



Cambodia

**AGIR POUR LES FEMMES EN SITUATION
PRECAIRE – AFESIP CAMBODIA**

**Statement of Income and Expenditure
for the year ended 31 December 2018
and
Report of the Independent Auditors**

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

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AFESIP CAMBODIA

AFESIP

AGIR POUR LES FEMMES
EN SITUATION PRÉCAIRE

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Statement by the management

I, the undersigned, do hereby state that, in my opinion, the accompanying statement of income and expenditure ("the statement") of Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia ("the Organisation") for the year ended 31 December 2018 as set out on pages 5 to 12 is prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement.

Signed on behalf of the management,



Mrs. Mam Somaly

Co-Founder and Managing Director

Phnom Penh, Kingdom of Cambodia

Date: 7 OCT 2019



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Report of the independent auditors To the Donors and the Management

Opinion

We have audited the accompanying statement of income and expenditure (“the statement”) of Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia (“the Organisation”) for the year ended 31 December 2018, and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 12.

In our opinion, the accompanying statement is prepared, in all material respects, in accordance with the basis of accounting and the accounting policies as described in Note 2 to the statement.

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 Statement* section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the statement 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 statement, which describes the basis of accounting and the accounting policies adopted by the Organisation. The statement is prepared for the information of and use by the Donors and management of the Organisation. As a result, the statement may not be suitable for another purpose. This restriction on use does not limit the disclosures or distribution of our report if such disclosure or distribution is required by laws and regulations. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the statement in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatements, whether due to fraud or error. In preparing the statement, management is responsible for assessing the Organisation'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 Organisation's financial reporting process.

Auditors' Responsibility for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the statement as a whole is 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 this statement.

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 statement, 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 auditors' report to the related disclosures in the 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 auditors' 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.

For KPMG Cambodia Ltd



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

7 October 2019

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Statement of income and expenditure for the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Income			
Grant income	3	364,214	571,374
Other income	4	24,787	33,580
		<u>389,001</u>	<u>604,954</u>
Expenditure			
Recovery services	5	137,738	136,705
Personnel costs	6	167,452	167,972
Social outreach prevention	7	34,844	40,069
Economy empowerment	8	13,048	31,198
Transportation	9	17,045	34,184
Administration	10	15,406	15,168
Premises	11	10,128	9,541
Social enterprise	12	34,903	39,507
Education and training	13	43,521	47,041
Other expenditures	14	5,134	5,991
		<u>479,219</u>	<u>527,376</u>
(Deficit)/surplus of income over expenditure		(90,218)	77,578
Fund balance at beginning of the year		133,462	55,884
Fund balance at end of the year		<u><u>43,244</u></u>	<u><u>133,462</u></u>
Represented by:			
Cash and bank balances	15	42,274	118,123
Advances	16	13,211	15,339
Seniority indemnity payable	6	(12,241)	-
		<u>43,244</u>	<u>133,462</u>

The accompanying notes form an integral part of this statement.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure for the year ended 31 December 2018

These notes form an integral part of, and should be read in conjunction with, the accompanying statement.

1. Background and activities

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia (“the Organisation”) is a non-profit organisation that was established in 1996, by Mrs. Mam Somaly, a victim of trafficking and works to care for and secure the rights of young women and girls who are victims or at risk of being victims of sexual trafficking, violence, abuse, indentured slavery or exploitation and to successfully recover, educate, train, and reintegrate them into mainstream society through financial independence in a sustainable and innovative manner. The Organisation is funded by grants and contribution from its donors, which comprise both Cambodian and international NGOs.

