

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

**Statement of Income and Expenditure
for the year ended 31 December 2017
and
Report of the Independent Auditors**

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Contents

	Page
1. Statement by the management	1
2. Report of the independent auditors	2
3. Statement of income and expenditure	5
4. Notes to the statement of income and expenditure	6



អង្គការអាហ្វេស៊ីបកម្ពុជា AFESIP CAMBODIA

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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 2017 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: 6 DEC 2018



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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 2017, 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. Our audit report is intended solely for the Donors and management of the Organisation and should not be used by or distributed to other parties other than the Donors of the Organisation. 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

6 December 2018

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Statement of income and expenditure for the year ended 31 December 2017

	Note	2017 US\$	2016 US\$
Income			
Grant income	3	571,374	411,082
Other income	4	33,580	33,887
		<hr/>	<hr/>
		604,954	444,969
		<hr/>	<hr/>
Expenditure			
Residential centre	5	136,705	102,836
Personnel costs	6	167,972	123,525
AIDS education and social works	7	40,069	32,792
Re-integration	8	31,198	33,348
Transportation	9	34,184	26,458
Administration	10	15,168	15,177
Kumnit Thmey	11	-	2,353
Premises	12	9,541	20,432
Salon project	13	39,507	30,616
Education and training	14	47,041	47,484
Other expenditures	15	5,991	9,771
		<hr/>	<hr/>
		527,376	444,792
		<hr/>	<hr/>
Surplus of income over expenditure		77,578	177
Fund balance at beginning of the year		55,884	55,707
		<hr/>	<hr/>
Fund balance at end of the year		133,462	55,884
		<hr/> <hr/>	<hr/> <hr/>
Represented by:			
Cash and bank balances	16	118,123	38,596
Advances	17	15,339	17,288
		<hr/>	<hr/>
		133,462	55,884
		<hr/> <hr/>	<hr/> <hr/>

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 2017

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 has 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. 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.

In 2015, the HIV/AIDS prevention’s operations were widespread, with offices located in Phnom Penh and Siem Reap.

The Organisation’s head office is located at No. 40, Street 16, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2017, the Organisation had 42 employees (31 December 2016: 39 employees).

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.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2017

2. Significant accounting policies (continued)

(a) Basis of accounting (continued)

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 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.

(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.

3. Grant income

	2017 US\$	2016 US\$
Together1Heart (Formerly New SMF-VFC)	226,102	246,459
Solyna Foundation	191,203	60,279
Project Futures	123,597	84,807
Orphaned Starfish Foundation	9,975	-
School of Children Cambodia	2,280	4,923
United World College of South East Asia	1,724	-
Indivi Con/ PV Fund	-	1,942
Other individuals (*)	16,493	12,672
	<u>571,374</u>	<u>411,082</u>

(*) This income was received through donations to the Organisation's bank accounts 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.

Agir Pour Les Femmes En Situation Precaire – AFESIP Cambodia

Notes to the statement of income and expenditure (continued) for the year ended 31 December 2017

4. Other income

	2017 US\$	2016 US\$
Self-generated income (*)	32,411	33,707
Interest income	249	180
Others	920	-
	<u>33,580</u>	<u>33,887</u>

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

5. Residential centre

	2017 US\$	2016 US\$
Project staff salary/fringe benefits	50,660	39,193
Centre operating costs	31,066	17,014
Food/clothes/domestic/gas-wood	30,215	27,202
Psycho and medical supports	16,547	12,743
Social recreational/gardening costs	8,217	5,814
Vocational training and life skills	-	870
	<u>136,705</u>	<u>102,836</u>

6. Personnel costs

	2017 US\$	2016 US\$
Local staff	162,905	119,605
Staff operational costs	5,067	3,920
	<u>167,972</u>	<u>123,525</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 2017

