

CLEAR CAMBODIA

**STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS
AND
REPORT OF INDEPENDENT AUDITORS**

As at and for the year ended 31 December 2011

CLEAR CAMBODIA

Statement of fund receipts and disbursements as at and for the year ended 31 December 2011

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STATEMENT BY THE ORGANISATION MANAGEMENT

I, do hereby state that in my opinion, the accompanying Statement of Fund Receipts and Disbursements together with the notes thereto are properly drawn up so as to give a true and fair view of the fund receipts and disbursements of Clear Cambodia as at and for the year ended 31 December 2011.

Signed on behalf of the Organisation management



Yim Viriya
Executive Director

Date: 07 June 2012

**REPORT OF INDEPENDENT AUDITORS
TO THE MANAGEMENT OF CLEAR CAMBODIA**

We have audited the accompanying Statement of Fund Receipts and Disbursements (the “financial statement”) and a summary of significant accounting policies and other explanatory notes of Clear Cambodia (the “Organisation”) as at and for the year ended 31 December 2011.

Management’s responsibility for the financial statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash receipts and disbursements basis of accounting. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statement 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As described in note 2, this financial statement was prepared on the cash receipts and disbursements basis of accounting modified to include recognition of certain receivables and payables, which is a comprehensive basis of accounting other than the Cambodian International Financial Reporting Standards.

(Continued)

**REPORT OF INDEPENDENT AUDITORS
TO THE MANAGEMENT OF CLEAR CAMBODIA (Continued)**

Opinion

In our opinion, the accompanying Statement of Fund Receipts and Disbursements gives a true and fair view of the state of affairs and operations of Clear Cambodia as at and for the year ended 31 December 2011, in accordance with the accounting policies set out in note 2 to the Statement of Fund Receipts and Disbursements.

Morison Kak & Associés
Certified Public Accountants
Registered Auditors



Key KAK
Managing Partner



Date: 07 June 2012

**STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Note | 2011 USD | 2010 USD |
|--|------|-----------------|----------------|
| FUND RECEIPTS | | | |
| Funds received during the year | 3 | 718,942 | 703,309 |
| Service income | 4 | 121,725 | 146,284 |
| Other income | | 8,882 | 18,831 |
| Total Fund Receipts | | 849,549 | 868,424 |
| DISBURSEMENTS | | | |
| Personnel costs | 5 | 290,333 | 272,258 |
| Water filter fabrication costs | 6 | 366,097 | 333,176 |
| Transportation costs | 7 | 70,771 | 69,151 |
| Office running costs | 8 | 116,212 | 60,719 |
| Non-expendable items | 9 | 60,148 | 16,282 |
| Professional fee | | 7,143 | 15,053 |
| Total Disbursements | | 910,704 | 766,639 |
| Receipts (under)/over Disbursements | | (61,155) | 101,785 |
| Fund balance brought forward | | 207,828 | 106,043 |
| FUND BALANCE CARRIED FORWARD | | 146,673 | 207,828 |
| <i>Represented by:</i> | | | |
| Cash on hand and at bank | | 191,239 | 234,236 |
| Receivables | 10 | 7,228 | 2,060 |
| Payables | 11 | (51,794) | (28,468) |
| | | 146,673 | 207,828 |



Yim Viriya
Executive Director

Date: 07 June 2012

The accompanying notes form an integral part of this statement of fund receipts and disbursements.

**NOTES TO THE STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011**

1. Background

Water Filter Project has been implemented since October 1999 by International NGO Hagar. Its mission is to help rural Cambodian people to sustainably improve their health through increased access to clean potable water, sanitation facilities, and to a healthy environment. All of their work is done in collaboration with community leaders and local authorities.

On 01 January 2010, the Board of Directors of Hagar decided to separate the financial and accounting organization of this Project from Hagar and to leave it to Clear Cambodia.

Clear Cambodia is a local Christian non-governmental organisation that received official registration from the Ministry of Interior of the Royal Government of Cambodia on 15 October 2010. To date, Water Filter Project has been implemented in nine provinces (Kompong Chhnang, Pursat, Battambang, Siem Reap, Kompong Thom, Kratie, Kandal, Prey Veng and Svay Rieng), implementing a total of more than 84,500 filters that impact an estimated 530,000 beneficiaries in rural areas. Presently, Clear Cambodia actively implements the Project in five provinces (Kompong Chhnang , Pursat, Kompong Thom, Prey Veng and Svay Rieng).

The Organisation had 45 personnel as at 31 December 2011 (2010: 33 personnel).

2. Significant accounting policies

2.1 Basis of preparation

The Statement of Fund Receipts and Disbursements, which is expressed in United States Dollar (USD), has been prepared in accordance with the cash receipts and disbursements basis of accounting modified to include certain receivables and payables. This basis of accounting, which is designed to meet the requirements of Clear Cambodia, does not produce financial statements that are compatible with the Cambodian International Financial Reporting Standards. Under the cash receipts and disbursements basis of accounting, revenues are recognised when received rather than when earned and expenses are recognised when paid rather than when incurred, except for the following:

- (a) Advance payments and loans to staff and suppliers are initially recognised as a receivable and only recognised as expenditure when they have been liquidated by supporting invoices;
- (b) Deposits on office rental are initially recognised as a receivable and will be net off against expenditure upon the monthly payment of rental expenses at the end of the lease term;
- (c) Payments made by the Organisation in respect of the provident fund is charged to the Statement of Fund Receipts and Disbursements and the fund balance is recorded in the balance sheet; and
- (d) Life insurance provision, 13th month salaries, taxes and other liabilities are accrued and recognised as payable until they are paid in the following period.

