

Sustainable Cambodia, Inc

Financial Statements and Independent Auditors' Report

December 31, 2009 and 2008

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Kattell and Company, P.L.

Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sustainable Cambodia, Inc.
Gainesville, Florida

We have audited the accompanying statements of assets, liabilities and net assets – modified cash basis of Sustainable Cambodia, Inc. (the Corporation) as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Corporation, as of December 31, 2009, and 2008, and the its revenues, expenses and changes in net assets for the years then ended, on the basis of accounting described in Note 1.

Kattell and Company, P.L.

August 23, 2010
Gainesville, Florida

“Not everything that counts can be counted, and not everything that can be counted counts.”
- Albert Einstein

**Statements of Assets, Liabilities and Net Assets -
Modified Cash Basis
December 31, 2009 and 2008
Sustainable Cambodia, Inc.**

	<u>2009</u>	<u>2008</u>
Assets		
Cash – USA:		
Checking	\$ 32,709	\$ 70,638
Cash – Cambodia:		
Checking	131,703	51,431
Savings	762	1,927
Fixed Assets:		
Equipment	2,581	2,581
Vehicles	11,988	8,958
Less: Accumulated Depreciation	(7,289)	(4,666)
Net Fixed Assets	7,280	6,873
Other Asset	3,300	--
Total Assets	\$ 175,754	\$ 130,869
Liabilities and Net Assets		
Liabilities	\$ --	\$ --
Net Assets:		
Unrestricted	35,862	21,130
Temporarily Restricted	139,892	109,739
Total Net Assets	175,754	130,869
Total Net Assets	\$ 175,754	\$ 130,869

See accompanying notes.

**Statement of Revenues, Expenses and Changes in Net Assets -
Modified Cash Basis**

For the Year Ended December 31, 2008

Sustainable Cambodia, Inc.

	Unrestricted	Temporarily Restricted	Total
<u>Support</u>			
Contributions:			
Child Sponsorships and Scholarships	\$ 37,441	\$ --	\$ 37,441
Community Development			
Board of Directors	68,000	--	68,000
Other General Fund Contributions	28,261	--	28,261
Grants:			
Non-Profit Grantors	--	126,588	126,588
Individuals and Foundations	--	44,688	44,688
Net Assets Released from Restrictions	139,250	(139,250)	--
	<u>272,952</u>	<u>32,026</u>	<u>304,978</u>
Total Support			
<u>Revenues</u>			
Program Revenues	7,853	--	7,853
Interest Income	464	--	464
Total Revenues	<u>8,317</u>	<u>--</u>	<u>8,317</u>
Total Support and Revenues	281,269	32,026	313,295
<u>Expenses</u>			
Program Services:			
Community Healthcare	14,450	--	14,450
Education	127,939	--	127,939
Community Sustainability:			
Agricultural Development	51,101	--	51,101
Economic Development	26,627	--	26,627
Wells, Water & Sanitation	37,563	--	37,563
Supporting Activities:			
Management and General	5,273	--	5,273
Fundraising	1,429	--	1,429
Total Expenses	<u>264,382</u>	<u>--</u>	<u>264,382</u>
Change in Net Assets	16,887	32,026	48,913
Net Assets, January 1, 2008	<u>4,243</u>	<u>77,713</u>	<u>81,956</u>
Net Assets, December 31, 2008	<u>\$ 21,130</u>	<u>\$ 109,739</u>	<u>\$ 130,869</u>

See accompanying notes.

Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2008
Sustainable Cambodia, Inc.

