

**FRIENDS-INTERNATIONAL  
PHNOM PENH**

**Special Purpose Financial Statements  
for the year ended 31 December 2022  
and  
Report of the Independent Auditors**

# Friends-International - Phnom Penh

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## Organisation Information

<b>Organisation Name</b>	Friends-International - Phnom Penh (“the Organisation”)	
<b>Organisation Document</b>	Memorandum of Understanding (“MoU”) issued by the Royal Government of Cambodia represented by the Ministry of Foreign Affairs and International Cooperation (“MFAIC”) on 11 August 2005, subsequently extended for another period of 3 years in 2008, 2011, 2014 and 2017 with the current period of 3 years ending on 30 October 2020. Refer to note 1 for detail.	
<b>Main Donors</b>	UNICEF Cambodia The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation ECPAT Luxembourg asbl The Cold Mountain Fund of RSF Social Finance NCHADS / GFATM Credit Suisse APAC Foundation Limited Epic Foundation If International Foundation Fondation NEXT Fondation Pierre Bellon Fossil Foundation Shiseido Travel Retail Asia Pacific Pte. Ltd Accor Heartist Solidarity Fondation Junclair World Childhood Foundation International Labour Organisation Bel Foundation The Intrepid Foundation And several generous donors wishing to remain anonymous	
<b>Board of Directors</b>	Lucile Belleville	President
	Wilfried Schneider	Secretary
	Olivier Farhi	Treasurer
	Chenda Sophea Chhun	Member
	Olivier Veilhan	Member
	Vivian Gee	Member
<b>Management</b>	Sebastien Marot	Executive Director and Founder
	Kanchan Kapoor	International Finance Coordinator and Deputy Director
	Sebastien Le Mouellic	Saving Lives International Coordinator and Deputy Director
	Phalla Von	Finance Technical Coordinator
	Ampor Sam-Oeun	Building Futures International Coordinator
	James Sutherland	International Communications Coordinator

## Organisation Information (continued)

<b>Management (continued)</b>	Khemreth Vann Marie Duong Marko Ivkovic Vuthy Reth	ChildSafe Agents Technical Coordinator International ChildSafe Coordinator International Human Resources Coordinator Migration Technical Coordinator
<b>Registered Office</b>	House #89B, Street 103 P.O Box 597, Phnom Penh, Cambodia	
<b>Principal Banker</b>	J Trust Royal Bank Plc. Advanced Bank of Asia Ltd	
<b>Auditors</b>	KPMG Cambodia Ltd	


## Statement by the management

We, the undersigned, on behalf of the management of Friends-International – Phnom Penh (“FI PP”), do hereby state that the accompanying special purpose financial statements which comprise the statement of financial position as at 31 December 2022 and the statement of income and expenditure for the year then ended as set out on pages 7 to 25 are prepared, in all material respects, in accordance with the basis of preparation and the accounting policies described in Note 2 to the special purpose financial statements.

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



Mr. Sebastien Marot  
*Executive Director*



Ms. Phalla Von  
*Finance Technical Coordinator*

Phnom Penh, Kingdom of Cambodia

Date: 28 June 2024



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## **Report of the independent auditors**

### **To the Donors and Board of Directors of Friends-International – Phnom Penh**

#### ***Opinion***

We have audited the accompanying special purpose financial statements of Friends-International – Phnom Penh (“FI PP”), which comprises the statement of financial position as at 31 December 2022, 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 7 to 25 (“financial statements”).

In our opinion, the accompanying special purpose 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 special purpose 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 Special Purpose Financial Statements* section of our report. We are independent of the FI PP in accordance with the ethical requirements that are relevant to our audit of the special purpose 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 special purpose financial statements, which describes the basis of accounting and the accounting policies adopted by the FI PP. The special purpose financial statements are prepared for the information of and use by the Donors and management of the FI PP. As a result, the financial statements may not be suitable for statutory filing or another purpose. 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 special purpose financial statements and our auditors' report thereon.

Our opinion on the special purpose 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 special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose 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 Special Purpose Financial Statements***

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

In preparing the special purpose financial statements, management is responsible for assessing the FI PP'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 PP's financial reporting process.

