

Sustainable Cambodia, Inc.

Financial Statements And Independent Auditors' Report

December 31, 2012 and 2011

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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
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Sustainable Cambodia, Inc. (the Corporation), which comprise the statements of financial position – modified cash basis as of December 31, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets – modified cash basis, and functional expenses – modified cash basis, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of these financial statements in accordance with modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2012 and 2011, and the changes in its net assets for the years then ended in accordance with the modified cash basis of accounting.

Basis of Accounting. 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 accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Kattell and Company, P.L.

June 18, 2013
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, 2012 and 2011
Sustainable Cambodia, Inc.**

	<u>2012</u>	<u>2011</u>
Assets		
Cash – USA:		
Checking	\$ 82,359	\$ 70,603
Cash – Cambodia:		
Checking	124,157	136,904
Cash on Hand	3,061	--
Pledges Receivable	34,361	17,266
Property and Equipment:		
Equipment	12,414	11,911
Vehicles and Other Assets	29,607	22,217
Leasehold Improvements	10,997	10,997
Less: Accumulated Depreciation	<u>(25,731)</u>	<u>(20,526)</u>
Net Property and Equipment	27,287	24,599
Other Asset	<u>3,700</u>	<u>7,300</u>
Total Assets	<u>\$ 274,925</u>	<u>\$ 256,672</u>
Liabilities and Net Assets		
Liabilities:		
Deposits Held	\$ 6,344	\$ 4,700
Net Assets:		
Unrestricted:		
Invested in Fixed Assets	27,287	24,599
Other	<u>119,434</u>	<u>70,023</u>
Total Unrestricted	146,721	94,622
Temporarily Restricted	<u>121,860</u>	<u>157,350</u>
Total Net Assets	<u>268,581</u>	<u>251,972</u>
Total Net Assets and Liabilities	<u>\$ 274,925</u>	<u>\$ 256,672</u>

See accompanying notes.

**Statement of Revenues, Expenses and Changes in Net Assets -
Modified Cash Basis
For the Year Ended December 31, 2012
Sustainable Cambodia, Inc.**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support</u>			
Contributions:			
Child Sponsorships	\$ 55,700	\$ --	\$ 55,700
University Scholarships	--	26,889	26,889
Village Sustainability	38,356	--	38,356
Board of Directors	120,270	--	120,270
Other General Fund Contributions	31,021	--	31,021
Grants and Special Funding:			
Education	--	101,554	101,554
Village Sustainability and Wells & Water	--	104,071	104,071
Loss on Sale of Assets	(144)	--	(144)
Net Assets Released from Restrictions	<u>268,004</u>	<u>(268,004)</u>	<u>--</u>
Total Support	513,207	(35,490)	477,717
<u>Revenues</u>			
Program Revenues – Crop Loan Repayments	40,845	--	40,845
Program Revenues – RRH and Other	29,452	--	29,452
Interest Income	<u>561</u>	<u>--</u>	<u>561</u>
Total Revenues	<u>70,858</u>	<u>--</u>	<u>70,858</u>
Total Support and Revenues	584,065	(35,490)	548,575
<u>Expenses</u>			
Program Services:			
Community Healthcare	22,108	--	22,108
Education	289,636	--	289,636
Village Sustainability:			
Agricultural & Economic Development	126,540	--	126,540
Wells, Water & Sanitation	88,648	--	88,648
Supporting Activities:			
Management and General	2,403	--	2,403
Fundraising	<u>2,631</u>	<u>--</u>	<u>2,631</u>
Total Expenses	<u>531,966</u>	<u>--</u>	<u>531,966</u>
Change in Net Assets	52,099	(35,490)	16,609
Net Assets, January 1, 2012	<u>94,622</u>	<u>157,350</u>	<u>251,972</u>
Net Assets, December 31, 2012	<u>\$ 146,721</u>	<u>\$ 121,860</u>	<u>\$ 268,581</u>

See accompanying notes.

