

**CAMBODIAN CHILDREN'S FUND**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED**  
**DECEMBER 31, 2008)**

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INDEPENDENT AUDITORS' REPORT

June 25, 2010

Board of Directors  
Cambodian Children's Fund  
Santa Monica, California

We have audited the accompanying statement of financial position of Cambodian Children's Fund as of December 31, 2009 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Cambodian Children's Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative financial information has been derived from the organization's 2008 financial statements, and, in our report dated August 14, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cambodian Children's Fund as of December 31, 2009, and the change in its net assets, functional expenses and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

*Bedinger & Company*  
Certified Public Accountants

**CAMBODIAN CHILDREN'S FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009**  
**(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2008)**

	December 31	
	2009	2008
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note B)	\$1,120,860	\$1,003,859
Accounts receivable	21,147	37,718
Loans receivable	28,328	12,388
Prepaid expenses	23,841	14,980
<b>TOTAL CURRENT ASSETS</b>	<b>1,194,176</b>	<b>1,068,945</b>
Investments (Note C)	187,617	565,211
Fixed assets, net of accumulated depreciation (Note D)	121,835	175,588
Other assets	8,100	0
<b>TOTAL ASSETS</b>	<b>\$1,511,728</b>	<b>\$1,809,744</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$21,913	\$8,956
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,913</b>	<b>8,956</b>
<b>TOTAL LIABILITIES</b>	<b>21,913</b>	<b>8,956</b>
Commitments and contingency (Notes F & G)		
<b><u>NET ASSETS</u></b>		
Unrestricted	1,259,702	1,378,254
Temporarily restricted (Note H)	230,113	422,534
<b>TOTAL NET ASSETS</b>	<b>1,489,815</b>	<b>1,800,788</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,511,728</b>	<b>\$1,809,744</b>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

YEAR ENDED DECEMBER 31, 2009

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	Unrestricted	Temporarily Restricted	Total	
			Year Ended December 31	
			2009	2008
<b>REVENUE AND SUPPORT</b>				
Contributions	\$856,634	\$1,091,464	\$1,948,098	\$2,009,143
Program revenue	46,154		46,154	25,139
Investment income	23,586		23,586	34,826
Realized gains <losses>	397		397	(51,683)
Unrealized gains <losses>	21,934		21,934	(12,016)
	<u>948,705</u>	<u>1,091,464</u>	<u>2,040,169</u>	<u>2,005,409</u>
Net assets released from restrictions	1,283,885	(1,283,885)	0	0
<b>TOTAL REVENUE AND SUPPORT</b>	<u>2,232,590</u>	<u>(192,421)</u>	<u>2,040,169</u>	<u>2,005,409</u>
<b>EXPENSES</b>				
Program services	1,948,278		1,948,278	1,229,722
General and administrative	264,945		264,945	212,271
Fundraising	137,919		137,919	149,441
<b>TOTAL EXPENSES</b>	<u>2,351,142</u>	<u>0</u>	<u>2,351,142</u>	<u>1,591,434</u>
<b>CHANGE IN NET ASSETS</b>	(118,552)	(192,421)	(310,973)	413,975
<b>NET ASSETS, beginning of year</b>	<u>1,378,254</u>	<u>422,534</u>	<u>1,800,788</u>	<u>1,386,813</u>
<b>NET ASSETS, end of year</b>	<u>\$1,259,702</u>	<u>\$230,113</u>	<u>\$1,489,815</u>	<u>\$1,800,788</u>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2009**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)**

<u>EXPENSES</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>Year Ended December 31 2009</u>	<u>2008</u>
Compensation	\$ 537,105	\$ 67,437	\$ 52,014	\$ 656,556	\$ 368,576
Employee benefits	65,348	7,136	2,501	74,985	36,349
Payroll taxes	5,000	4,483	1,932	11,415	9,320
Fundraising fees			4,571	4,571	11,052
Professional fees	10,280	92,523	13,406	116,209	288,718
Supplies	19,933	5,861	5,179	30,973	13,565
Communications	68,305	3,218	15,735	87,258	60,694
Postage and shipping	25,760	2,666	3,948	32,374	24,390
Occupancy	188,091	6,330	10,241	204,662	153,684
Equipment rental and maintenance	43,701	7,292	1,142	52,135	53,087
Travel	75,608	628	8,822	85,058	88,166
Conference and meetings		37		37	-
Depreciation	47,025			47,025	39,950
Direct program expenses	768,767			768,767	343,691
Advertising and marketing	440	548	33	1,021	1,762
Bank and management fees		27,890		27,890	21,826
Insurance		18,720		18,720	17,325
Other expenses	239	4,100	11,346	15,685	4,613
Staff development	10,484	1,232	375	12,091	12,168
Contract labor costs	82,192	14,844	6,674	103,710	42,498
<b>TOTAL EXPENSES</b>	<b>\$ 1,948,278</b>	<b>\$ 264,945</b>	<b>\$ 137,919</b>	<b>\$ 2,351,142</b>	<b>\$ 1,591,434</b>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2009**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)**