### ***Auditors' Responsibility for the Audit of the Special Purpose Financial Statements***

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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 special purpose 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 PP'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 PP'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 special purpose 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 PP 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

28 June 2024



## Friends-International – Phnom Penh

### Statement of financial position as at 31 December 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Assets</b>					
Cash and bank balances	4	2,863,271	11,788,087	3,796,640	15,467,511
Project advances		-	-	30	122
Receivables – Friends Training Business		-	-	5,703	23,234
Receivables- Funding		17,557	72,283	7,669	31,244
Sub-contract advances to implementing partners	5	7,589	31,244	13,969	56,910
Deposits and prepayments		7,910	32,565	7,762	31,622
Loans receivables	6	12,729	52,405	21,825	88,915
Other receivables		2	8	14	57
		<u>2,909,058</u>	<u>11,976,592</u>	<u>3,853,612</u>	<u>15,699,615</u>
<b>Liabilities</b>					
Tax payable		9,280	38,206	7,241	29,500
Funds in transit	7	2,650	10,910	340	1,385
Other payables	8	3,520	14,492	153,602	625,775
		<u>15,450</u>	<u>63,608</u>	<u>161,183</u>	<u>656,660</u>
<b>Net assets</b>		<u>2,893,608</u>	<u>11,912,984</u>	<u>3,692,429</u>	<u>15,042,955</u>
<b>Fund balance at end of year</b>		<u>2,893,608</u>	<u>11,912,984</u>	<u>3,692,429</u>	<u>15,042,955</u>

Prepared by:



Ms. Von Phalla  
Finance Technical Coordinator

Approved by:



Mr. Sebastien Marot  
Executive Director

Date: 28 June 2024

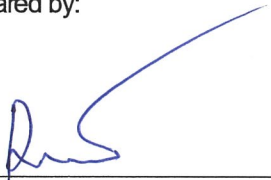
The accompanying notes form an integral part of these special purpose financial statements.

## Friends-International – Phnom Penh

### Statement of income and expenditure for the year ended 31 December 2022

	Note	2022		2021	
		US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Income</b>					
Donor funding	9	4,380,657	17,903,745	4,809,218	19,563,899
Private donations	10	403,034	1,647,200	889,609	3,618,929
Vocational training income generation	11	-	-	73,703	299,824
Other income		49,311	201,534	10,268	41,770
		<u>4,833,002</u>	<u>19,752,479</u>	<u>5,782,798</u>	<u>23,524,422</u>
<b>Expenditure</b>					
Personnel costs	12	1,201,510	4,910,571	1,061,079	4,316,469
Direct costs	13	72,981	298,273	10,679	43,442
Equipment/assets	14	36,246	148,137	7,196	29,273
Indirect costs	15	81,300	332,273	119,770	487,224
Travel and training	16	55,784	227,989	5,105	20,767
Other income generation costs	17	-	-	76,826	312,528
Sub-Grants to Friends Alliance	18	3,400,663	13,898,510	2,326,948	9,466,024
Sub-Grants to 3P partners	19	783,339	3,201,506	859,192	3,495,193
		<u>5,631,823</u>	<u>23,017,259</u>	<u>4,466,795</u>	<u>18,170,920</u>
<b>(Deficit)/Surplus of income over expenditure</b>		(798,821)	(3,264,781)	1,316,003	5,353,500
Fund balance at beginning of year		3,692,429	15,042,955	2,376,426	9,612,644
Currency translation difference		-	134,810	-	76,811
<b>Fund balance at end of year</b>		<u>2,893,608</u>	<u>11,912,984</u>	<u>3,692,429</u>	<u>15,042,955</u>

Prepared by:



Ms. Von Phalla  
Finance Technical Coordinator

Date: 28 June 2024

Approved by:



Mr. Sebastien Marot  
Executive Director

The accompanying notes form an integral part of these special purpose financial statements.

# Friends-International – Phnom Penh

## Notes to the special purpose financial statements for the year ended 31 December 2022

These notes form an integral part of, and should be read in conjunction with, the accompanying special purpose 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 special purpose 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 (“FI PP”); and
- Office based in Siem Reap called Friends-International Siem Reap / Kaliyan Mith.

As at 31 December 2022, the FI PP had 62 personnel (2021: 56 personnel).

### 2. Significant accounting policies

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

#### (a) Basis of aggregation

The special purpose 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

## Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

### 2. Significant accounting policies (continued)

#### (a) Basis of aggregation (continued)

The special purpose 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 PP; it is not designed to produce financial statements that are in compliance with Cambodian Financial Reporting for Not-for-Profit Entity as required by the Law on Accounting and Auditing (see Note 2(e)).