**Statement of Revenues, Expenses and Changes in Net Assets -
Modified Cash Basis
For the Year Ended December 31, 2011
Sustainable Cambodia, Inc.**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support</u>			
Contributions:			
Child Sponsorships	\$ 48,000	\$ --	\$ 48,000
University Scholarships	--	16,780	16,780
Village Sustainability	30,109	--	30,109
Board of Directors	57,675	--	57,675
Other General Fund Contributions	36,408	--	36,408
Grants and Special Funding:			
Education	--	143,359	143,359
Village Sustainability and Wells & Water	--	35,248	35,248
Loss on Sale of Assets	(1,326)	--	(1,326)
Net Assets Released from Restrictions	<u>206,876</u>	<u>(206,876)</u>	<u>--</u>
Total Support	377,742	(11,489)	366,253
<u>Revenues</u>			
Program Revenues – Crop Loan Repayments	40,474	--	40,474
Program Revenues – RRH and Other	16,335	--	16,335
Interest Income	<u>661</u>	<u>--</u>	<u>661</u>
Total Revenues	<u>57,470</u>	<u>--</u>	<u>57,470</u>
Total Support and Revenues	435,212	(11,489)	423,723
<u>Expenses</u>			
Program Services:			
Community Healthcare	31,754	--	31,754
Education	206,762	--	206,762
Village Sustainability:			
Agricultural/Economic Development	114,042	--	114,042
Wells, Water & Sanitation	51,910	--	51,910
Supporting Activities:			
Management and General	6,204	--	6,204
Fundraising	<u>2,950</u>	<u>--</u>	<u>2,950</u>
Total Expenses	<u>413,622</u>	<u>--</u>	<u>413,622</u>
Change in Net Assets	21,590	(11,489)	10,101
Net Assets, January 1, 2011	<u>73,032</u>	<u>168,839</u>	<u>241,871</u>
Net Assets, December 31, 2011	<u>\$ 94,622</u>	<u>\$ 157,350</u>	<u>\$ 251,972</u>

See accompanying notes.

Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2012
Sustainable Cambodia, Inc.

Program Services					
	Community Sustainability				Total Program Services
	Community Healthcare	Education	Agricultural & Economic Development	Wells, Water & Sanitation	
Accounting /Grant Audit Fees	\$ --	\$ --	\$ --	\$ --	\$ --
Banking/Wire/Online Donation Fees	58	753	368	224	1,403
Buildings Rent	271	8,345	1,733	1,052	11,401
Buildings Repair & Maintenance	165	4,278	1,054	640	6,137
Buildings Utilities	234	4,796	1,500	911	7,441
Communication/Internet/Web Hosting	242	3,173	1,551	942	5,908
Computer System/IT Equipment	102	2,928	784	526	4,340
Depreciation	423	5,538	2,707	1,644	10,312
Equipment	--	3,116	265	265	3,646
Meetings/Conferences	19	249	122	74	464
Office Supplies	122	3,528	778	472	4,900
Postage/Shipping	--	--	--	--	--
Programs:					
Agricultural Farm Association Training	--	--	--	--	--
Beekeeping	--	--	--	--	--
Community Workshops/Training	--	2,492	1,711	--	4,203
Community Ponds & Family Fish Ponds	--	--	--	--	--
Disaster Relief and Other Needs	2,188	4,226	611	--	7,025
Home Gardens/Fruit Trees/Seeds	--	--	1,964	--	1,964
Infrastructure/Roads/Solar Panels	--	--	3,090	--	3,090
Healthcare & Nutrition Workshops	785	--	--	--	785
Agricultural Cash Crop Loans	--	--	--	--	--
MicroLoans and Cash Crop Loans	--	--	64,760	--	64,670
Pass-On Animals/Fishponds	--	--	7,420	--	7,420
Rainwater Harvesting	--	--	--	19,270	19,270
Rice Banks	--	--	--	--	--
Vocational Training	--	--	--	--	--
Wells/Water/Sanitation	--	--	--	39,342	39,342
Programs: Education					
Community Primary Schools	--	5,110	--	--	5,110
Educational Supplies	--	5,787	--	--	5,787
Educational Outreach Salaries and Other	--	25,882	--	--	25,882
Literacy/Mobile Library/Workshops	--	203	--	--	203
Preschool Bldgs /Materials/Salaries	--	14,336	--	--	14,336
Sewing/Crafts/Other Trade Items	--	3,045	--	--	3,045
Student Special Activities/Occasions	--	8,392	--	--	8,392
Student Clothing/Bikes	--	16,841	--	--	16,841
Student Scholarships	--	37,774	--	--	37,774
Programs: Healthcare and Nutrition					
Preschool/TC Nutrition Food Supplement	6,156	4,361	--	--	10,517
Health Supplies: Mosquito Nets/etc.	2,443	--	--	--	2,443
Project Monitoring/M&E/Data	--	7,321	151	151	7,623
Printing, Publication	71	924	452	274	1,721
Registration Fees/Job Announcement Costs	4	53	26	16	99
Staff Salaries	8,336	71,532	29,318	17,909	127,095
Staff Salaries – KBFC Kravanh School	--	18,638	--	--	18,638
Staff Salaries – TC Swartz Schools	--	3,573	--	--	3,573
Staff Capacity Building: Seminars/Training	254	4,809	1,815	1,176	8,054
Staff Capacity/Training TC Swartz Schools	--	10,751	--	--	10,751
Staff Health Insurance	--	66	32	20	118
Transportation/Gas/Repairs	43	4,292	3,097	2,990	10,422
Travel	3	42	20	12	77
Volunteer Coordinator/Program	189	2,482	1,211	738	4,620
Totals	\$ 22,108	\$ 289,636	\$126,540	\$ 88,648	\$ 526,932

