

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

**Statement of Income and Expenditure
for the year ended 31 December 2019
and
Report of the Independent Auditors**

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

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AFESIP
AGIR POUR LES FEMMES
EN SITUATION PRÉCAIRE

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Statement by the management

I, the undersigned, on behalf of the management of the Organisation, 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 2019 as set out on pages 5 to 13 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: 27 OCT 2020



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Report of the independent auditors To the Donors and the Management of Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

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 2019, and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 13 hereafter referred as (“the statement”).

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

27 October 2020

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Statement of income and expenditure for the year ended 31 December 2019

| | Note | 2019 US\$ | 2018 US\$ |
|--|------|-----------------------|----------------------|
| Income | | | |
| Grant income | 3 | 515,331 | 364,214 |
| Other income | 4 | 15,096 | 24,787 |
| | | <u>530,427</u> | <u>389,001</u> |
| Expenditure | | | |
| Recovery services | 5 | 261,501 | 137,738 |
| Personnel costs | 6 | 61,943 | 167,452 |
| Social outreach prevention | 7 | 25,050 | 34,844 |
| Economy empowerment | 8 | 12,570 | 13,048 |
| Transportation | 9 | 11,050 | 17,045 |
| Administration | 10 | 7,836 | 15,406 |
| Premises | 11 | 7,004 | 10,128 |
| Social enterprise | 12 | 28,427 | 34,903 |
| Education and training | 13 | 44,894 | 43,521 |
| Other expenditure | 14 | 6,287 | 5,134 |
| | | <u>466,562</u> | <u>479,219</u> |
| Surplus/(deficit) of income over expenditure | | 63,865 | (90,218) |
| Fund balance at beginning of the year | | 43,244 | 133,462 |
| Fund balance at end of the year | | <u><u>107,109</u></u> | <u><u>43,244</u></u> |
| Represented by: | | | |
| Cash and bank balances | 15 | 124,231 | 42,274 |
| Advances | 16 | 8,754 | 13,211 |
| Seniority indemnity payable | 17 | (25,876) | (12,241) |
| | | <u>107,109</u> | <u>43,244</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 2019

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 Dangkum 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 and was subsequently permanently closed on 30 April 2020. 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 2019, the Organisation has 30 employees (31 December 2018: 32 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 2019

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 National Accounting Council of the Ministry of Economy and Finance (“MEF”) issued a Prakas No. 335 MoEF. BK on the Implementation of Cambodian Financial Reporting Standard for Not-For-Profit Entities (“CIFRS for NFPEs”) which follows cash basis of accounting and is effective for the period beginning on or after 1 January 2018 in compliance with the Law on Association and NGO and relevant provision in effect.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2019

2. Significant accounting policies (continued)

(d) New standards and interpretation not yet adopted (continued)

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

At this stage, the Organisation does not intend to early adopt the CIFRS for NFPEs yet.

3. Grant income

| | 2019 US\$ | 2018 US\$ |
|---------------------------------------|----------------|----------------|
| Project Futures | 135,340 | 147,868 |
| Solyna Foundation | 215,657 | 145,262 |
| Royal Government of Cambodia | 54,362 | - |
| Together1Heart (Formerly New SMF-VFC) | 24,500 | 24,050 |
| Orphaned Starfish Foundation | 17,158 | 21,989 |
| Red Cross Cambodia | 11,187 | - |
| School of Children Cambodia | 784 | 1,198 |
| Other individuals (*) | 56,343 | 23,847 |
| | <u>515,331</u> | <u>364,214</u> |

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

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2019

4. Other income

| | 2019 US\$ | 2018 US\$ |
|---------------------------|---------------|---------------|
| Self-generated income (*) | 15,064 | 23,350 |
| Interest income | 32 | 327 |
| Others | - | 1,110 |
| | <u>15,096</u> | <u>24,787</u> |

(*) This represents the income generated from Vimean Beauty Salon in Siem Reap through beauty and salon services to patrons. The salon was permanently closed on 30 April 2020.

5. Recovery services

| | 2019 US\$ | 2018 US\$ |
|--------------------------------------|----------------|----------------|
| Project staff salary/fringe benefits | 148,520 | 54,863 |
| Centre operating costs | 55,787 | 27,632 |
| Food/clothes/domestic/gas-wood | 33,183 | 28,553 |
| Psycho and medical supports | 17,427 | 14,740 |
| Social recreational/gardening costs | 6,434 | 9,643 |
| Vocational life skills and training | 150 | 2,307 |
| | <u>261,501</u> | <u>137,738</u> |

6. Personnel costs

| | 2019 US\$ | 2018 US\$ |
|-------------------------|---------------|----------------|
| Local staff | 41,752 | 148,879 |
| Seniority expenses | 13,725 | 12,241 |
| Staff operational costs | 6,466 | 6,332 |
| | <u>61,943</u> | <u>167,452</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 2019