#### (b) Basis of accounting

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 special purpose financial statements are prepared for the information of and use by the donors and management of the Organisation. As a result, the special purpose financial statements may not be suitable for statutory filing and/or for another purpose.

# Friends-International – Phnom Penh

## Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

### 2. Significant accounting policies (continued)

#### (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.

#### (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.

### 3. Translation of United States Dollars into Khmer Riel

The special purpose financial statements are expressed in United States Dollar (“US\$”) which is the FI PP’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:

			<b>Closing rate</b>	<b>Average rate</b>
31 December 2022	US\$1	=	KHR4,117	KHR4087
31 December 2021	US\$1	=	KHR4,074	KHR4,068

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 4. Cash and bank balances

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Cash at banks (*)	1,862,419	7,667,579	2,995,102	12,202,045
Cash on hand	<u>852</u>	<u>3,508</u>	<u>1,538</u>	<u>6,266</u>
Cash and cash equivalents	1,863,271	7,671,087	2,996,640	12,208,311
Term deposit (**)	<u>1,000,000</u>	<u>4,117,000</u>	<u>800,000</u>	<u>3,259,200</u>
Cash and bank balances	<u><u>2,863,271</u></u>	<u><u>11,788,087</u></u>	<u><u>3,796,640</u></u>	<u><u>15,467,511</u></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 2% and 0.25%, respectively (2021: 0.15% from Advanced Bank of Asia Ltd and 0.50% from J Trust Royal Bank Plc.).

(\*\*) The Organisation placed term deposits with J Trust Royal Bank Plc. and Advanced Bank of Asia Ltd for a period of 1 year with annual interest rate at 6.00%. (2021: 5%).

#### 5. Sub-contract advances to ChildSafe Alliance partners

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Mith Samlanh (MS)	1,276	5,253	2,638	10,747
Damnok Toek (DT)	74	305	254	1,035
Komar Rikreay (KMR)	328	1,350	76	310
Samathapheap Khnom Organisation (SKO)	123	506	257	1,047
Transcultural Psychosocial Organization (TPO)	1,230	5,064	419	1,708
Cambodian Children's Trust (CCT)	-	-	1,090	4,441
Korsang (KS)	3,221	13,261	3,785	15,420
Krousar Thmey (KT)	77	317	84	342
Khmer Cultural Development Institute (KCDI)	383	1,577	78	318
EPIC ART (EA)	852	3,508	168	684
Creative Generation (CG)	-	-	208	847
Legal Aid of Cambodia (LAC)	<u>25</u>	<u>103</u>	<u>4,912</u>	<u>20,011</u>
	<u><u>7,589</u></u>	<u><u>31,244</u></u>	<u><u>13,969</u></u>	<u><u>56,910</u></u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 6. Loans receivables

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Staff loans	<u>12,729</u>	<u>52,405</u>	<u>21,825</u>	<u>88,915</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.

#### 7. Funds in transit

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Angkor Hospital for Children	98	403	-	-
Children's Future				
International	195	803	-	-
Free to Shine	83	342	-	-
Khmer Cultural Development				
Institute	104	428	-	-
Komar Rikreay	145	597	-	-
FI Thailand	1,377	5,669	265	1,079
Safe Haven	147	605	-	-
Yayasan Teman Baik	501	2,063	-	-
Mith Samlanh	-	-	67	273
FI Siem Reap	-	-	8	33
	<u>2,650</u>	<u>10,910</u>	<u>340</u>	<u>1,385</u>

#### 8. Other payables

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Other payables				
(ECPAT Project Audit Fees)	3,500	14,410	3,602	14,675
GFATM Bank Interest	20	82	-	-
Deferred income	-	-	150,000	611,100
	<u>3,520</u>	<u>14,492</u>	<u>153,603</u>	<u>625,775</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 9. Donor funding