	Program Services					
	Community Sustainability					
	Community Healthcare	Education	Agricultural Development	Economic Development	Wells, Water & Sanitation	Total Program Services
Accounting	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Banking/Wire/Online Donation Fees	178	178	178	178	179	891
Buildings Rent	123	3,240	123	123	121	3,730
Buildings Repair & Maintenance	68	2,686	68	68	68	2,958
Buildings Utilities	145	3,194	536	536	536	4,947
Communication/Internet/Web Hosting	720	720	720	720	720	3,600
Computer System	827	827	827	827	828	4,136
Depreciation	481	481	348	348	347	2,005
Equipment	205	3,119	338	338	338	4,338
Meetings	228	228	228	228	228	1,140
Miscellaneous	243	661	243	243	807	2,197
Office Supplies	236	1,071	236	236	236	2,015
Postage/Shipping	--	--	--	--	--	--
Programs:						
Agricultural	--	--	7,514	--	--	7,514
Beekeeping	--	--	2,578	--	--	2,578
Community Workshops/Training	237	152	--	--	6,468	6,857
Community Ponds	--	--	--	--	--	--
Disaster Relief and Other Needs	--	--	--	1,647	--	1,647
Home Gardens/Fruit Trees/Seeds	--	--	12,631	--	--	12,631
Infrastructure/Roads/Solar Panels	--	--	--	--	--	--
Healthcare & Nutrition	--	--	--	--	--	--
MicroLoans	--	--	--	8,355	--	8,355
Pass-On Animals/Fishponds	--	--	14,581	--	345	14,926
Rainwater Harvesting	--	--	--	--	--	--
Rice Banks	--	--	--	1,618	--	1,618
Vocational Training	--	--	--	450	--	450
Wells/Water/Sanitation	--	--	--	--	15,487	15,487
Programs: Education						
Community Primary Schools	--	10,985	--	--	--	10,985
Educational Supplies	--	1,659	--	--	28	1,687
Educational Outreach and Other	--	1,057	--	--	--	1,057
Literacy/Mobile Library/Workshops	--	4,107	--	--	--	4,107
Preschool Bldgs /Materials/Salaries	--	7,266	--	--	--	7,266
Sewing/Crafts/Other Trade Items	--	--	--	823	--	823
Student Special Activities/Occasions	--	2,560	--	--	--	2,560
Student Clothing/Bikes	--	8,826	--	--	--	8,826
Student Scholarships	--	14,328	--	--	--	14,328
Programs: Healthcare and Nutrition						
Preschool Nutrition Food	3,975	--	--	--	--	3,975
Health Supplies:: Mosquito Nets/etc.	1,884	--	--	--	--	1,884
Project Monitoring/M&E/Data	--	--	--	--	557	557
Printing & Publication	308	377	308	308	689	1,990
Registration Fees	--	--	--	--	--	--
Staff Salaries	2,605	42,946	7,324	7,324	7,324	67,523
Staff Salaries – Kravanh School	--	7,184	--	--	--	7,184
Staff Capacity Building	--	4,325	61	--	--	4,386
Taxes	--	--	--	--	--	--
Transportation/Gas/Repairs	1,261	4,705	1,531	1,530	1,530	10,557
Travel	215	556	215	215	215	1,416
Volunteer Coordinator/Program	512	512	513	513	513	2,563
Totals	\$ 14,450	\$127,939	\$ 51,101	\$ 26,627	\$ 37,564	\$ 257,694

See accompanying notes.

Supporting Activities

	Management and General	Fundraising	Total Expenses
Accounting	\$ 4,040	\$ --	\$ 4,040
Banking/Wire/Online Donation Fees	433	1,246	2,570
Buildings Rent	--	--	3,730
Buildings Repair & Maintenance	--	--	2,958
Buildings Utilities	--	--	4,947
Communication/Internet/Web Hosting	300	--	3,900
Computer System	--	--	4,136
Depreciation	--	--	2,005
Equipment	--	--	4,338
Meetings	--	--	1,140
Miscellaneous	10	--	2,207
Office Supplies	20	--	2,035
Postage/Shipping	13	--	13
Programs:			
Agricultural	--	--	7,514
Beekeeping	--	--	2,578
Community Workshops/Training	--	--	6,857
Community Ponds	--	--	--
Disaster Relief and Other Needs	--	--	1,647
Home Gardens/Fruit Trees/Seeds	--	--	12,631
Infrastructure/Roads/Solar Panels	--	--	--
Healthcare & Nutrition	--	--	--
MicroLoans	--	--	8,355
Pass-On Animals/Fishponds	--	--	14,926
Rainwater Harvesting	--	--	--
Rice Banks	--	--	1,618
Vocational Training	--	--	450
Wells/Water/Sanitation	--	--	15,487
Programs: Education			
Community Primary Schools	--	--	10,985
Educational Supplies	--	--	1,687
Educational Outreach and Other	--	--	1,057
Literacy/Mobile Library/Workshops	--	--	4,107
Preschool Bldgs/Materials/Salaries	--	--	7,266
Sewing/Crafts/Other Trade Items	--	--	823
Student Special Activities/Occasions	--	--	2,560
Student Clothing/Bikes	--	--	8,826
Student Scholarships	--	--	14,328
Programs: Healthcare and Nutrition			
Preschool Nutrition Food Supplement	--	--	3,975
Health Supplies: Mosquito Nets/etc.	--	--	1,884
Project Monitoring/M&E/Data	--	--	557
Printing & Publication	80	183	2,253
Registration Fees	377	--	377
Staff Salaries	--	--	67,523
Staff Salaries – Kravanh School	--	--	7,184
Staff Capacity Building	--	--	4,386
Taxes	--	--	--
Transportation/Gas/Repairs	--	--	10,557
Travel	--	--	1,416
Volunteer Coordinator/Program	--	--	2,563
Totals	\$ 5,273	\$ 1,429	\$ 264,396

See accompanying notes.

