9 of the Law on Taxation in Cambodia.

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Capital expenditures

Capital expenditures are charged to expense when incurred. This practice differs from International Accounting Standards which require the capitalization and depreciation of property and equipment. Fixed asset register is maintained to control and monitor the assets acquired by the Organisation.

2.10 Recognition of receipt

Receipts or income are recognized when received in the Organisation's designated account rather than when earned, committed or budgeted.

2.11 Recognition of disbursements or expenditure

Disbursements or expenses are recognized when paid rather than when incurred except for advance payments to staff, partners and contractors which are initially recognized as advances and recognized as expenditure when they are liquidated by presentation of supporting invoices and some accruals of project expenses and staff severance pay.

2.12 Local currency transactions

Measurement currency

The financial statements are presented in USD, which is the functional and widely accepted and used currency in the Kingdom of Cambodia.

Transactions and balances

Transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenses.

2.13 Impairment of assets

The carrying amounts of the Organisation's assets are reviewed at each date of statement of financial position to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the statement of income and expenses unless it reverses a previous revaluation in which case it will be charged to equity. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Judgments. The preparation of the Organisation's financial statements requires management to make estimates and assumptions that affect the amounts reported in the Organisation's financial statements and accompanying notes. The estimates and assumptions used in the Organisation's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Organisation's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates. In the application of the Organisation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not easily apparent from other source. The estimates and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in period of revision and future periods if the revision affects both current and future periods.

4. CASH

This account consists of:

		AS AT 31 DECEMBER 2017 USD	AS AT 31 DECEMBER 2016 USD
Cash on hand			
Petty cash-PP	a	500	500
Petty cash-PV	a	500	500
Petty cash-KS	a	500	500
Cash on hand-PP	a	1,948	819
Cash on hand-PV	a	573	1,671
Cash on hand-SWF	a	171	171
Cash on hand-KS	a	875	80
Cash in bank			
Current Account-FTB-Bank-PP		36,918	58,505
Savings Account- FTB-Bank-SWF		73,104	58,602
Current Account- Acleda-Bank-PP		1,840	5,182
Current Account- Acleda-Bank-PV		8,269	4,105
Current Account- Acleda-Bank-KS		5,197	2,925
Current Account- Acleda-Bank-Danmission		1,370	10,550
Savings Account- Acleda-Bank-Reserve Fund		26,308	25,245
Savings Account- Acleda-Bank-Car replacement		8,976	8,670
		167,050	178,025

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement

For the year ended 31 December 2017

- a. Cash on hand represents cash fund of the Organisation. The cash on hand is mainly used for daily operation or for project expenses of the Organisation.

5. STAFF LOANS

This pertains to long term loans receivable of the Organization with its staff. Loans provided to staff pertain to personal or emergency loan. Repayment of the loan is through monthly salary deduction.

6. STAFF PENSION AND SEVERANCE PAY

The Organisation has accrued for Staff pension and severance fund expenses granted to all regular employees based on the amount contributed regularly to the staff pension and severance fund, equivalent to 50% of each employee's salary per year. The Organisation deposits on a yearly basis its contribution to the staff pension and severance fund in a savings account held at ACLEDA Bank Plc. under the Organisation name. This will be paid to the staff at the end of their employment with the Organisation.

	AS AT 31 DECEMBER 2017 USD	AS AT 31 DECEMBER 2016 USD
Beginning of the year	69,112	67,859
Contributions during the year	13,098	12,055
Interest income	1,515	1,726
Payment to staff	(2,939)	(12,528)
	80,786	69,112

7. ACCRUED EXPENSES

	AS AT 31 DECEMBER 2017 USD	AS AT 31 DECEMBER 2016 USD
Audit fee FY 2017	1,920	1,300
Re-register name of organization with MOI	800	-
NSSF payment in December 2017	62	60
10% of final payment for pong Digging in Ang Svay Toul village	-	900
Monitoring and Evaluation	-	4,424
	2,782	6,684

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

8. TAX PAYABLE

	AS AT 31 DECEMBER 2017 USD	AS AT 31 DECEMBER 2016 USD
Salary tax	353	-
Withholding tax for Office rent	65	65
	418	65

9. OTHER PAYABLE

This other payable pertains to the contribution for well digging of the community in the village.

10. FUNDS RECEIVED FROM DONORS

This account consists of:

	TOTAL 2017 USD	TOTAL 2016 USD
TEAR Fund Australia	143,000	155,526
Mission Alliance (MA)	115,154	81,953
Transform Aid International (TAI)	88,504	106,332
Danmission	54,894	67,094
Diaconaat	24,724	10,829
	426,276	421,734

11. OTHER INCOME

This account consists of:

	TOTAL 2017 USD	TOTAL 2016 USD
Income from office sharing	2,510	2,140
Bank interest	1,113	1,139
Sale assets	2,510	689
Others	151	2,103
	6,284	6,071

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

12. STAFF COSTS

	TOTAL 2017 USD	TOTAL 2016 USD
Direct Costs		
Staff salary	150,966	158,400
Transportation costs	23,128	24,964
Staff insurance and benefits	21,582	20,455
Premises costs	18,472	20,660
Monitoring and evaluation	5,460	29,083
Staff Capacity Development		
Strengthen organization	18,153	12,734
Group capacity	9,320	7,371
Capacity individual TNA-based	5,943	-
Connect PNKS to networks	300	300
Indirect Costs		
Salary costs-PP	20,612	19,932
PP rent and utilities	6,194	6,456
PP Office supplies and communication	6,108	4,024
External financial audit	3,670	2,400
Staff insurance and benefits-PP	3,260	3,191
PP transportation	2,630	2,415
Governing Board of Directors	663	507
	296,461	312,892

