

**CAMBODIAN CHILDREN'S FUND**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2010**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE  
YEAR ENDED DECEMBER 31, 2009)**

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INDEPENDENT AUDITORS' REPORT

March 25, 2011

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, 2010 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 2009 financial statements, and, in our report dated June 25, 2010, 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, 2010, 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, 2010**  
**(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2009)**

	December 31	
	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note B)	\$1,415,250	\$1,120,860
Accounts receivable	1,012	21,147
Loans receivable	10,021	28,328
Prepaid expenses	92,127	23,841
<b>TOTAL CURRENT ASSETS</b>	<b>1,518,410</b>	<b>1,194,176</b>
Investments (Note C)	0	187,617
Fixed assets, net of accumulated depreciation (Note D)	135,937	121,835
Other assets	138,197	8,100
<b>TOTAL ASSETS</b>	<b>\$1,792,544</b>	<b>\$1,511,728</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$30,678	\$21,913
<b>TOTAL CURRENT LIABILITIES</b>	<b>30,678</b>	<b>21,913</b>
<b>TOTAL LIABILITIES</b>	<b>30,678</b>	<b>21,913</b>
Commitments and contingency (Notes F & G)		
<b>NET ASSETS</b>		
Unrestricted	1,756,753	1,259,702
Temporarily restricted (Note H)	5,113	230,113
<b>TOTAL NET ASSETS</b>	<b>1,761,866</b>	<b>1,489,815</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,792,544</b>	<b>\$1,511,728</b>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2010**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Unrestricted	Temporarily Restricted	Total	
			Year Ended December 31 2010	2009
<b>REVENUE AND SUPPORT</b>				
Contributions	\$1,650,204	\$1,247,151	\$2,897,355	\$1,948,098
Program revenue	115,080		115,080	46,154
Investment income	8,249		8,249	23,586
Realized gains <losses>	(2,537)		(2,537)	397
Unrealized gains <losses>			0	21,934
	<u>1,770,996</u>	<u>1,247,151</u>	<u>3,018,147</u>	<u>2,040,169</u>
Net assets released from restrictions	1,472,151	(1,472,151)	0	0
<b>TOTAL REVENUE AND SUPPORT</b>	<u>3,243,147</u>	<u>(225,000)</u>	<u>3,018,147</u>	<u>2,040,169</u>
<b>EXPENSES</b>				
Program services	2,305,912		2,305,912	1,948,278
General and administrative	271,082		271,082	264,945
Fundraising	169,102		169,102	137,919
<b>TOTAL EXPENSES</b>	<u>2,746,096</u>	<u>0</u>	<u>2,746,096</u>	<u>2,351,142</u>
<b>CHANGE IN NET ASSETS</b>	497,051	(225,000)	272,051	(310,973)
<b>NET ASSETS, beginning of year</b>	<u>1,259,702</u>	<u>230,113</u>	<u>1,489,815</u>	<u>1,800,788</u>
<b>NET ASSETS, end of year</b>	<u>\$1,756,753</u>	<u>\$5,113</u>	<u>\$1,761,866</u>	<u>\$1,489,815</u>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

EXPENSES	Program	General and Administrative	Fundraising	Total	
				Year Ended December 31	
				2010	2009
Compensation	\$ 682,421	\$ 87,097	\$ 70,468	\$ 839,986	\$ 656,556
Employee benefits	38,520	13,767	6,674	58,961	74,985
Payroll taxes	6,836	6,089	6,576	19,501	11,415
Fundraising fees				-	4,571
Professional fees		16,683	10,939	27,622	116,209
Supplies	18,274	4,690	1,249	24,213	30,973
Communications	92,351	21,709	22,037	136,097	87,258
Postage and shipping	23,490	12,736	7,917	44,143	32,374
Occupancy	270,928	15,462	12,773	299,163	204,662
Equipment rental and maintenance	19,941	1,149		21,090	52,135
Travel	101,053	24,427	4,075	129,555	85,058
Conference and meetings		356	548	904	37
Depreciation	50,294			50,294	47,025
Direct program expenses	828,266			828,266	768,767
Advertising and marketing	847	85	5	937	1,021
Bank and management fees		34,322		34,322	27,890
Insurance	92	18,839	417	19,348	18,720
Other expenses	3,997	170	9,683	13,850	15,685
Staff development	23,155	1,464		24,619	12,091
Contract labor costs	145,447	12,037	15,741	173,225	103,710
<b>TOTAL EXPENSES</b>	<b>\$ 2,305,912</b>	<b>\$ 271,082</b>	<b>\$ 169,102</b>	<b>\$ 2,746,096</b>	<b>\$ 2,351,142</b>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	Total	
	Year Ended December 31	
	2010	2009
<b>CASH FLOWS FROM OPERATING</b>		
<b>ACTIVITIES:</b>		
Increase <decrease> in Net Assets	\$272,051	(\$310,973)
Adjustment to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:		
Depreciation	50,294	47,025
Realized and unrealized gains <losses> on investments	(2,537)	22,331
<b>CHANGES IN CURRENT ASSETS AND</b>		
<b>CURRENT LIABILITIES:</b>		
(Increase) decrease in accounts receivable	20,135	16,571
(Increase) decrease in other assets	(49,979)	(24,801)
Increase (decrease) in accounts payable and accrued expenses	8,765	12,957
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>298,729</u>	 <u>(236,890)</u>
 <b>CASH FLOWS FROM INVESTING</b>		
<b>ACTIVITIES:</b>		
Net proceeds from sale of investments	190,154	355,263
Change in fixed assets, net	(64,396)	6,728
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>125,758</u>	 <u>361,991</u>
 <b>CASH FLOWS FROM FINANCING</b>		
<b>ACTIVITIES:</b>		
(Increase) decrease in security deposits	(130,097)	(8,100)
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>(130,097)</u>	 <u>(8,100)</u>
 NET INCREASE (DECREASE) IN CASH	 294,390	 117,001
 CASH, beginning of period	 1,120,860	 1,003,859
 CASH, end of period	 <u>\$1,415,250</u>	 <u>\$1,120,860</u>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009)**