See accompanying notes.

Supporting Activities

	Management and General	Fundraising	Total Expenses
Accounting /Grant Audit Fees	--	--	\$ --
Banking/Wire/Online Donation Fees	680	2,631	4,714
Buildings Rent	--	--	11,401
Buildings Repair & Maintenance	--	--	6,137
Buildings Utilities	--	--	7,441
Communication/Internet/Web Hosting	792	--	6,700
Computer System/IT Equipment	--	--	4,340
Depreciation	--	--	10,312
Equipment	--	--	3,646
Meetings/Conferences	--	--	464
Office Supplies	338	--	5,238
Postage/Shipping	256	--	256
Programs:			
Agricultural Farm Association Training	--	--	--
Beekeeping	--	--	--
Community Workshops/Training	--	--	4,203
Community Ponds & Family Fish Ponds	--	--	--
Disaster Relief and Other Needs	--	--	7,025
Home Gardens/Fruit Trees/Seeds	--	--	1,964
Infrastructure/Roads/Solar Panels	--	--	3,090
Healthcare & Nutrition Workshops	--	--	785
Agricultural Cash Crop Loans	--	--	--
MicroLoans and Cash Crop Loans	--	--	64,760
Pass-On Animals/Fishponds	--	--	7,420
Rainwater Harvesting	--	--	19,270
Rice Banks	--	--	--
Vocational Training	--	--	--
Wells/Water/Sanitation	--	--	39,342
Programs: Education			
Community Primary Schools	--	--	5,110
Educational Supplies	--	--	5,787
Educational Outreach Salaries and Other	--	--	25,882
Literacy/Mobile Library/Workshops	--	--	203
Preschool Bldgs /Materials/Salaries	--	--	14,336
Sewing/Crafts/Other Trade Items	--	--	3,045
Student Special Activities/Occasions	--	--	8,392
Student Clothing/Bikes	--	--	16,841
Student Scholarships	--	--	37,774
Programs: Healthcare and Nutrition			
Preschool/TC Nutrition Food Supplement	--	--	10,517
Health Supplies: Mosquito Nets/etc.	--	--	2,443
Project Monitoring/M&E/Data	--	--	7,623
Printing, Publication	--	--	1,721
Registration Fees/Job Announcement Costs	337	--	436
Staff Salaries	--	--	127,095
Staff Salaries – KBFC Kravanh School	--	--	18,638
Staff Salaries – TC Swartz School	--	--	3,573
Staff Capacity Building: Seminars/Training	--	--	8,054
Staff Capacity/Training TC Swartz Schools	--	--	10,751
Staff Health Insurance	--	--	118
Transportation/Gas/Repairs	--	--	10,422
Travel	--	--	77
Volunteer Coordinator/Program	--	--	4,620
Totals	\$ 2,403	\$ 2,631	\$ 531,966

See accompanying notes.

Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2011
Sustainable Cambodia, Inc.

Program Services

	Community Sustainability				Total Program Services
	Community Healthcare	Education	Agricultural Development	Wells, Water & Sanitation	
Accounting	\$ --	\$ --	\$ --	\$ --	\$ --
Bad Debt Expense	--	--	--	--	--
Banking/Wire/Online Donation Fees	87	568	313	198	1,166
Buildings Rent/Occupancy	494	8,014	1,773	1,119	11,400
Buildings Repair & Maintenance	38	955	144	86	1,223
Buildings Utilities	450	5,555	1,613	1,018	8,636
Communication/Internet/Web Hosting	358	2,325	1,282	809	4,774
Computer System/IT Equipment	50	1,801	180	112	2,143
Depreciation	623	4,354	2,399	1,510	8,886
Equipment	--	1,584	369	--	1,953
Meetings	38	247	136	86	507
Miscellaneous	107	697	384	242	1,430
Office Supplies	123	1,733	442	279	2,577
Postage/Shipping	--	--	--	--	--
Programs:					
Agricultural	--	--	739	--	739
Beekeeping	--	--	--	--	--
Community Workshops/Training	--	--	6,452	--	6,452
Community Ponds	--	--	2,737	--	2,737
Disaster Relief and Other Needs	1,437	--	177	--	1,614
Home Gardens/Fruit Trees/Seeds	--	--	1,984	--	1,984
Infrastructure/Roads/Solar Panels	--	--	2,252	--	2,252
Healthcare & Nutrition	1,344	--	--	--	1,344
MicroLoans and Cash Crop Loans	--	--	39,461	--	39,461
Pass-On Animals/Fishponds	--	--	8,824	--	8,824
Rainwater Harvesting	--	--	--	3,902	3,902
Rice Banks	--	--	2,060	--	2,060
Vocational Training	--	--	462	--	462
Wells/Water/Sanitation	--	--	--	36,499	36,499
Programs: Education					
Community Primary Schools	--	9,814	--	--	9,814
Educational Supplies	--	3,457	--	--	3,457
Educational Outreach and Other	--	10,752	--	--	10,752
Literacy/Mobile Library/Workshops	--	968	--	--	968
Preschool Bldgs/Materials/Salaries	--	20,525	--	--	20,525
Sewing/Crafts/Other Trade Items	--	1,776	--	--	1,776
Student Special Activities/Occasions	--	4,952	--	--	4,952
Student Clothing/Bikes	--	6,808	--	--	6,808
Student Scholarships	--	32,099	--	--	32,099
Programs: Healthcare and Nutrition					
Preschool Nutrition Food Supplement	13,450	--	--	--	13,450
Health Supplies: Mosquito Nets/etc.	4,078	--	--	--	4,078
Project Monitoring/M&E/Data	--	--	1,314	--	1,314
Printing & Publication	148	965	532	336	1,981
Registration Fees	--	--	--	--	--
Staff Salaries	8,419	58,842	30,828	4,886	102,975
Staff Salaries – Kravanh School	--	21,297	--	--	21,297
Staff Capacity Building	189	1,071	592	100	1,952
Taxes	--	--	--	--	--
Transportation/Gas/Repairs	12	3,591	5,483	28	9,114
Travel	31	204	113	71	419
Volunteer Coordinator/Program	278	1,808	997	629	3,712
Totals	\$ 31,754	\$206,762	\$ 114,042	\$ 51,910	\$ 404,468

See accompanying notes.