In October 2013, the Organisation started the operation of a salon called “Vimean Beauty Salon” (formerly known as “Somaly Mam Beauty Salon”) located at #560, Mondol 1 Village, Svay Dang Kum Commune, Siem Reap District, Siem Reap province. This project had been fully supported financially and technically by Estee Lauder Company for 3 years operation. The financial support of this project had come through Somaly Mam Foundation until the end of 2014. In 2015, the Vimean Beauty Salon has been self-sustained through its income generations. The objective of this salon is to provide on the quality of job trainings of salon operation and employment opportunities on a sustained basis for young women and girls whom had been victims of sex trafficking, violation, abuse, and indentured slavery or exploitation, who had gotten training in hairdressing skills through AFESIP’s training program as top priority. The salon is also accepted training applications who have gone through similar experiences from like-minded NGOs partners as well.

In 2014, AFESIP Cambodia is downsized its program activities due to difficulty of fundraisings. AFESIP has shut down two Residential Centres in Kampong Cham and Siem Reap. There is only one centre in Phnom Penh called “Tom Dy” centre is being operated. Many victims and survivors still rely upon programs and facilities run by AFESIP Cambodia. In response to the main objectives, the Organisation has focused on 5 key program areas:

1. Recovery Services (Residential Centre);
2. Educations and Trainings;
3. Economy Empowerment (Re-integration);
4. Social Outreach Prevention (AIDS education and social work); and
5. Social Enterprise (Vimean Beauty Salon).

The Organisation’s head office is located at No. 46, Street 9, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2018, the Organisation has 32 employees (31 December 2017: 42 employees).

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2018

2. Significant accounting policies

The following significant accounting policies have been adopted by the Organisation in the preparation of this statement.

(a) Basis of accounting

The statement, which is expressed in United States Dollars (“US\$”), has been prepared in accordance with a modified cash basis of accounting. This is a basis of accounting that is designed to meet the requirements of the Organisation; it is not designed to produce a statement that is compatible with International Financial Reporting Standards.

Under this basis of accounting, income is recognised when funds are received rather than when it is earned and expenditure is recognised when payments are made rather than when it is incurred, except for the treatments of the followings:

- (i) Advances made to staffs and suppliers that are initially recognised as a receivable and only recognised as payments when they have been liquidated by supporting invoices; and
- (ii) Seniority indemnity is accrued and recognised as expenditure and payable and only recognised as payments when they have been paid to staff.

(b) Non-expendable equipment

The cost of non-expendable equipment is charged to the statement of income and expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

(c) Foreign currency transactions

The Organisation transacts and maintains its accounting records primarily in United States Dollars (“US\$”). Transactions in currencies other than US\$ are converted into US\$ at the exchange rates prevailing on the transaction dates. Cash denominated in currencies other than US\$ at the reporting date are translated into US\$ at the open market exchange rates ruling at that date. All foreign exchange differences are recognised in the statement of income and expenditure.

(d) New standards and interpretation not yet adopted

On 27 March 2018, the Ministry of Economy and Finance (“MEF”) issued a Prakas on the Implementation of Cambodian Financial Reporting for Not-For-Profit Entities (“CIFRS for NFPEs”) established in compliance with the Law on Association and NGO and relevant provision in effect. Article 3 and 5 of the Prakas state that the CIFRS for NFPEs is established based on the cash basis of accounting.

On 21 January 2019, the National Accounting Council of the MEF announced to delay the implementation of the CIFRS for NFPEs until further notice.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2018

3. Grant income

	2018 US\$	2017 US\$
Project Futures	147,868	123,597
Solyna Foundation	145,262	191,203
Together1Heart (Formerly New SMF-VFC)	24,050	226,102
Orphaned Starfish Foundation	21,989	9,975
School of Children Cambodia	1,198	2,280
United World College of South East Asia	-	1,724
Other individuals (*)	23,847	16,493
	<u>364,214</u>	<u>571,374</u>

(*) This income was received through donations to the Organisation's bank account held at the Foreign Trade Bank of Cambodia. The donations are included online donation through Ammodo, visitor-to-shelters fees charged, in-person donations. The majority of donors could not be identified and some individuals specifically requested to be anonymous.