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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. CCF's Phnom 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 four residential education centers serving over 500 children. CCF also provides a community center, satellite schools and medical services serving an average of 1,200 Steung Meanchey residents per month as of the end of 2010.

CCF obtains its funding from the donations of individuals, corporations and foundations. The yearly cost of caring for a CCF child is partially supported through a sponsorship program where correspondence is encouraged and visits are welcome. Some of the products produced by the vocational training program are sold, and subsidized sales of rice and meals offset costs of the community nutrition program.

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 500 Cambodian children. An additional 80 children ages 2-6 benefit from daycare services and pre-school/kindergarten study. Seventeen infants and toddlers receive day time care at the CCF Nursery, which is housed at the community center. More than 160 students benefit from evening classes at CCF's satellite schools. 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. Mothers of many of CCF's children are trained as seamstresses as part of the Srey Mean Chey bag production program.



**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009)**

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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. The community medical clinic provides free medical care to residents of Steung Meanchey and routinely treats over 1,000 patients per month. Complete maternal health care services are provided both on-site and through partner organizations.

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 subsidized rice and meals, home counseling, social workers, emergency loans, job placements and emergency housing.

Childcare and other programs – CCF provides housing and transportation to over 700 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 ASC 958. The standard 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, 2010 and 2009.

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009)

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

**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.

**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).

**CAMBODIAN CHILDREN'S FUND**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009)

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

**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.

**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 2010, 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 2009 comparative totals to conform to the classifications used in 2010.

**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, 2009, from which the summarized information was derived.

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009)

**NOTE C – INVESTMENTS**

Investments are stated at fair value and consist of the following as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Mutual funds	<u>\$ 0</u>	<u>\$ 187,617</u>
Total Investments	<u>\$ 0</u>	<u>\$ 187,617</u>

**NOTE D – FURNITURE AND EQUIPMENT**

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

	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 74,275	\$ 82,523
Furniture and equipment	37,522	60,203
Vehicles	<u>183,573</u>	<u>135,910</u>
	295,370	278,636
Less: accumulated depreciation	<u>159,433</u>	<u>156,801</u>
	<u>\$ 135,937</u>	<u>\$ 121,835</u>

Total depreciation expense for the years ended December 31, 2010 and 2009 was \$50,293 and \$47,024, respectively.

**NOTE E – CONCENTRATIONS**

CCF maintains operating cash balances at a bank in excess of the Federal Deposit Insurance Corporation (FDIC) limit. The amounts in excess of the federally insured limits totaled approximately \$674,606 and \$182,505 at December 31, 2010 and 2009, respectively.

CCF received approximately 40% and 45% of its total contributions from 8 donors based in the United States and Europe during the year ended December 31, 2010 and 2009, respectively.

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 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>	
2011	\$144,440
2012	114,040
2013	72,995
2014	55,200
2015 and beyond	106,287
	<u>\$ 492,962</u>

Total rental expense for the year ended December 31, 2010 and 2009 was approximately \$161,762 and \$128,950, respectively.

**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, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Administrative offices and program facilities:		
CCF – 4	\$ 0	\$ 26,000
CCF – 6	5,113	204,113
	<u>\$ 5,113</u>	<u>\$ 230,113</u>

**NOTE I – SUBSEQUENT EVENTS**

Pursuant to FASB Accounting Standards Codification 855, "Subsequent Events", the Organization evaluated subsequent events through the date of the accompanying auditors report and no qualifying events were noted.