

CAMBODIAN CHILDREN'S FUND
REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
YEAR ENDED DECEMBER 31, 2010)

BEDINGER & COMPANY

MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS,
THE CENTER FOR PUBLIC COMPANY AUDIT FIRMS,
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REGISTERED WITH THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.

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INDEPENDENT AUDITORS' REPORT

April 10, 2012

Board of Directors
Cambodian Children's Fund
Venice, California

We have audited the accompanying statement of financial position of Cambodian Children's Fund as of December 31, 2011 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 2010 financial statements, and, in our report dated March 25, 2011 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, 2011, 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.


Certified Public Accountants

CAMBODIAN CHILDREN'S FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

	December 31	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note B)	\$2,400,977	\$ 1,415,250
Accounts receivable	979	1,012
Loans receivable	90,350	108,858
Prepaid expenses	82,235	26,220
Inventory	113,658	65,907
TOTAL CURRENT ASSETS	<u>2,688,199</u>	<u>1,518,410</u>
Investments (Note C)	250,000	-
Fixed assets, net of accumulated depreciation (Note D)	479,838	135,937
Other assets	45,202	39,360
TOTAL ASSETS	<u><u>\$3,463,239</u></u>	<u><u>\$ 1,792,544</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 49,657	\$ 30,678
TOTAL CURRENT LIABILITIES	<u>49,657</u>	<u>30,678</u>
TOTAL LIABILITIES	<u>49,657</u>	<u>30,678</u>
Commitments and contingency (Notes F & G)		
NET ASSETS		
Unrestricted	3,413,582	1,756,753
Temporarily restricted (Note H)	-	5,113
TOTAL NET ASSETS	<u>3,413,582</u>	<u>1,761,866</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$3,463,239</u></u>	<u><u>\$ 1,792,544</u></u>

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2011

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

	Unrestricted	Temporarily Restricted	Total	
			Year Ended December 31	
			2011	2010
REVENUE AND SUPPORT				
Contributions	\$ 4,882,576	\$ -	\$ 4,882,576	\$ 2,897,355
Program revenue	121,353		121,353	115,080
In-Kind supplies	2,155,047		2,155,047	-
Investment income	8,594		8,594	8,249
Realized gains <losses>	-		-	(2,537)
	<u>7,167,570</u>	<u>-</u>	<u>7,167,570</u>	<u>3,018,147</u>
Net assets released from restrictions	5,113	(5,113)	-	-
TOTAL REVENUE AND SUPPORT	<u>7,172,683</u>	<u>(5,113)</u>	<u>7,167,570</u>	<u>3,018,147</u>
EXPENSES				
Program services	4,832,063		4,832,063	2,305,912
General and administrative	383,884		383,884	271,082
Fundraising	299,907		299,907	169,102
TOTAL EXPENSES	<u>5,515,854</u>	<u>-</u>	<u>5,515,854</u>	<u>2,746,096</u>
CHANGE IN NET ASSETS	1,656,829	(5,113)	1,651,716	272,051
NET ASSETS, beginning of year	<u>1,756,753</u>	<u>5,113</u>	<u>1,761,866</u>	<u>1,489,815</u>
NET ASSETS, end of year	<u>\$ 3,413,582</u>	<u>\$ -</u>	<u>\$ 3,413,582</u>	<u>\$ 1,761,866</u>

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

EXPENSES	Program	General and Administrative	Fundraising	Total	
				Year Ended December 31	
				2011	2010
Compensation	\$ 1,069,403	\$ 59,411	\$ 59,411	\$ 1,188,225	\$ 839,986
Employee benefits	39,201	2,178	2,178	43,557	58,961
Payroll taxes	20,406	1,134	1,134	22,674	19,501
Fundraising fees			38,798	38,798	-
Professional fees		20,795	83,178	103,973	27,622
Supplies	17,171	8,586	2,862	28,619	24,213
Communications	121,197	24,239	16,160	161,596	136,097
Postage and shipping	28,882	9,224	5,364	43,470	44,143
Occupancy	419,422	23,301	23,301	466,024	299,163
Equipment rental and maintenance	27,207	7,774	3,887	38,868	21,090
Travel	122,251	61,125	61,125	244,501	129,555
Conference and meetings		1,686	421	2,107	904
Depreciation	41,927			41,927	50,294
Direct program expenses	759,806			759,806	828,266
Advertising and marketing		813	813	1,626	937
Bank and management fees		46,632		46,632	34,322
Insurance		51,435		51,435	19,348
Other expenses	13,237	1,485		14,722	13,850
Staff development	22,946	1,275	1,275	25,496	24,619
Contract labor costs	41,861	62,791		104,652	173,225
In-Kind supplies	2,087,146			2,087,146	-
TOTAL EXPENSES	\$ 4,832,063	\$ 383,884	\$ 299,907	\$ 5,515,854	\$ 2,746,096

