



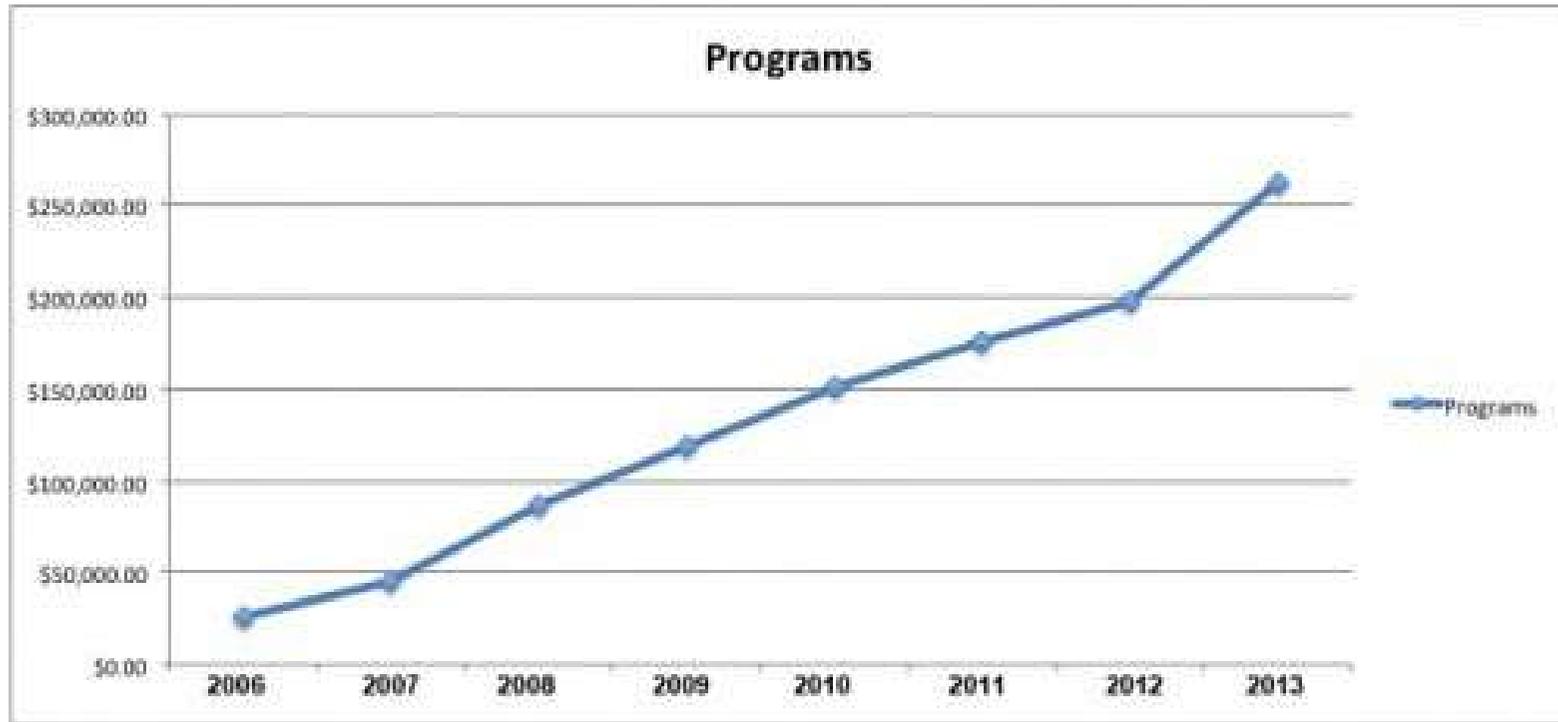
Ponheary Ly Foundation  
Finance Report  
2012-2014



Another year has come to a close and with it come the joys of IRS reporting. The best part of all these spreadsheets that have occupied my every brain cell for the last 30 days, is the rare opportunity to let these numbers tell me stories about how we've grown, how we haven't, think about why we didn't, see where we've made mistakes and how they've been corrected. Or not. The chance to stand 100 feet up over PLF, switch lenses and see the project as something totally binary. It's revealing in many ways and always gives me a chance to really examine things afresh. I thought I'd share the things I noticed with the people whose money makes all this possible.



Let's begin with the simple stuff– the growth of the program in general.

