

Financial statements and independent auditor's report

Koh Song Saa Foundation Organization
31 December 2016

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Report of Management

Management submits its report together with the audited financial statements of the Koh Song Saa Foundation Organization for the year ended 31 December 2016.

The Foundation

Koh Song Saa Foundation Organization (“the Foundation”) was founded in April 2013 by Rory and Melita Hunter, an Australian couple who first travelled to the Koh Rong Archipelago in 2006. The mission statement of the Song Saa Foundation is to initiate and promote projects that improve the well being of local communities and the natural environment of the Koh Rong archipelago of southwest Cambodia. This includes:

- Promoting and supporting the protection and conservation of marine habitats and species,
- Promoting education, health and well-being of communities of the Koh Rong archipelago through a number of supporting projects. These range from annual medical missions and solid waste management to the operation of the Archipelago’s first dedicated sustainability centre, and
- Providing leadership in marine conservation and sustainability in Cambodia.

The Foundation is a Cambodia-based non-government organisation, formally registered with the Ministry of Interior of the Royal Government of Cambodia on 4th April 2013. The official name of the Foundation is Koh Song Saa Foundation Organization, with the term Song Saa Foundation being used for operational and communication purposes.

Management

The Board of Directors delegates operational tasks to the Executive Committee. The members of the Board and the Executive Committee are responsible for the overall direction and management of the Foundation during the period and to the date of this report are:

Board of Directors:

Name	Position	Date of appointment
Mr. Kea Tech Horng	Chairperson	2 May 2014
Dr. Wayne McCallum	Member	4 April 2013
Mr. Rory Martin Hunter	Member	4 April 2013
Mrs. Melita Hunter	Member	4 April 2013
Ms. Hin Rachana	Member	4 April 2013
Mr. Ul Vichith	Member	1 August 2016

Executive Committee:

Name	Position	Date of appointment
Dr. Wayne McCallum	Chair	14 November 2013
Mr. Rory Martin Hunter	Vice Chair	14 November 2013
Mr. Kea Tech Horng	Administration	2 May 2014
Ms. Hin Rachana	Treasurer	14 November 2013

Auditors

The financial statements for the year ended 31 December 2016 have been audited by Grant Thornton (Cambodia) Ltd.

Responsibility of Management in respect of the financial statements

Management is responsible for the financial statements, which show the Foundation's fund balance as at 31 December 2016, and its income and expenditure for the year then ended, prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements.

In preparing the financial statements, Management is required to:

- i. select suitable accounting policies and then apply them consistently,
- ii. ensure that proper accounting records are kept which enable the financial statements to be prepared in compliance with the basis of accounting set out in note 2 to the financial statements, and
- iii. ensure the completeness of information concerning property and goods belonging to the Foundation.

Management is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management assumes the responsibility to provide, and has provided, the auditor with all accounting records, supporting and other documents, minutes, and any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.


Approval of the financial statements

We hereby approve the accompanying financial statements set out on pages 6 to 12 which shows the fund balance of the Foundation as at 31 December 2016, and its income and expenditure for the year then ended 2016, prepared, in all material respects, in accordance with the accounting policies as described in note 2 to the financial statements.

On behalf of Management



Kea Tech Horng
Chairperson



Wayne McCallum
Chair of Executive Committee

Phnom Penh, Kingdom of Cambodia
4 April 2017



Independent auditor's report

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To the Management of Koh Song Saa Foundation Organization

Opinion

We have audited the accompanying financial statements of Koh Song Saa Foundation Organization (“the Foundation”), which comprise the statement of fund balance as at 31 December 2016, the statement of income and expenditure for the year then ended, and a summary of significant accounting policies and notes to the financial statements, including a summary of significant accounting policies.

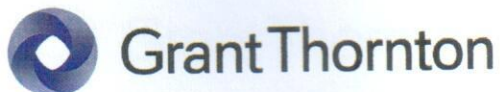
In our opinion, the accompanying financial statements of the Foundation for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the accounting basis and accounting policies as set out in note 2 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of financial statements in the Kingdom of 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 distribution and use

We draw attention to note 2 to the financial statements, which describes the basis of accounting and accounting policies of the Foundation. The financial statements are prepared for the information and use of the Management and donor of the Foundation. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Management and donor of the Foundation and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.



Responsibility of Management

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting as described in note 2 to the financial statements and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

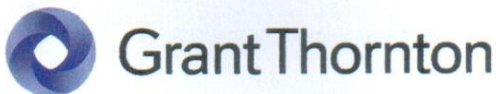
In preparing the financial statements, Management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



We communicate with the Management 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.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors



Ronald C. Almera
Partner – Audit and Assurance

Phnom Penh, Kingdom of Cambodia
4 April 2017

Statement of income and expenditure

	Notes	For the year ended 31 December 2016 USD	For the year ended 31 December 2015 USD
Income			
Fund receipts	3	245,210	130,704
Expenditure			
Program expenses	4	137,258	118,002
General and administrative	5	87,371	21,393
Total expenditure		224,629	139,395
Surplus of income over expenditure		20,581	(8,691)

Statement of fund balance

	Note	31 December 2016 USD	31 December 2015 USD
Fund balance, beginning of year		(29,748)	(21,057)
Surplus of income over expenditure		20,581	(8,691)
Fund balance, end of year		(9,167)	(29,748)
Represented by:			
Cash on hand		200	200
Cash in banks		46,148	19,730
Other receivables		265	265
Accounts and other payables	6	(55,780)	(49,943)
		(9,167)	(29,748)

Notes to the financial statements

1. Background and principal activities

Koh Song Saa Foundation Organization (“the Foundation”) was founded in April 2013 by Rory and Melita Hunter, an Australian couple who first travelled to the Koh Rong Archipelago in 2006. The mission statement of the Foundation is to initiate and promote projects that improve the well being of local communities and the natural environment of the Koh Rong archipelago of southwest Cambodia. This includes:

- Promoting and supporting the protection and conservation of marine habitats and species,
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- Providing leadership in marine conservation and sustainability in Cambodia.