7. Social outreach prevention

| | 2019 US\$ | 2018 US\$ |
|--|---------------|---------------|
| Project staff salary/fringe benefits | 19,440 | 25,006 |
| Condoms | 2,100 | 3,243 |
| Hygiene materials | 1,035 | 1,298 |
| Entrance victims expenses/support | 862 | 1,351 |
| Peer educators and quarterly meeting | 720 | 2,672 |
| World AIDS Day and national events | 397 | 168 |
| Repairs and maintenance of motorbike/tuk tuk | 220 | 40 |
| Utilities | 207 | - |
| Travel cost for social workers | 69 | 1,066 |
| | <u>25,050</u> | <u>34,844</u> |

8. Economy empowerment

| | 2019 US\$ | 2018 US\$ |
|--|---------------|---------------|
| Micro-business | 5,765 | 1,051 |
| Other support to victims | 2,466 | 883 |
| Project staff salary and fringe benefits | 1,520 | 9,150 |
| Staff travel and per-diem | 1,500 | 1,927 |
| Workshop/networks/operational cost | 1,158 | 37 |
| Utilities | 161 | - |
| | <u>12,570</u> | <u>13,048</u> |

9. Transportation

| | 2019 US\$ | 2018 US\$ |
|------------------|---------------|---------------|
| Business travels | 8,018 | 3,527 |
| Fuel costs | 3,032 | 13,518 |
| | <u>11,050</u> | <u>17,045</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 2019

10. Administration

| | 2019 US\$ | 2018 US\$ |
|----------------------|--------------|---------------|
| Communication | 3,557 | 6,810 |
| Running costs | 3,085 | 8,186 |
| Public relation | 960 | 60 |
| Consumables-sundries | 234 | 350 |
| | <u>7,836</u> | <u>15,406</u> |

11. Premises

| | 2019 US\$ | 2018 US\$ |
|----------------------------------|--------------|---------------|
| Rental of land and building | 5,600 | 7,250 |
| Utilities expenses | 839 | 2,425 |
| Building repairs and maintenance | 565 | 453 |
| | <u>7,004</u> | <u>10,128</u> |

12. Salon project

| | 2019 US\$ | 2018 US\$ |
|-------------------------|---------------|---------------|
| Rental expenses | 9,600 | 14,400 |
| Staff costs | 9,315 | 14,206 |
| Other expenses | 7,800 | 3,289 |
| Materials and equipment | 1,712 | 3,008 |
| | <u>28,427</u> | <u>34,903</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 2019

13. Education and training

| | 2019 US\$ | 2018 US\$ |
|--|---------------|---------------|
| Project staff salary and fringe benefits | 21,948 | 18,830 |
| Living expenses | 12,031 | 10,268 |
| Scholarships tuition | 4,410 | 4,356 |
| Travel cost | 3,426 | 1,454 |
| Non-formal education | 1,735 | 554 |
| Outsourced skill training | 1,344 | 8,059 |
| | <u>44,894</u> | <u>43,521</u> |

14. Other expenditures

| | 2019 US\$ | 2018 US\$ |
|-------------------|--------------|--------------|
| Professional fees | 5,727 | 4,620 |
| Bank charge | 560 | 514 |
| | <u>6,287</u> | <u>5,134</u> |

15. Cash and bank balances

| | 2019 US\$ | 2018 US\$ |
|---------------|----------------|---------------|
| Cash at banks | 101,234 | 39,846 |
| Cash on hand | 22,997 | 2,428 |
| | <u>124,231</u> | <u>42,274</u> |

Cash at banks represents non-interest bearing current account and the interest-bearing saving accounts with interest rates ranging from 0.25% to 0.75% per annum (2018: 0.5% to 1.25% per annum) held at local commercial banks.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2019

16. Advances

| | 2019 US\$ | 2018 US\$ |
|--------------------|--------------|--------------|
| Advances to staffs | 8,754 | 13,211 |

17. Seniority indemnity payable

| | 2019 US\$ | 2018 US\$ |
|---------------------|--------------|--------------|
| Seniority indemnity | | |
| Current | 13,725 | - |
| Non-Current | 12,151 | 12,241 |
| | 25,876 | 12,421 |

This represents seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training (“MoLVT”) on 21 September 2018 and subsequently amended by the Instruction No. 042/19 dated 22 March 2019.

It requires all employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- Retrospective (back-pay): For non-garment manufacturing and footwear sector, payment will start from 2021 onwards at the amounts equal to 6 days of net wages per year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

18. Commitment

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

| | 2019 US\$ | 2018 US\$ |
|--------------------------|--------------|--------------|
| Within one year | 7,680 | 16,520 |
| Within two to five years | 2,920 | 12,920 |
| | 10,600 | 29,440 |