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Accor Heartist Solidarity	75,351	307,960	46,942	190,960
Anonymous (OFF)	100,000	408,700	109,995	447,460
Australian Volunteers International	6,804	27,808	-	-
Bel Foundation	15,699	64,162	-	-
Caritas Switzerland	7,585	31,000	10,000	40,680
Credit Suisse APAC Foundation Limited	300,000	1,226,100	300,000	1,220,400
CW Asia Fund Charitable Foundation	25,000	102,175	-	-
ECPAT Luxembourg asbl	359,697	1,470,082	136,651	555,896
Epic Foundation	279,729	1,143,252	150,786	613,397
Fondation Junclair	39,546	161,625	-	-
Fondation NEXT	222,000	907,314	360,000	1,464,480
Fondation Pierre Bellon	156,992	641,626	175,380	713,446
Fossil Foundation	100,000	408,700	-	-
Anonymous (DF)	-	-	89,950	365,917
If International Foundation	250,741	1,024,778	254,561	1,035,554
International Labour Organisation	32,423	132,513	14,965	60,878
The Intrepid Foundation	8,771	35,847	-	-
National Center for HIV/AIDS & Dermatology (NCHAD)	331,228	1,353,729	232,638	946,371
Save the Children/ European Union	(1,111)	(4,541)	219,913	894,606
Shiseido Travel Retail Asia Pacific Pte. Ltd	97,902	400,125	97,975	398,562
Skoll Foundation	-	-	150,000	610,200
The Cold Mountain Fund of RSF Social Finance	350,000	1,430,450	329,993	1,342,412
The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation	400,000	1,634,800	350,000	1,423,800
Tourism Cares	5,000	20,435	8,555	34,802
UNICEF Cambodia	809,281	3,307,531	1,326,958	5,398,065
World Childhood Foundation	38,917	159,054	41,581	169,152
Mith Samlanh/Asian Development Bank	399	1,631	-	-
Sub-total	<u>4,011,954</u>	<u>16,396,856</u>	<u>4,406,843</u>	<u>17,927,038</u>



## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 9. Donor funding (continued)

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Support from Friends Alliance	368,703	1,506,889	133,043	541,218
Mith Samlanh	-	-	112,349	457,036
Give2Asia	-	-	82,173	334,280
Firetree Asia Foundation	-	-	49,969	203,274
Anonymous (FLCF)	-	-	21,320	86,730
Fondation RAJA	-	-	3,521	14,323
Sub-total	<u>368,703</u>	<u>1,506,889</u>	<u>402,375</u>	<u>1,636,861</u>
	<u>4,380,657</u>	<u>17,903,745</u>	<u>4,809,218</u>	<u>19,563,899</u>

#### 10. Private donations

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

#### 11. Vocational training income generation

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Friends "n" Stuff	<u>-</u>	<u>-</u>	<u>73,703</u>	<u>299,824</u>

All vocational trainings are closed.

#### 12. Personnel costs

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
International staff	518,292	2,118,259	499,805	2,033,207
National staff	360,286	1,472,489	327,362	1,331,709
Health & Pensions	9,269	37,882	6,748	27,451
Stipend	553	2,260	564	2,294
Overtime/Compensation	157	642	1,055	4,292
Consultancies/Professional fees	253,665	1,036,729	171,818	698,956
Recruitment costs	11,500	47,000	5,354	21,780
Severance /Seniority Pay	47,675	194,848	48,015	195,325
Staff COVID Testing	113	462	358	1,455
	<u>1,201,510</u>	<u>4,910,571</u>	<u>1,061,079</u>	<u>4,316,469</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 13. Direct costs

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Hygiene costs	3,576	14,615	1,635	6,651
Information, education, and communication materials	118	482	1,817	7,392
Food and drink for beneficiaries	19	78	-	-
Family and school support	2,280	9,318	-	-
Harm Reduction Materials	47,472	194,018	6,438	26,190
Centre Supplies	3,645	14,897	-	-
Vocational Training Materials	144	589	-	-
ChildSafe materials	343	1,402	167	679
Staff Uniforms	220	899	218	887
ChildSafe Experiences Activities	-	-	51	207
Community Event Costs	15,164	61,975	353	1,436
	<u>72,981</u>	<u>298,273</u>	<u>10,679</u>	<u>43,442</u>

#### 14. Equipment/assets

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
IT and computers	15,606	63,782	6,472	26,328
Furniture and fittings	217	887	-	-
Intangible Assets	19,279	78,792	-	-
Inventory	1,144	4,676	724	2,945
	<u>36,246</u>	<u>148,137</u>	<u>7,196</u>	<u>29,273</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 15. Indirect costs