4. Other income

	2018 US\$	2017 US\$
Self-generated income (*)	23,350	32,411
Interest income	327	249
Others	1,110	920
	<u>24,787</u>	<u>33,580</u>

(*) This represents the income generated from Vimean Beauty Salon in Siem Reap through beauty and salon services to patrons.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2018

5. Recovery services

	2018 US\$	2017 US\$
Project staff salary/fringe benefits	54,863	50,660
Food/clothes/domestic/gas-wood	28,553	30,215
Centre operating costs	27,632	31,066
Psycho and medical supports	14,740	16,547
Social recreational/gardening costs	9,643	8,217
Vocational training and life skills	2,307	-
	<u>137,738</u>	<u>136,705</u>

6. Personnel costs

	2018 US\$	2017 US\$
Local staff	148,879	162,905
Staff operational costs	6,332	5,067
Seniority expenses	12,241	-
	<u>167,452</u>	<u>167,972</u>

7. Social outreach prevention

	2018 US\$	2017 US\$
Project staff salary/fringe benefits	25,006	26,640
Condoms	3,243	6,039
Peer educators and quarterly meeting	2,672	2,752
Entrance victims expenses/support	1,351	1,370
Hygiene materials	1,298	1,461
Travel cost for social workers	1,066	864
World AIDS Day and national events	168	823
Repairs and maintenance of motorbike/tuk tuk	40	120
	<u>34,844</u>	<u>40,069</u>

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2018

8. Economy empowerment

	2018 US\$	2017 US\$
Project staff salary and fringe benefits	9,150	12,200
Staff travel and per-diem	1,927	7,490
Micro-business	1,051	8,810
Other support to victims	883	2,452
Workshop/networks/operational cost	37	246
	<u>13,048</u>	<u>31,198</u>

9. Transportation

	2018 US\$	2017 US\$
Fuel costs	13,518	22,464
Business travels	3,527	11,720
	<u>17,045</u>	<u>34,184</u>

10. Administration

	2018 US\$	2017 US\$
Running costs	8,186	8,660
Communication	6,810	5,757
Consumables-sundries	350	685
Public relation	60	66
	<u>15,406</u>	<u>15,168</u>

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2018

11. Premises

	2018 US\$	2017 US\$
Rental of land and building	7,250	6,167
Utilities expenses	2,425	2,536
Building repairs and maintenance	453	838
	<u>10,128</u>	<u>9,541</u>

12. Salon project

	2018 US\$	2017 US\$
Rental expenses	14,400	12,400
Staff costs	14,206	15,410
Materials and equipment	3,008	5,405
Other expenses	3,289	6,292
	<u>34,903</u>	<u>39,507</u>

13. Education and training

	2018 US\$	2017 US\$
Project staff salary and fringe benefits	18,830	10,870
Living expenses	10,268	12,733
Outsourced skill training	8,059	5,915
Scholarships tuition	4,356	9,205
Travel cost	1,454	2,214
Non-formal education	554	4,194
Vocational training and life skills	-	1,910
	<u>43,521</u>	<u>47,041</u>

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2018

14. Other expenditures

	2018 US\$	2017 US\$
Professional fees	4,620	5,225
Bank charge	514	766
	<u>5,134</u>	<u>5,991</u>

15. Cash and bank balances

	2018 US\$	2017 US\$
Cash at banks	39,846	107,333
Cash on hand	2,428	10,790
	<u>42,274</u>	<u>118,123</u>

Cash at banks represents non-interest bearing current account and the interest-bearing saving accounts with interest rates ranging from 0.5% to 1.25% per annum (2017: 0.5% to 1.25% per annum) held at local commercial banks.

16. Advances

	2018 US\$	2017 US\$
Advances to staffs	<u>13,211</u>	<u>15,339</u>

17. Commitment

As at 31 December, the Organisation had the following operating lease commitments on office rental.

	2018 US\$	2017 US\$
Within one year	16,520	17,400
Within two to five years	12,920	6,000
	<u>29,440</u>	<u>23,400</u>