	Total	
	Year Ended December 31 2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase <decrease>in Net Assets	(\$310,973)	\$413,975
Adjustment to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:		
Depreciation	47,025	39,950
Realized and unrealized gains <losses> on investments	22,331	(63,699)
<b>CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:</b>		
(Increase) decrease in accounts receivable	16,571	(29,896)
(Increase) decrease in other assets	(24,801)	(21,102)
Increase (decrease) in accounts payable and accrued expenses	12,957	(42,633)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(236,890)</u>	<u>296,595</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net proceeds from sale of investments	355,263	261,652
Change in fixed assets, net	6,728	(55,665)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>361,991</u>	<u>205,987</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
(Increase) decrease in security deposits	(8,100)	8,700
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(8,100)</u>	<u>8,700</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	117,001	511,282
<b>CASH, beginning of period</b>	1,003,859	492,577
<b>CASH, end of period</b>	<u>\$1,120,860</u>	<u>\$1,003,859</u>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008)**

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**NOTE A – GENERAL AND NATURE OF ACTIVITIES**

General

Cambodian Children's Fund (the Organization or CCF) is a California not-for-profit corporation and was founded to aid the most impoverished of Cambodian's children. Their plight is among the worst in the world. Cambodian's recent history has been tragic, with the loss of an estimated 2.5 million lives (nearly one-third of the population) during Pol Pot's brutal reign in the 1970's, foreign incursions and civil war. Millions of land mines remain active today and are spread throughout the country. Child prostitution is rampant. Children are often forced into the trade; some are sold by their caretakers and others are stolen from their villages. The CCF's Pnhom Penh facilities were initially established as a safe house for Cambodian's orphaned, abandoned or abused children, providing secure shelter and nutritional meals with a caring environment. The goal was to house and feed 45 children. Since then, the facility has grown with three education centers serving over 350 children and benefiting over 400 households. The CCF also provides a community center and medical services serving an average of 500 Steung Meanchey residents per month as of the end of 2009.

CCF obtains its funding from the donations of individuals, corporations and foundations. The yearly cost of caring for a CCF child is solicited through a sponsorship program where correspondence is encouraged and visits are welcome. Some of the products produced by the vocational training program are sold as well.

Nature of activities

The Organization's program services are as follows:

Education programs – The education programs provide remedial and intensive English reading and writing, math and computer studies to over 385 Cambodian children. An additional 50 children ages 3-6 benefit from daycare services and kindergarten study. CCF's students are also integrated into the Cambodian public school system.

Vocational training – Older CCF students are provided with tailored vocational training and job placement to secure their transition into adult working life. This includes on and off-site vocational training in garment design, bakery, esthetics, IT services, graphics and web design, bio fuel product development and restaurant services.



**CAMBODIAN CHILDREN'S FUND**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008)

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NOTE A – GENERAL AND NATURE OF ACTIVITIES (Continued)

Nature of activities (Continued)

Health program – This program provides complete nutrition, vaccinations, regular check-ups, specialized care for chronic illnesses and access to an area hospital for emergency cases.

Outreach – CCF has established a community outreach program that serves the communities surrounding the Steung Meanchey garbage dump. Generally considered the most impoverished and ostracized people in Cambodia. The program provides access to full health care, home counseling, social workers, job placements and emergency housing.

Childcare and other programs – CCF provides housing and transportation to over 300 impoverished Cambodian children.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

The financial statements of Cambodian Children's Fund have been prepared on the accrual basis and presented in accordance with not-for-profit generally accepted accounting principles.