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Communications	9,601	39,239	9,563	38,902
Transport/Gasoline/Maintenance	2,656	10,855	1,625	6,611
Maintenance/Renovations	2,088	8,534	3,026	12,310
Office Supplies	4,374	17,877	4,439	18,058
Rent	20,578	84,102	19,800	80,546
Utilities	4,776	19,520	5,098	20,739
Printing/Photocopying	2,088	8,534	132	537
Postage & Shipping	495	2,023	414	1,684
Bank Charges	4,000	16,348	5,254	21,373
External Audits	11,300	46,183	55,100	224,147
Vehicle/Building Insurance	1,839	7,516	3,058	12,440
Advertising/Marketing	393	1,606	640	2,604
Subscriptions	8,227	33,624	6,068	24,685
Donor/Staff/Authority Relations	2,309	9,437	324	1,318
Other Expenses	150	612	4,724	19,217
Fundraising Costs	1,148	4,692	505	2,053
Bad Debts (Provision/Actual)	5,278	21,571	-	-
	<u>81,300</u>	<u>332,273</u>	<u>119,770</u>	<u>487,224</u>

#### 16. Travel and training

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
International Travel	12,233	49,996	-	-
National Travel	14,388	58,804	2,648	10,772
Staff Training	2,329	9,519	298	1,212
Workshops/Meetings	18,482	75,535	2,159	8,783
Exchanges/Exposure Trips	8,352	34,135	-	-
	<u>55,784</u>	<u>227,989</u>	<u>5,105</u>	<u>20,767</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 17. Other income generation costs

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Costs of income generation	-	-	76,407	310,824
Outlet Supplies	-	-	151	1,172
Miscellaneous	-	-	268	532
	<u>-</u>	<u>-</u>	<u>76,826</u>	<u>312,528</u>

#### 18. Sub-Grants to Friends Alliance

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Mith Samlanh:</b>				
Accor Heartist Solidarity	52,117	213,002	35,077	142,693
Bel Foundation	15,699	64,162	-	-
Credit Suisse APAC Foundation Limited	65,294	266,857	64,546	262,573
CW Asia Fund Foundation Anonymous (DF)	10,000	40,870	-	-
Anonymous (via Dragonfly APAC Limited)	49,925	204,043	-	-
	15,000	61,305	38,353	156,020
ECPAT Luxembourg asbl	126,627	517,525	85,525	347,916
Epic Foundation	50,000	204,350	50,000	203,400
Fondation NEXT	170,516	696,899	185,739	755,586
Fondation Pierre Bellon	62,797	256,651	70,152	285,378
Fossil Foundation	26,482	108,232	-	-
Friends Deutschland	19,134	78,021	-	-
National Center for HIV/AIDS & Dermatology (NCHAD)	133,342	544,969	122,938	500,112
If International Foundation	125,436	512,657	127,787	519,838
Sub-total	<u>922,369</u>	<u>3,769,723</u>	<u>780,117</u>	<u>3,173,516</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 18. Sub-Grants to Friends Alliance (continued)

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Mith Samlanh: (continued)</b>				
International Labour Organisation	27,003	110,361	-	-
Fondation Junclair	39,546	161,625	4,649	18,912
The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation	50,000	204,350	-	-
Anonymous (TO)	150,000	613,050	-	-
UNICEF Cambodia	187,428	766,018	267,009	1,086,193
World Childhood Foundation	19,170	78,348	9,922	40,363
Jim Mizerski estate	10,000	40,870	26,598	108,201
Anonymous (HLMF)	50,000	204,350	-	-
The Cold Mountain Fund of RSF Social Finance	200,000	817,400	-	-
Give2Asia/VISA	-	-	30,000	122,040
Anonymous (DF)	-	-	39,975	162,618
Firetree Asia Foundation	-	-	19,360	78,756
Wat Khmer Kampuchea Krom Fund	-	-	54,255	220,709
Shiseido Travel Retail Asia Pacific Pte. Ltd	-	-	23,255	94,601
Andrew Leaver	-	-	19,975	81,258
Auscham	-	-	3,056	12,432
Caritas Switzerland / EU	-	-	813	3,307
SMART Axiata Co Ltd	-	-	573	2,331
Sub-total	<u>733,147</u>	<u>2,996,372</u>	<u>499,440</u>	<u>2,031,721</u>
	<u>1,655,516</u>	<u>6,766,095</u>	<u>1,279,557</u>	<u>5,205,237</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 18. Sub-Grants to Friends Alliance (continued)