Supporting Activities			
	Management and General	Fundraising	Total Expenses
Accounting	\$ 2,400	\$ --	\$ 2,400
Bad Debt Expense	936	--	936
Banking/Wire/Online Donation Fees	680	2,464	4,310
Buildings Rent	--	--	11,400
Buildings Repair & Maintenance	--	--	1,223
Buildings Utilities	--	--	8,636
Communication/Internet/Web Hosting	210	--	4,984
Computer System/IT Equipment	--	--	2,143
Depreciation	--	--	8,886
Equipment	--	--	1,953
Meetings	--	--	507
Miscellaneous	--	--	1,430
Office Supplies	99	--	2,676
Postage/Shipping	467	--	467
Programs:			
Agricultural	--	--	739
Beekeeping	--	--	--
Community Workshops/Training	--	--	6,452
Community Ponds	--	--	2,737
Disaster Relief and Other Needs	--	--	1,614
Home Gardens/Fruit Trees/Seeds	--	--	1,984
Infrastructure/Roads/Solar Panels	--	--	2,252
Healthcare & Nutrition	--	--	1,344
MicroLoans and Cash Crop Loans	--	--	39,461
Pass-On Animals/Fishponds	--	--	8,824
Rainwater Harvesting	--	--	3,902
Rice Banks	--	--	2,060
Vocational Training	--	--	462
Wells/Water/Sanitation	--	--	36,499
Programs: Education			
Community Primary Schools	--	--	9,814
Educational Supplies	--	--	3,457
Educational Outreach and Other	--	--	10,752
Literacy/Mobile Library/Workshops	--	--	968
Preschool Bldgs /Materials/Salaries	--	--	20,525
Sewing/Crafts/Other Trade Items	--	--	1,776
Student Special Activities/Occasions	--	--	4,952
Student Clothing/Bikes	--	--	6,808
Student Scholarships	--	--	32,099
Programs: Healthcare and Nutrition			
Preschool Nutrition Food Supplement	--	--	13,450
Health Supplies: Mosquito Nets/etc.	--	--	4,078
Project Monitoring/M&E/Data	--	--	1,314
Printing & Publication	951	486	3,418
Registration Fees	461	--	461
Staff Salaries	--	--	102,975
Staff Salaries – Kravanh School	--	--	21,297
Staff Capacity Building	--	--	1,952
Taxes	--	--	--
Transportation/Gas/Repairs	--	--	9,114
Travel	--	--	419
Volunteer Coordinator/Program	--	--	3,712
Totals	\$ 6,204	\$ 2,950	\$ 413,622

See accompanying notes.

Notes to the Financial Statements
December 31, 2012 and 2011
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 not a 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 Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for three 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.
- Recording deposits held for future expenses as a liability.

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, 2012 and 2011
Sustainable Cambodia, Inc.

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Receivables

The pledges receivable was promised by the Rotary Club to fund projects of the subsequent year. The Organization records receivables at net realizable value using the allowance method, however no allowance is recorded since the pledge is considered fully collectable.

Property and Equipment

Property and equipment 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 is depreciated using the straight-line method over the estimated useful life of five years.

All fixed assets are located in Pursat, Cambodia. Leasehold Improvements are additions, alterations, remodeling, or renovations to the school, community development offices, and administrative offices located in Pursat, Cambodia, and are depreciated using the straight-line method over the term of the lease, which is five years and one month.

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 insured limits of the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs:

	<u>2012</u>	<u>2011</u>
Education	\$ 70,638	\$ 98,508
Water	18,338	41,182
Community Development/Villages Sustainability	6,391	11,966
Health	26,493	5,694
Total	<u>\$ 121,860</u>	<u>\$ 157,350</u>

NOTE 4 – 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 are as follows:

2013	\$ 6,600
2014	3,300
Total	<u>\$ 9,900</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, 2012 and 2011
Sustainable Cambodia, Inc.

NOTE 5 – 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 their own Village Microloan Committees that oversee and provide the next sequence of loans. The loans are not repaid to the Organization. The Organization expenses these loans when they are made under the modified cash basis of accounting.

Cash Crop Loans are also provided to families who repay the principal loans to the Organization. These repaid funds are then available for the next sequence of loans. The repaid loans are reported as program income for the Organization when received. Interest repayments are retained by the village committees for future use in the villages.

NOTE 6 – Subsequent Event

The Organization has evaluated events and transactions for potential recognition or disclosure through June 18, 2013, which is the date the financial statements were available to be issued.