7. AIDS education and social work

	2017 US\$	2016 US\$
Project staff salary/fringe benefits	26,640	17,390
Condoms	6,039	5,530
Peer educators and quarterly meeting	2,752	3,000
Hygiene materials	1,461	1,215
Entrance victims expenses/support	1,370	2,676
Travel cost for social workers	864	972
World AIDS Day and national events	823	1,895
Repairs and maintenance of motorbike/tuk tuk	120	114
	<u>40,069</u>	<u>32,792</u>

8. Re-integration

	2017 US\$	2016 US\$
Project staff salary and fringe benefits	12,200	6,800
Micro-business	8,810	11,135
Staff travel and per-diem	7,490	11,136
Other support to victims	2,452	3,344
Workshop/networks/operational cost	246	933
	<u>31,198</u>	<u>33,348</u>

9. Transportation

	2017 US\$	2016 US\$
Fuel costs	22,464	15,341
Business travels	11,720	11,117
	<u>34,184</u>	<u>26,458</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 2017

10. Administration

	2017 US\$	2016 US\$
Running costs	8,660	6,139
Communication	5,757	6,406
Consumables-sundries	685	1,443
Public relation	66	1,189
	<u>15,168</u>	<u>15,177</u>

11. Kumnit Thmey

	2017 US\$	2016 US\$
Operational costs	<u>-</u>	<u>2,353</u>

12. Premises

	2017 US\$	2016 US\$
Rental of land and building	6,167	15,500
Utilities expenses	2,536	4,019
Building repairs and maintenance	838	913
	<u>9,541</u>	<u>20,432</u>

13. Salon project

	2017 US\$	2016 US\$
Staff costs	15,410	12,415
Rental expenses	12,400	9,600
Materials and equipment	5,405	4,168
Other expenses	6,292	4,433
	<u>39,507</u>	<u>30,616</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 2017

14. Education and training

	2017 US\$	2016 US\$
Living expenses	12,733	25,769
Project staff salary and fringe benefits	10,870	5,500
Scholarships tuition	9,205	5,392
Outsourced skill training	5,915	9,580
Non-formal education	4,194	-
Travel cost	2,214	1,243
Vocational training and life skills	1,910	-
	<u>47,041</u>	<u>47,484</u>

15. Other expenditures

	2017 US\$	2016 US\$
Professional fees	5,225	7,629
Bank charge	766	866
Other	-	1,276
	<u>5,991</u>	<u>9,771</u>

16. Cash and bank balances

	2017 US\$	2016 US\$
Cash at banks	107,333	33,566
Cash on hand	10,790	5,030
	<u>118,123</u>	<u>38,596</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 (2016: 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 2017

17. Advances

	2017 US\$	2016 US\$
Advances to staffs	15,339	16,228
Advances to suppliers	-	1,060
	<u>15,339</u>	<u>17,288</u>

18. Commitment

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

	2017 US\$	2016 US\$
Within one year	17,400	6,800
Within two to five years	6,000	-
	<u>23,400</u>	<u>6,800</u>

19 Subsequent event

On 27 March 2018 the Ministry of Economy and Finance issued a Prakas on the Implementation of Cambodian Financial Reporting Standards for Not-For-Profit Entities (“CFRS for NFPEs”) established in compliance with the Law on Association and NGO and relevant provision in effect.

Article 3 and 5 of the Prakas stated that the CFRS for NFPEs is established based on the Cash basis of Accounting and if the NFPEs could not comply with this framework must submit a request for approval from the NAC beforehand, or notify the NAC in case the NFPEs has already implemented other standard in effect.

Article 3 also requires the NFPEs to maintain accounting records and prepare financial statements in accordance with the requirement stated in the Law on Accounting and Auditing and relevant provision in effect, “Accounting records and financial statements should be in Khmer Language and Khmer Riel, and second set of accounting records and financial statements may be prepared in foreign currency and in English language if the entity carries out its activities with foreign entity.”

The Prakas is effective from 27 March 2018.