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Friends-International – Siem Reap:</b>				
Accor Heartist Solidarity	15,201	62,126	8,671	35,274
Australian Volunteers International	6,804	27,808	-	-
Credit Suisse APAC Foundation Limited	45,910	187,634	45,312	184,329
ECPAT Luxembourg asbl	115,966	473,953	32,292	131,364
Fondation NEXT	75,368	308,029	-	-
Fondation Pierre Bellon	54,947	224,568	61,378	249,686
Fossil Foundation	37,691	154,043	-	-
If International Foundation	125,306	512,126	126,773	515,713
International Labour Organisation	12,573	51,386	-	-
Anonymous (OFF)	100,000	408,700	-	-
Anonymous (TO)	50,000	204,350	-	-
UNICEF Cambodia	143,742	587,474	142,355	579,100
World Childhood Foundation Anonymous (HLMF)	19,747	80,706	9,189	37,381
The Cold Mountain Fund of RSF Social Finance	75,000	306,525	-	-
Wat Khmer Kampuchea Krom Fund	-	-	36,170	147,140
Shiseido Travel Retail Asia Pacific Pte. Ltd	-	-	74,720	303,961
Tourism Cares	-	-	5,000	20,340
Give2Asia/VISA	-	-	20,000	81,360
Andrew Leaver Foundation	-	-	10,000	40,680
Caritas Switzerland / EU	-	-	813	3,307
Firetree Asia Foundation	-	-	24,985	101,639
Foundation RAJA	-	-	3,520	14,318
	<u>928,255</u>	<u>3,793,778</u>	<u>601,178</u>	<u>2,445,592</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 18. Sub-Grants to Friends Alliance (continued)

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Teman Baik (Indonesia)</b>				
Credit Suisse APAC Foundation Limited	28,447	116,264	28,164	114,571
Anonymous (NB)	-	-	5,000	20,340
Anonymous (TO)	-	-	50,000	203,400
	<u>28,447</u>	<u>116,264</u>	<u>83,164</u>	<u>338,311</u>
<b>Friends-International Thailand</b>				
Credit Suisse APAC Foundation Limited	61,876	252,887	60,041	244,247
Anonymous (via Dragonfly APAC Limited)	10,000	40,870	-	-
The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation	25,000	102,175	-	-
Anonymous (OFF)	20,000	81,740	-	-
Skoll Foundation	20,485	83,722	-	-
Anonymous (TO)	89,516	365,852	20,000	81,360
Anonymous (HLMF)	19,900	81,331	-	-
The Cold Mountain Fund of RSF Social Finance	120,000	490,440	-	-
The Intrepid Foundation	2,139	8,742	-	-
Give2Asia / VISA	-	-	6,304	25,645
Wat Khmer Kampuchea Krom	-	-	7,234	29,428
World Childhood Foundation	-	-	18,189	73,993
	<u>368,916</u>	<u>1,507,759</u>	<u>111,768</u>	<u>454,673</u>

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 18. Sub-Grants to Friends Alliance (continued)

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
<b>Friends-International Lao PDR</b>				
Credit Suisse APAC Foundation Limited	27,015	110,410	27,394	111,439
Anonymous (DF)	12,686	51,848	-	-
Anonymous (FLCF)	21,309	87,090	-	-
The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation	25,000	102,175	-	-
Anonymous (OFF)	45,000	183,915	20,000	81,360
Anonymous (TO)	65,000	265,655	60,000	244,080
Anonymous (HLMF)	60,000	245,220	20,000	81,360
The Cold Mountain Fund of RSF Social Finance	75,000	306,525	-	-
Give2Asia / VISA	-	-	10,929	44,459
Anonymous (DF)	-	-	20,000	81,360
Fondation NEXT	-	-	44,850	182,450
Anonymous (via Dragonfly APAC Limited)	-	-	11,622	47,278
	<u>331,010</u>	<u>1,352,838</u>	<u>214,795</u>	<u>873,786</u>
<b>Friends Social Development Organisation - Myanmar</b>				
Credit Suisse APAC Foundation	26,338	107,645	2,977	12,110
CW Asia Fund Charitable Foundation	15,000	61,305	-	-
Foundation NEXT	8,608	35,179	-	-
The Intrepid Foundation	15,965	65,251	-	-
Give2Asia / VISA	3,320	13,568	7,924	32,235
Anonymous (OFF)	5,561	22,727	-	-
Tourism Cares	3,555	14,529	5,585	22,720
	<u>78,347</u>	<u>320,204</u>	<u>16,486</u>	<u>67,065</u>
<b>Friends International Suisse</b>				
Arab Gulf Programme for Development	10,172	41,572	-	-
Skoll Foundation	-	-	20,000	81,360
	<u>10,172</u>	<u>41,572</u>	<u>20,000</u>	<u>81,360</u>
	<u>3,400,663</u>	<u>13,898,510</u>	<u>2,326,948</u>	<u>9,466,024</u>



## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 19. Sub-Grants to 3P partners

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Damnok Toek (DT)	94,890	387,815	155,632	633,111
Komar Rikreay (KMR)	60,575	247,570	63,877	259,852
M'lop Tapang (MT)	124,806	510,082	138,778	564,549
Samatapheap Khnom Organisation (SKO)	46,892	191,648	86,340	351,231
Cambodia Children Trust (CCT)	46,284	189,163	67,353	273,992
Transcultural Psychosocial Organisation Cambodia (TPO)	132,265	540,567	25,583	104,072
Krousar Thmey (KT)	30,651	125,271	40,656	165,389
Children's Future International (CFI)	53,590	219,022	82,704	336,440
Korsang (KS)	90,429	369,583	78,525	319,440
Creative Generation (CG)	10,936	44,695	1,169	4,755
Khmer Cultural Development Institute (KCDI)	16,413	67,080	21,735	88,418
Epic Arts (EA)	19,394	79,263	17,086	69,506
Monsters Among Us	-	-	4,200	17,086
Free To Shine	-	-	8,172	33,244
AusCam Freedom Project	-	-	2,696	10,967
ISF Cambodia	-	-	22,730	92,466
Aziza's Place	-	-	2,026	8,242
Voice	-	-	2,677	10,890
PEPY	-	-	8,220	33,439
Ministry of Labour	-	-	6,504	26,458
Baraka (Jordon)	-	-	10,560	42,958
Legal Aid of Cambodia (LAC)	56,214	229,747	11,969	48,688
	<u>783,339</u>	<u>3,201,506</u>	<u>859,192</u>	<u>3,495,193</u>

#### 20. Commitments and contingencies

##### (i) Operating lease commitments

The Organisation leases its office and building areas under operating lease agreement which will expire on 30 November 2023 and during the year on 01 November 2022, there was one additional lease on housing for volunteers' in Siem Reap province which will expire on 28 February 2023. The lease expenditure charged to the statement of income and expenditure during the year is disclosed in Note 15.

## Friends-International – Phnom Penh

### Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

#### 20. Commitments and contingencies (continued)

##### (i) Operating lease commitments (continued)

As at 31 December 2022, the Organisation has commitments in respect of operating leases as follows:

	2022		2021	
	US\$	KHR'000 (Note 3)	US\$	KHR'000 (Note 3)
Within one year	18,928	77,926	19,800	80,546
Within two to five years	-	-	18,920	75,848
	<u>18,928</u>	<u>77,926</u>	<u>38,720</u>	<u>156,394</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 until December 2021. The Organisation chose to comply with this postpone payment.

In 2022, the current seniority for the years 2020, 2021 and 2022 have been paid to staff. However, the back pay seniority remains no action yet.

As at 31 December 2022, the management has estimated the maximum back pay seniority payment commitment amounting to US\$ \$210,231 (31 December 2021: US\$39,894).

##### (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.

# Friends-International – Phnom Penh

## Notes to the special purpose financial statements (continued) for the year ended 31 December 2022

### 20. Commitments and contingencies (continued)

#### (iii) Separate business activities (continued)

Since 2020, other than donor's funding, the Organisation has income generated from vocational training and Friends "n" Stuff. on 20 April 2020, Friends "n" Stuff which is the major business has suspended its operations until current date. The Organisation had made the decision to cease the Vocational training income generating activities from 2021 onward until the registration of business activity with relevant authorities which is still on going.

As at the date of these special purpose financial statements, the Organisation is still under process in registering the separate business activity with relevant authorities.