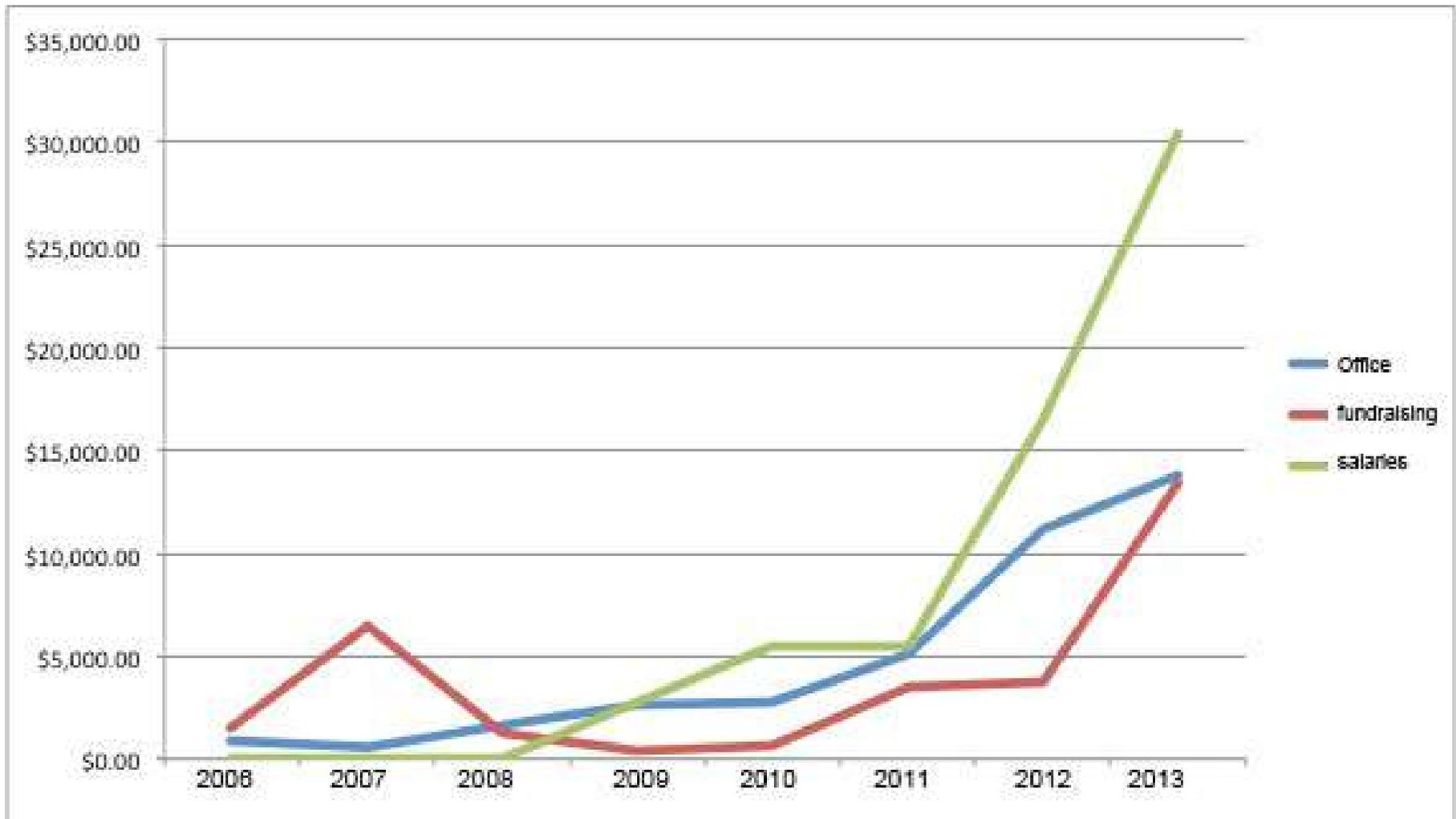


This is total spending, strictly on programs. A nice steady trajectory upward, starting at \$25,000 in 2006 and growing to \$261,000 by 2013. Notice a sharp incline at 2013. We'll talk a bit about that later.



