



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

THE PONHEARY LY FOUNDATION

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

SEPTEMBER 30, 2016



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
The Ponheary Ly Foundation

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of The Ponheary Ly Foundation (the Foundation), which comprise the statement of assets, liabilities, and net assets- cash basis as of September 30, 2016, and the related statements of cash receipts and disbursements- 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 the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audit. 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 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 entity'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 entity'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.

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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 assets, liabilities, and net assets of the Foundation as of September 30, 2016, and its cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Montgomery Britton Bender PC

23 January 2017
Austin, Texas

THE PONHEARY LY FOUNDATION

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-CASH BASIS

SEPTEMBER 30, 2016

ASSETS

Cash	<u>\$1,083,209</u>
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LIABILITIES AND NET ASSETS

Liabilities	<u>\$0</u>
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Net Assets

Unrestricted	910,186
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Temporarily restricted-scholarships	<u>173,023</u>
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	<u>1,083,209</u>
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	<u>\$1,083,209</u>
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The accompanying notes are an integral part of this financial statement presentation.

THE PONHEARY LY FOUNDATION
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
CASH RECEIPTS			
Contributions	\$601,303	\$108,303	\$709,606
Other	3,453	0	3,453
Net assets released from restrictions	<u>44,412</u>	<u>(44,412)</u>	<u>0</u>
	<u>649,168</u>	<u>63,891</u>	<u>713,059</u>
CASH DISBURSEMENTS			
Administrative staff salaries and related	32,505	0	32,505
Teacher salaries and related	<u>21,534</u>	<u>0</u>	<u>21,534</u>
Total salaries and related	54,039	0	54,039
AHS Girl's Dorm	73,320	0	73,320
Food	61,593	0	61,593
Supplies and uniforms	41,921	0	41,921
University	41,047	0	41,047
Engelstoft Foundation	39,452	0	39,452
Technology	39,094	0	39,094
Secondary students	33,045	0	33,045
Events	21,936	0	21,936
English program	19,219	0	19,219
Facility	14,963	0	14,963
Bikes	14,291	0	14,291
Marketing	12,824	0	12,824
Wellness	12,190	0	12,190
Office expense	10,246	0	10,246
Rent and electricity	9,658	0	9,658
Volunteers	9,467	0	9,467
Travel	7,998	0	7,998
Libraries	7,912	0	7,912
Sports and music science	7,806	0	7,806
Special projects	7,770	0	7,770
Srayang house	5,941	0	5,941
Siem Reap boys dorm	5,737	0	5,737
Motorbikes	5,255	0	5,255
Administrative fees for donations	5,190	0	5,190
Telephone and internet	3,422	0	3,422
Other	<u>14,624</u>	<u>0</u>	<u>14,624</u>
	<u>579,960</u>	<u>0</u>	<u>579,960</u>
CASH RECEIPTS OVER CASH DISBURSEMENTS	69,208	63,891	133,099
BEGINNING NET ASSETS	<u>840,978</u>	<u>109,132</u>	<u>950,110</u>
ENDING NET ASSETS	<u>\$910,186</u>	<u>\$173,023</u>	<u>\$1,083,209</u>

The accompanying notes are an integral part of this financial statement presentation.

THE PONHEARY LY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

The Ponheary Ly Foundation (Foundation) is a 501(c)(3) non-profit corporation. The Foundation promotes access to public educational opportunities and the health and well being of children and young people in Cambodia's Siem Reap and Preah Vihear provinces. They promote access to quality education for disenfranchised children and young people across northern Cambodia.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Foundation are prepared using the cash basis of accounting which recognizes revenue when cash is received and expenses when cash is paid.

FINANCIAL STATEMENT PRESENTATION

The Foundation reports information regarding its net assets and activities according to the following three classes of net assets:

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Support restricted by the donor or grantor is recorded as an increase in temporarily restricted net assets. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently restricted net assets

Support permanently restricted by the donor is recorded as an increase in permanently restricted net assets. These assets are held permanently to generate future benefits as instructed by the donor. There was no permanently restricted activity during the year.

CONTRIBUTIONS

The Foundation receives contributions from the general public in the United States, Canada, Cambodia, and Switzerland. Cash receipts are recognized when received, in accordance with the cash basis of accounting. Contribution restrictions that are satisfied in the year of receipt are reported as unrestricted revenue in that year.

ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE PONHEARY LY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the notes to financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

FEDERAL INCOME TAXES

The Foundation is exempt from Federal income tax purposes under Internal Revenue Code Section 501(c)(3), except to the extent it has unrelated business activities. Therefore, no provisions have been made for Federal income taxes in the accompanying financial statements. Generally, the Foundation is no longer subject to income tax examinations by Federal authorities for years prior to September 30, 2014.

SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events for disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

At year end the Foundation held cash of \$4,112 in U.S. bank accounts in excess of FDIC insurance. The Foundation's cash held in Cambodian accounts with a combined balance of \$311,669 are not insured.

38% of cash receipts is from three donors.

NOTE 4: FOREIGN OPERATIONS

The Foundation has operations in Cambodia. The operations are subject to various political, economic, and other risks and uncertainties inherent in the country in which the Foundation operates. Among other risks, the Foundation's operations are subject to the risks of restrictions on transfer of funds; domestic and international customs and tariffs; foreign exchange restrictions; and political conditions and governmental regulations.

NOTE 5: RELATED PARTY TRANSACTIONS

Cash receipts includes \$13,310 in donations from board members. The Foundation's cash disbursements include expenses of \$5,941 for the benefit of Ponheary Ly Foundation-Canada, a related organization.

THE PONHEARY LY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 6: FUNCTIONAL EXPENSE

Program	\$494,473
Administrative	70,947
Fundraising	<u>14,540</u>
	<u>\$579,960</u>