CLEAR CAMBODIA

NOTES TO THE STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

2. Significant accounting policies

2.2 Non-expendable items

All non-expendable assets are expended upon acquisition. This treatment is in accordance with the cash receipts and disbursements basis of accounting. This practice differs from the Cambodian International Financial Reporting Standards which require the capitalisation and depreciation of fixed assets according to their estimated useful life. For control and management purposes, a memorandum account for non-expendable items is maintained by way of an equipment listing.

2.3 Foreign currency transactions

The Statement of Fund Receipts and Disbursements is expressed in USD. Transactions not transacted in USD are recorded at the rates of exchange ruling at the transaction dates. Exchange differences are dealt with through the Statement of Fund Receipts and Disbursements.

3. Funds received during the year

This represents fund received from Samaritan's purse.

4. Service income

This represents income derived from the sale of water filters to local communities and other NGOs.

5. Personnel costs

| | 2011 | 2010 |
|---------------------|----------------|----------------|
| | USD | USD |
| Salary | 222,292 | 212,089 |
| Casual labor | 30,767 | 26,671 |
| Staff insurance | 14,683 | 11,541 |
| Staff benefit/award | 14,475 | 17,691 |
| Workshop/training | 8,116 | 4,266 |
| | <u>290,333</u> | <u>272,258</u> |

CLEAR CAMBODIA

NOTES TO THE STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

6. Water filter fabrication costs

| | 2011 | 2010 |
|--|-----------------------|-----------------------|
| | USD | USD |
| Diffuser plates | 62,518 | 64,391 |
| Latrine construction materials* | 61,820 | 48,056 |
| Cement | 59,419 | 60,829 |
| Water storage containers | 53,940 | 48,306 |
| Media sand and gravel | 37,755 | 38,887 |
| Lids | 19,742 | 20,334 |
| Fabrication and small tools | 16,490 | 9,875 |
| Gravel stone | 15,372 | 18,181 |
| Pipes and components | 13,795 | 10,403 |
| Well | 11,400 | 1,432 |
| Sand | 8,880 | 9,921 |
| Lubricant | 3,194 | 2,561 |
| Filter media sand supply depot | 1,522 | - |
| Contingency materials and small equipments | 250 | - |
| | <u>366,097</u> | <u>333,176</u> |

*Latrine construction materials includes management cost equivalent to 10% of the total purchased construction materials which is credited under "Service income" account.

7. Transportation costs

| | 2011 | 2010 |
|-------------------------------|----------------------|----------------------|
| | USD | USD |
| Fuel and maintenance | 51,049 | 43,947 |
| Meals and lodging | 14,647 | 18,167 |
| Project site travel | 3,105 | 5,345 |
| Third party vehicle insurance | 1,970 | 1,692 |
| | <u>70,771</u> | <u>69,151</u> |

CLEAR CAMBODIA

NOTES TO THE STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

8. Office running costs

| | 2011 | 2010 |
|---------------------------------|-----------------------|----------------------|
| | USD | USD |
| Occupancies | 23,102 | 19,604 |
| Monitoring and evaluation | 18,422 | 2,746 |
| Logistical operating cost | 16,155 | 10,379 |
| Video productions and equipment | 15,078 | - |
| Community education | 13,720 | 3,332 |
| Communication | 7,354 | 7,221 |
| Printing materials | 6,158 | 7,718 |
| Utilities | 5,161 | 3,510 |
| Stationery | 3,953 | 3,354 |
| Computer maintenance | 3,933 | 1,438 |
| Donation | 2,600 | - |
| Bank charge | 532 | 1,195 |
| Miscellaneous | 44 | 222 |
| | <u>116,212</u> | <u>60,719</u> |

9. Non-expendable items

| | 2011 | 2010 |
|------------------------------|----------------------|----------------------|
| | USD | USD |
| Office and project equipment | 15,552 | 13,222 |
| Motor vehicles | 8,000 | 3,060 |
| Vehicles | 23,800 | - |
| Land* | 12,796 | - |
| | <u>60,148</u> | <u>16,282</u> |

*The Organisation purchased and registered the land with the Department of Land Planning and Urbanization under the names of Messrs. Mao Sovath, Kim Heng and Huot Chea ("Trustees"). Subcontract agreement was prepared between the Organisation and the Trustees stating that the land belongs to the Organisation and the Trustees agree that it will be used exclusively for the Organisation's purposes. They have no rights to sell, rent or do anything on this land. This includes any rights that extend to family or other individuals.

CLEAR CAMBODIA

NOTES TO THE STATEMENT OF FUND RECEIPTS AND DISBURSEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

10. Receivables

| | 2011 | 2010 |
|-------------------|--------------|--------------|
| | USD | USD |
| Deposit | 1,910 | 1,600 |
| Other receivables | 3,622 | 395 |
| Staff loan | 1,696 | 65 |
| | 7,228 | 2,060 |

11. Payables

| | 2011 | 2010 |
|--|---------------|---------------|
| | USD | USD |
| 13th month salary for employees | 12,579 | 2,334 |
| Life insurance provision for employees | 12,867 | 9,664 |
| Provident fund | 12,945 | 1,735 |
| Accrued expenses | 11,947 | 3,291 |
| Tax payable | 839 | 1,364 |
| Cashier wage and benefit | 403 | 1,000 |
| Credit union saving | - | 1,446 |
| Payable to HC | - | 5,103 |
| Other liabilities | 214 | 2,531 |
| | 51,794 | 28,468 |

Movement of provident fund for the year is as follows:

| | 2011 | 2010 |
|---|---------------|--------------|
| | USD | USD |
| Balance at beginning of year | 1,735 | 46,635 |
| Additional contribution | 12,146 | 12,301 |
| Payment to staff | (936) | (57,201) |
| Provident fund payables at end of year | 12,945 | 1,735 |