Financial statement presentation

The financial statements have been presented in accordance with the *Auditing and Accounting Guide for Not-For-Profit Organizations*, issued by the American Institute Public Accountants. The guide states that net assets and revenues, expenses, gain and losses be classified based on the existence or absence of donor-imposed restrictions. Information regarding its financial position and activities are presented according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted. The organization does not have any permanently restricted net assets at December 31, 2009 and 2008.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008)

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and cash equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**Investments**

Investments are in marketable securities and are measured at readily available quoted market fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of activity as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

**Fair value**

Substantially all of the assets, except furniture and equipment, and all of the liabilities of the organization approximate fair value.

**Fixed assets**

Fixed assets are reported at cost or fair value if contributed. Depreciation of furniture and equipment is recorded using straight-line and accelerated methods over the useful life of 5 to 7 years applied to individual items. Leasehold improvements are depreciated using the straight-line method over 39 years. Fixed asset items costing more than \$1,000 with a useful life of 5 years or more are capitalized.

**Functional allocation of expenses**

The cost of providing the organizations's programs has been summarized on a functional basis in these financial statements. Based on management's estimates, costs have been allocated between programs and supporting services as they related to those functions.

**Income Tax Status**

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from California franchise and/or income tax under the Revenue and Taxation Code Section 23701(d).

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Most contributions received by the Organization are considered as unrestricted. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as unrestricted.

**CAMBODIAN CHILDREN'S FUND**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008)

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**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated items and services**

Donated property and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donated materials and other non-cash contributions are reflected in the financial statements at their estimated market value. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

During 2009, the Organization received contributions of supplies, equipment and volunteer services to enable the Organization to carry on its programs and activities. Most of these contributions have not been recorded since the fair market value of the contributions are not readily determinable or are immaterial to the financial statements. CCF has formed an informal partnership with another non-profit organization, Hope Worldwide, where they provide medical support in the form of physicians and nurses services and medical supplies to children and families served by CCF. The amount of this support has not been reflected in the financial statements.

**Reclassifications**

Certain reclassifications have been made in the 2008 comparative totals to conform to the classifications used in 2009.

**Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

**NOTE C – INVESTMENTS**

Investments are stated at fair value and consist of the following as of December 31, 2009:

Mutual funds	<u>\$ 187,617</u>
Total Investments	<u>\$ 187,617</u>

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008)

**NOTE D – FURNITURE AND EQUIPMENT**

As of December 31, furniture and equipment consists of the following:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 82,523	\$ 59,528
Furniture and equipment	60,203	89,924
Vehicles	<u>135,910</u>	<u>135,910</u>
	278,636	285,362
Less: accumulated depreciation	<u>156,801</u>	<u>&lt;109,774&gt;</u>
	<u>\$ 121,835</u>	<u>\$ 175,588</u>

Total depreciation expense for the years ended December 31, 2009 and 2008 was \$47,024 and \$39,950, respectively.

**NOTE E – CONCENTRATIONS**

CCF maintains operating cash balances at a bank in excess of the Federal Deposit Insurance Corporation (FDIC) limit. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure. The amounts in excess of the federally insured limits totaled approximately \$182,505 at December 31, 2009.

CCF received approximately 45% of its total contributions from 8 donors based in the United States and Europe during the year ended December 31, 2009.

**NOTE F – COMMITMENTS**

The Organization currently leases a number of facilities in Cambodia for educational, child care and administrative purposes. These commitments are summarized as follows:

<u>Year Ended December 31</u>	
2010	\$75,510
2011	34,860
2012	<u>16,750</u>
	<u>\$ 127,120</u>

Total rental expense for the year ended December 31, 2009 and 2008 was approximately \$128,950 and \$89,674, respectively.

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2009**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008)

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**NOTE G – CONTINGENCY**

Restricted contributions require the fulfillment of certain conditions as set forth by the donor. Failure to fulfill the conditions could result in the return of the funds to the donors. The Organization deems this contingency remote since by accepting the contributions and their terms it has accommodated the objectives of the organization to the provisions of the contributions. The Organization's management is of the opinion that the organization has complied with the terms of all contributions.

**NOTE H – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Administrative offices and program facilities:		
CCF – 4	\$ 26,000	\$ 114,000
CCF – 6	204,113	308,534
	<u>\$ 230,113</u>	<u>\$ 422,534</u>