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

	Total	
	Year Ended December 31	
	2011	2010
CASH FLOWS FROM OPERATING		
ACTIVITIES:		
Increase <decrease>in Net Assets	\$ 1,651,716	\$ 272,051
Adjustment to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:		
Depreciation	41,927	50,294
Realized and unrealized gains <losses> on investments	-	(2,537)
CHANGES IN CURRENT ASSETS AND		
CURRENT LIABILITIES:		
(Increase) decrease in loans receivable	18,508	
(Increase) decrease in accounts receivable	33	20,135
(Increase) decrease in other assets	(5,842)	(49,979)
Increase (decrease) in accounts payable and accrued expenses	18,979	8,765
(Increase) decrease in inventory	(47,751)	
(Increase) decrease in prepaid expenses	(56,015)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,621,555</u>	<u>298,729</u>
CASH FLOWS FROM INVESTING		
ACTIVITIES:		
Net (cost) proceeds from sale (purchase) of investments	(250,000)	190,154
Acquisition of fixed assets	(385,828)	(64,396)
NET CASH PROVIDED (USED) BY		
INVESTING ACTIVITIES	<u>(635,828)</u>	<u>125,758</u>
CASH FLOWS FROM FINANCING		
ACTIVITIES:		
(Increase) decrease in security deposits	-	(130,097)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>(130,097)</u>
NET INCREASE (DECREASE) IN CASH	985,727	294,390
CASH, beginning of period	1,415,250	1,120,860
CASH, end of period	<u>\$ 2,400,977</u>	<u>\$1,415,250</u>

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

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. 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 2011.

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 daytime 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, 2011

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

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, 2011 and 2010.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

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.

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).

The Organization has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization returns for years ended December 31, 2011, 2010, and 2009 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

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.

Fair Value of Financial Instruments

The Organization's financial instruments include cash, cash equivalents and time deposits. The carrying amount of these financial instruments has been estimated by management to approximate fair value. The Organization adheres to Accounting Standards Codification (ASC) 820—10. Under ASC 820-10, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." ASC 820-10 establishes a hierarchy to prioritize the inputs to valuation techniques to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Values are unadjusted quoted prices for identical assets and liabilities in active markets. The Organization holds level 1 investments in cash, cash equivalents and time deposits.

Level 2—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves. The Organization does not hold any level 2 instruments.

Level 3—Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Center's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. The Organization does not hold any level 3 instruments.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

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 2010, the Organization received donated 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.

During 2011, the Organization received donated contributions of supplies, nutritional supplements, medical supplies and medicines. The value of the items received are \$9,713, \$148,863, \$855,540 and \$1,140,931, respectively.

Reclassifications

Certain reclassifications have been made in the 2010 comparative totals to conform to the classifications used in 2011.

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, 2010, 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, 2011:

High Yield Fixed Deposit	<u>\$ 250,000</u>
Total Investments	<u>\$ 250,000</u>

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

NOTE D – FURNITURE AND EQUIPMENT

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

	<u>2011</u>	<u>2010</u>
Land	\$ 341,610	\$ 0
Leasehold improvements	74,275	74,275
Furniture and equipment	42,972	37,522
Vehicles	<u>217,573</u>	<u>183,573</u>
	676,430	295,370
Less: accumulated depreciation	<u><196,592></u>	<u><159,433></u>
	<u>\$ 479,838</u>	<u>\$ 135,937</u>

Total depreciation expense for the years ended December 31, 2011 and 2010 was \$41,927 and \$50,293, 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 \$1,564,980 and \$674,606 at December 31, 2011 and 2010, respectively. Funds can be held in bank accounts in Cambodia, which are not insured. The balance of funds held in foreign accounts at December 31, 2011 is \$674,436. The Organization's management does not consider this a problem at this time.

CCF received approximately 40% and 45% of its total contributions from 8 donors based in the United States and Europe during the years ended December 31, 2011 and 2010, respectively.

NOTE F – COMMITMENTS

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

<u>Year Ended December 31</u>	
2012	\$171,390
2013	126,270
2014	89,512
2015	40,000
2016 and beyond	<u>56,800</u>
	<u>\$ 483,972</u>

Total rental expense for the years ended December 31, 2011 and 2010 was approximately \$202,153 and \$161,762, respectively.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

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, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Administrative offices and program facilities:		
CCF – 6	<u>\$ 0</u>	<u>\$ 5,113</u>
	<u>\$ 0</u>	<u>\$ 5,113</u>

NOTE I – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, The Presbytery has evaluated subsequent events through April 10, 2012, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2011, have been incorporated into these financial statements herein.