#### (iv) Taxation contingencies

In August 2021, General Department of Taxation ("GDT") has issued tax notification letter for comprehensive tax audit in respect of the period from 1 January 2016 to 31 December 2020 for FI Phnom Penh office. In September 2022, a notice of tax reassessment ("NTR") was issued, alleging the under-declaration of various taxes with imposed tax penalties and interest, totalling KHR3,245,356,557 (approximate to US\$ 789,817)

The Organisation has lodged several administrative protest letters since October 2022 onwards to challenge the GDT for the imposed amounts on the ground that the calculation basis in the NTR is not in accordance and some items are not clear interpretation in the existing Cambodian Law on Taxation. The management has assessed the current situation and is in view those alleged items are not justifiable and shall be removed. The Organisation is seeking the support of the Ministry of Social Affairs, Veterans & Youth Rehabilitation ("MoSVY"), and the Ministry of Labour & Vocational Training ("MoLVT"). As at the date of these financial statements, a conclusion has not been reached.

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. The management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differed interpretations and the effects since the incorporation of the entities could be significant.

## Friends-International – Phnom Penh

### Annex I – Schedule of income and expenditure by donors for the year ended 31 December 2022

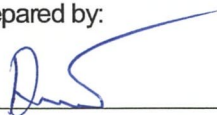
Description	Fund balance as at 1 January 2022 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2022 US\$
Accor Heartist Solidarity	-	75,351	72,474	2,877
Fresh Leaf Charitable Foundation	21,309	-	21,309	-
Anonymous (OFF)	89,415	100,000	170,561	18,854
Arab Gulf Program for Development	19,005	-	19,005	-
Australian Volunteers International	-	6,804	6,804	-
Bel Foundation	-	15,699	15,699	-
Caritas Switzerland	(5,467)	7,585	2,118	-
Credit Suisse APAC Foundation Limited	80,602	300,000	342,789	37,813
CW Asia Fund Charitable Foundation	-	25,000	25,000	-
ECPAT Luxembourg asbl	2,911	359,697	361,521	1,087
Epic Foundation	352,720	279,729	94,484	537,965
Fondation Juniclair	-	39,546	39,546	-
Fondation NEXT	122,439	222,000	303,522	40,917
Fondation Pierre Bellon	29,715	156,992	162,925	23,782
Fossil Foundation	-	100,000	86,244	13,756
Give2Asia	3,320	-	3,320	-
If International Foundation	1	250,741	250,742	-
International Labour Organisation	14,503	32,423	45,902	1,024
Intrepid Foundation	15,965	8,771	18,105	6,631
National Center for HIV/AIDS & Dermatology (NCHAD)	6,856	331,228	310,414	27,670
Save the Children/ European Union	-	(1,111)	(1,111)	-
Shiseido Travel Retail Asia Pacific Pte. Ltd	-	97,902	-	97,902
Skoll Foundation	588,501	-	394,698	193,803
The Cold Mountain Fund of RSF Social Finance	220,117	350,000	470,000	100,117
Kwok Foundation	198,719	400,000	397,502	201,217
Tourism Cares	3,555	5,000	6,815	1,740

## Friends-International – Phnom Penh Headquarters

### Annex I – Schedule of income and expenditure by donors (continued) for the year ended 31 December 2022

Description	Fund balance as at 1 January 2022 US\$	Income US\$	Expenditure US\$	Fund balance as at 31 December 2022 US\$
UNICEF Cambodia	397,690	809,281	1,202,631	4,340
World Childhood Foundation	-	38,917	38,917	-
Aceda Bank Plc	-	1,000	1,000	-
Amru Rice (Cambodia) Co.,Ltd	-	1,000	1,000	-
Anonymous (DF)	62,613	-	62,613	-
Anonymous (HLMF)	179,900	-	179,900	-
Anonymous donor (TO)	169,987	250,000	354,516	65,471
Anonymous (via Dragonfly APAC Limited)	-	25,000	25,000	-
Friends Deutschland	19,134	-	19,134	-
Global Goods Partner	362	-	362	-
Ministry of Social Affairs, Veterans and Youth Rehabilitation	11	-	11	-
Moodie Davitt Report	47,931	-	47,931	-
Paul Newfield	19,118	-	-	19,118
VISA	-	1,000	1,000	-
Mith Samlanh / Asian Development Bank	-	399	20,749	(20,350)
FI Reserves	1,031,497	543,047	56,671	1,517,873
<b>Total</b>	<b>3,692,429</b>	<b>4,833,001</b>	<b>5,631,823</b>	<b>2,893,607</b>

Prepared by:



Ms. Phalla Von  
Finance Technical Coordinator

Date: 28 June 2024

Approved by:




Mr. Sebastien Marot  
Executive Director