The Foundation is a Cambodia-based non-government organisation, formally registered with the Ministry of Interior of the Royal Government of Cambodia on 4th April 2013. The official name of the Foundation is Koh Song Saa Foundation Organization, with the term Song Saa Foundation being used for operational and communication purposes.

The head office and registered address of the Foundation is no. 108 E1, Street 19, Sangkat Boeung Kok II, Khan Tuol Kork, Phnom Penh, Kingdom of Cambodia. The project office is located on the island of Koh Ouen in the Koh Rong archipelago.

The principal activities of the Foundation can be divided into four core areas:

- Environment
- Community
- Education
- Health

The leading activities undertaken during the year are:

- a) Marine conservation activities, including the establishment of a volunteer expedition programme, a coral reef survey initiative, a marine sedimentation module, completion and publication of marine research, and continuation of community fisheries marine patrols,
- b) Mangrove and sea-grass conservation initiatives,
- c) Health and wellbeing initiatives, including annual medical outreach trips operated in collaboration with the US-based organisation, International Medical Relief,
- d) Outreach activities based around the 'Boat of Hope' monthly voyage, which visits the main settlements of the Koh Rong archipelago,
- e) Solid waste management, livelihood support and underwater cultural heritage projects. The creation and coordination of a dedicated youth education programme, the Song Saa Sea Turtles, with a special focus on environmental education,
- f) Trial of marine sedimentation module: Scuba diving surveys to assess marine sedimentation rate in the Koh Rong archipelago,
- g) Volunteer expedition programme: incorporates the 'Tropical Marine Conservation Programme', including sustainability centre rent, research boat rent, local staff training workshops, technical assistance fees, and expedition running costs, and
- h) Development of permanent survey transects: the development and pilot study of deploying permanent survey transects at selected marine survey sites, to facilitate ongoing data collection of marine health.

2. Summary of significant accounting policies

2.1. Basis of preparation of financial statements

The financial statements are expressed in United States Dollars ("USD") and have been prepared in accordance with the accrual basis of accounting, except for funds received/donation from individuals which are recognised on a cash basis. This is a basis of accounting that is designed to meet the requirements of the Foundation.

2.2. Cash

Cash includes cash in banks and on hand.

2.3. Accounts payable

Accounts payable are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Foundation.

2.4. Expenditure

Program expenses and general and administrative are recognised in the statement of income and expenditure in the period in which they are incurred.

2.5. Foreign currency translation

The Foundation executes transactions and maintains its accounting records primarily in USD. Transactions in currencies other than USD are converted into USD at the rate of exchange prevailing on the transaction dates. Fund balances denominated in currencies other than USD at the reporting date are translated into USD at the open market rates of exchange ruling at that date. Exchange differences are recognised in the statement of income and expenditure.

2.6. Non-expendable equipment

The cost of non-expendable equipment is charged to expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable items listing.

3. Fund receipts

	For the year ended 31 December 2016	For the year ended 31 December 2015
	USD	USD
Non-Island-based donation	47,482	-
Plan international	33,359	-
Tropical marine conservation volunteers	29,320	16,395
Corporate social responsibility fund (*)	21,241	20,027
Island-based donation	19,634	-
Richard and Gabriella Manley	10,050	-
Charity co-sponsorship nights	9,362	20,344
Great opportunity scholarship	7,478	3,960
Waterloo foundation	7,051	-
US fish and wildlife service	1,200	-
Prince Albert II of Monaco Foundation	-	30,847
Donation for Wall of Hope program	-	17,878
General donation	-	10,499
Donation for Beck program	-	8,580
Donation from indiegogo campaign	-	2,174
Others	59,033	-
	245,210	130,704

(*) Brocon Investment Co., Ltd, a related party, contributed 0.5% of gross revenue to the Foundation for the implementation of its corporate social responsibility programme.

4. Program expenses

	For the year ended 31 December 2016	For the year ended 31 December 2015
	USD	USD
Boat of Hope	25,125	7,024
Ahyoka expenses	19,931	-
Volunteer expedition program	15,981	19,486
Tropical marine conservation program	11,160	15,334
Song Saa sea turtles	9,551	10,539
Mangrove and sea grass conservation	7,176	1,792
Solid waste management	6,750	10,588
Marine conservation	6,609	13,290
The charity pot	6,557	-
Health outreach	6,423	7,024
Great opportunity scholarship	5,800	3,032
SS education and livelihood	5,318	8,311
Organic farming and sericulture	4,456	7,024
Development of permanent survey	1,510	1,392
Sea turtle nest monitoring on Koh Tang	1,260	1,392
Trial of marine sedimentation module	1,110	1,692
Koh Rong climate change adaptation initiative (funded by the Plan International)	979	-
University of collaboration	630	701
National scholarship program	629	701
Communication outreach	303	-
Beck program	-	8,680
	137,258	118,002

5. General and administrative

	For the year ended 31 December 2016	For the year ended 31 December 2015
	USD	USD
Salary and benefits	58,708	10,536
Travelling cost	10,355	3,023
Legal and professional fees	8,746	4,451
Plan International	3,013	-
Bank charges	1,388	1,233
Office and stationery	1,380	726
Commission	1,350	-
Marketing and communications	350	105
Dues and subscriptions	-	150
Other general and administrative	2,081	1,169
	87,371	21,393