13. VDA a strong self-reliance CBO

	TOTAL 2017 USD	TOTAL 2016 USD
Build knowledge to VDA member	19,786	-
Support the initiative of VDA	19,756	-
Enhance VDA& EC regular meeting	10,554	-
Build community trust toward	8,868	-
	58,964	-

14. CDA the people voice represents

	TOTAL 2017 USD	TOTAL 2016 USD
Develop CDA capacity governance	17,717	-
Link CDA network	7,017	-
Enhance CDA & EC regular meeting	3,901	-
	28,635	-

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

15. Social accountability

	TOTAL 2017 USD	TOTAL 2016 USD
Cooperate with local church	25,000	762
Promote independence of VDA/CDA	-	12,254
Strengthen primary education	-	9,949
Develop ID poor capacity	-	6,421
Promote children/youths rights	-	5,176
Increase cooperation & network	-	4,178
	25,000	38,740

16. SSC function for school

	TOTAL 2017 USD	TOTAL 2016 USD
Support SSC for school improvement	17,596	-
Strengthen SSC M&E, Advocacy	5,715	-
	23,311	-

17. Capital costs

	TOTAL 2017 USD	TOTAL 2016 USD
Equipment and furniture	5,364	4,015
Vehicle	3,000	-
	8,364	4,015

18. VL Democratic leadership

	TOTAL 2017 USD	TOTAL 2016 USD
Build VL on servant leadership	3,417	-
Build VL relationship with CSO	2,647	-
	6,064	-

PONLEU NEY KDEY SANGKHUM (PNKS)

Notes to financial statement For the year ended 31 December 2017

19. CC adopt pro-poor

	TOTAL 2017 USD	TOTAL 2016 USD
Strengthen CC capacity governance	2,392	
Promote CC inclusive development	1,032	
Promote freedom political view	1,252	
	4,676	-

PONLEU NEY KDEY SANGKHUM (PNKS)

Statement of income, expenses and fund balance by donors
For the year ended 31 December 2017

	Tear Fund Australia USD	Danmission USD	Diaconaat USD	Mission Alliance USD	Transform Aid International USD	Other USD	TOTAL 2017 USD	TOTAL 2016 USD
INCOME								
Funds received from donors	143,000	54,894	24,724	115,154	88,504	-	426,276	421,734
Other income	-	-	-	-	-	6,284	6,284	6,071
	143,000	54,894	24,724	115,154	88,504	6,284	432,560	427,805
EXPENSES								
Staff Costs	88,516	45,653	27	78,171	84,095	-	296,461	312,892
VDA a strong self-reliance CBO	24,002	9,838	-	14,580	10,544	-	58,964	-
CDA the people voice represent	10,208	3,076	-	5,906	9,446	-	28,635	-
Social accountability	-	-	25,000	-	-	-	25,000	38,740
SSC function for school	5,489	870	-	12,389	4,563	-	23,311	-
Capital costs	2,171	1,976	-	2,553	1,665	-	8,364	4,015
VL Democratic Leadership	2,449	765	-	920	1,930	-	6,064	-
CC adopt pro-poor and sub stain	1,872	306	-	621	1,877	-	4,676	-
Other expense	-	-	-	-	-	2,545	2,545	-
Livelihood programme	-	-	-	-	-	-	-	56,282
HIV/AIDS Prevention and care programme	-	-	-	-	-	-	-	28,160
	134,707	62,484	25,027	115,140	114,120	2,545	454,020	440,089
SURPLUS (DEFICIT) FOR THE YEAR	8,293	(7,590)	(303)	14	(25,616)	3,739	(21,460)	(12,284)
FUND BALANCE, BEGINNING	16,222	7,594	432	-	32,780	41,082	98,110	110,394
FUND BALANCE, ENDING	24,515	4	129	14	7,164	44,821	76,650	98,110

PONLEU NEY KDEY SANGKHUM (PNKS)

Statement of income, expenses and fund balance by donors
For the year ended 31 December 2016

	Tear Fund Australia USD	Danmission USD	Diaconaat USD	Mission Alliance USD	Transform Aid International USD	Other USD	TOTAL 2016 USD	TOTAL 2015 USD
INCOME								
Funds received from donors	155,526	67,094	10,829	81,952	106,332	-	421,733	361,314
Other income	-	-	-	-	-	6,071	6,071	4,372
	155,526	67,094	10,829	81,952	106,332	6,071	427,804	365,686
EXPENSES								
Direct Costs								
HIV/AIDS Prevention and care programme	10,534	-	-	6,438	11,188	-	28,160	28,387
Livelihood programme	12,464	4,505	20,118	7,406	11,789	-	56,282	29,789
Social accountability programme	12,977	5,373	762	11,143	8,485	-	38,740	33,833
Direct operating and administrative costs	99,584	42,860	2,081	48,157	60,880	-	253,562	230,872
Capacity development programme	5,651	2,779	-	3,756	8,219	-	20,405	20,313
Indirect Costs								
Indirect operating and administrative costs	13,929	6,367	11	8,035	10,490	92	38,924	34,449
Capital costs	1,655	950	-	1,334	76	-	4,015	4,604
	156,794	62,834	22,972	86,269	111,127	92	440,088	382,247
SURPLUS (DEFICIT) FOR THE YEAR	(1,268)	4,260	(12,143)	(4,317)	(4,795)	5,979	(12,284)	(16,561)
FUND BALANCE, BEGINNING	17,490	3,334	12,575	4,317	37,575	35,103	110,394	126,955
FUND BALANCE, ENDING	16,222	7,594	432	-	32,780	41,082	98,110	110,394