Notes to the Financial Statements
December 31, 2009 and December 31, 2008
Sustainable Cambodia, Inc.

NOTE 1 – Summary of Significant Accounting Policies

Entity

Sustainable Cambodia, Inc. (the Corporation) is a nonprofit corporation organized under the Florida Not-For-Profit Corporation Act. The Corporation is operated to help certain Cambodian villages become self-sustaining communities where people want to live; with healthy water and facilities, good food, health care and education for the residents; where there is environmental and social responsibility, and employment that allows them to sustain and continually improve their quality of life.

Tax Exempt Status

The Corporation is exempt from income taxes according to provisions of Section 501(c)(3) of the Internal Revenue Code. The Corporation has not earned any unrelated business taxable income; therefore, no provision for federal income taxes is reported. In addition, the Corporation has been classified by the Internal Revenue Service as an organization that is a not private foundation and qualifies for the charitable contribution deduction.

The Corporation holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Corporation's Forms 990, *Return of Organization Exempt from Income Taxes*, for 2005, 2006, 2007, and 2008 are subject to examination by the IRS, generally for 4 years after the date filed.

Basis of Accounting

The financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recognized only when cash is received and expenses are recognized only when cash is disbursed. The Corporation modifies the cash basis by:

- Recording as an asset any cash payments for equipment and vehicles and depreciating the assets over their useful lives.
- Recording any security deposits as an asset.

Financial Statements Presented

The Corporation considers itself a voluntary health and welfare organization and has presented a statement of functional expenses – modified cash basis.

Accounting for Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which do not expire by passage of time or can not be fulfilled by actions of the Corporation. The Corporation had no permanently restricted net assets during the year.

Temporarily Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the Corporation.

Unrestricted - Those net assets that are neither permanently or temporarily restricted.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

Notes to the Financial Statements
December 31, 2009 and December 31, 2008
Sustainable Cambodia, Inc.

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Equipment and Vehicles

Equipment and vehicles over \$500 are valued at cost if purchased, or estimated fair value at the date of donation. Equipment consists of office technology and motor scooters and are depreciated using the straight-line method over estimated useful lives of 5 years.

Expense Allocation

Expenses are allocated to the various functional categories based on the purpose achieved by each expenditure. The Corporation does not employ non-resident Cambodians, therefore all payroll expenses for employees are assigned to a specific program. Rent and utilities of the administrative offices and administrative personnel in Gainesville, Florida, are in-kind donations and are not recognized under the modified cash basis of accounting.

NOTE 2 – Concentration of Credit Risk

Cash balances in the U.S. banks do not exceed the FDIC insured limits.

NOTE 3 – Subsequent Event

The Organization has evaluated events and transactions for potential recognition or disclosure through August 23, 2010 which is the date the financial statements were available to be issued.

NOTE 4 – Equipment and Vehicles

All fixed assets are located in Pursat, Cambodia.

NOTE 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs:

	<u>2009</u>	<u>2008</u>
Education	\$ 8,618	\$ 10,837
Water	10,588	8,191
Community Development	87,737	80,711
Health	32,949	10,000
Total	<u><u>\$ 139,892</u></u>	<u><u>\$ 109,739</u></u>

NOTE 6 – Leases

In June, 2009, the Corporation entered into a lease agreement for the school, community development office, and administrative offices located in Pursat, Cambodia. The term of the lease is for sixty-one (61) months at a rate of \$550 per month; however, the last six months of the final year have been prepaid.

Future lease obligations:

2010	\$ 6,600
2011	6,600
2012	6,600
2013	6,600
2014	<u>3,300</u>
Total	<u><u>\$ 29,700</u></u>

The Corporation's administrative office space in Gainesville, Florida is an in-kind donation by a separate company founded by a board member.

Notes to the Financial Statements
December 31, 2009 and December 31, 2008
Sustainable Cambodia, Inc.

NOTE 7 – MicroLoans Issued

MicroLoans provide funding for Cambodian communities to make small business loans to their members. The recipients are expected to repay the loans with interest to the Village Microloan Committees. The Organization expenses these loans when they are made under the modified cash basis of accounting. Cash Crop Loan repayments of principal are made to the Organization and reported as program income when received. Interest repayments are retained by the village committees for future use in the villages.