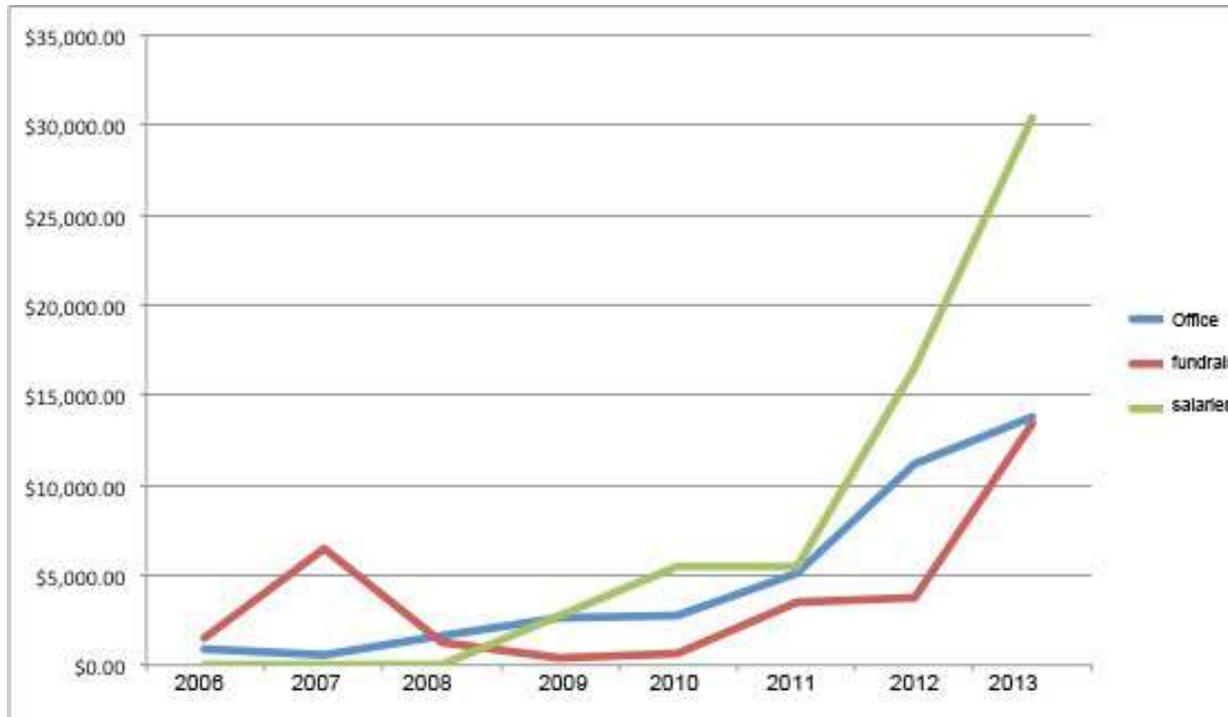
Here is everyone's favorite topic: Admin. What does it cost to administer these programs? How much rent, how many accountants, how many reams of A4, how much marketing, how many fund raising events, and lastly, how many salaries? Are we lean enough? Is the percentage "correct"? And what does "correct" mean? And a percentage of what to what?

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The blue line is "running the office" and includes things like the rent and utilities, paying the accountant, website hosting, postage, office supplies, telephone and internet service. The red line is "fundraising" which we don't spend much on since our association with the guesthouse/touring company makes the donor pool come to us, and so many of you raise our funds for us (thank you).

The uptick in 2013 on fundraising expense is from Ponheary and Lori going to the US, pounding the pavement, and giving presentations. We raised \$28,000 on that trip, but frankly, after deducting travel expenses, we can make that much money every month sitting in Cambodia. It was a fun trip, and had benefits outside the tangible, but financially it was a wash. LESSON LEARNED: We probably won't spend money doing fundraising that way again.

The green line is salaries. Wow look that at big uptick in 2012 and 2013, so let's talk about **staff**.

Here is the a bit of detail on staff spending across years. Note that our core staff are Cambodians and their salary package includes University and/or English tuition.

**2006-2008:** \$0.00 These are the years it was just Ponheary and Lori, trying to build something, working without salaries.

**2009:** \$2,270 This was the year that Ponheary and I started getting small salaries.

**2010 and 2011:** \$5,400 each year. These two years we hired one Cambodian staff member to start managing some field activities so that Ponheary and I could spend more time raising money and focusing on development and still keep our core projects running well. The benefits of this decision were tremendous. Already in 2009 we had seen that we had reached a plateau in fundraising. Two women alone could not talk to any more people while also keeping an eye on the programs we were building at four schools. We had to make a decision, “Should we stay this size forever?” Doing so would mean no high school scholarships nor all the other programs our subsequent growth has wrought. It would also mean that the whole Foundation would fall apart if anything happened to either of us. OR, should we take the a leap of faith, hire some help and believe that we could raise enough money to cover those salaries and then some? It was a gamble that we decided to take.

**2012 admin salaries were \$16,000**, which was two Cambodian staff and Ponheary and I.

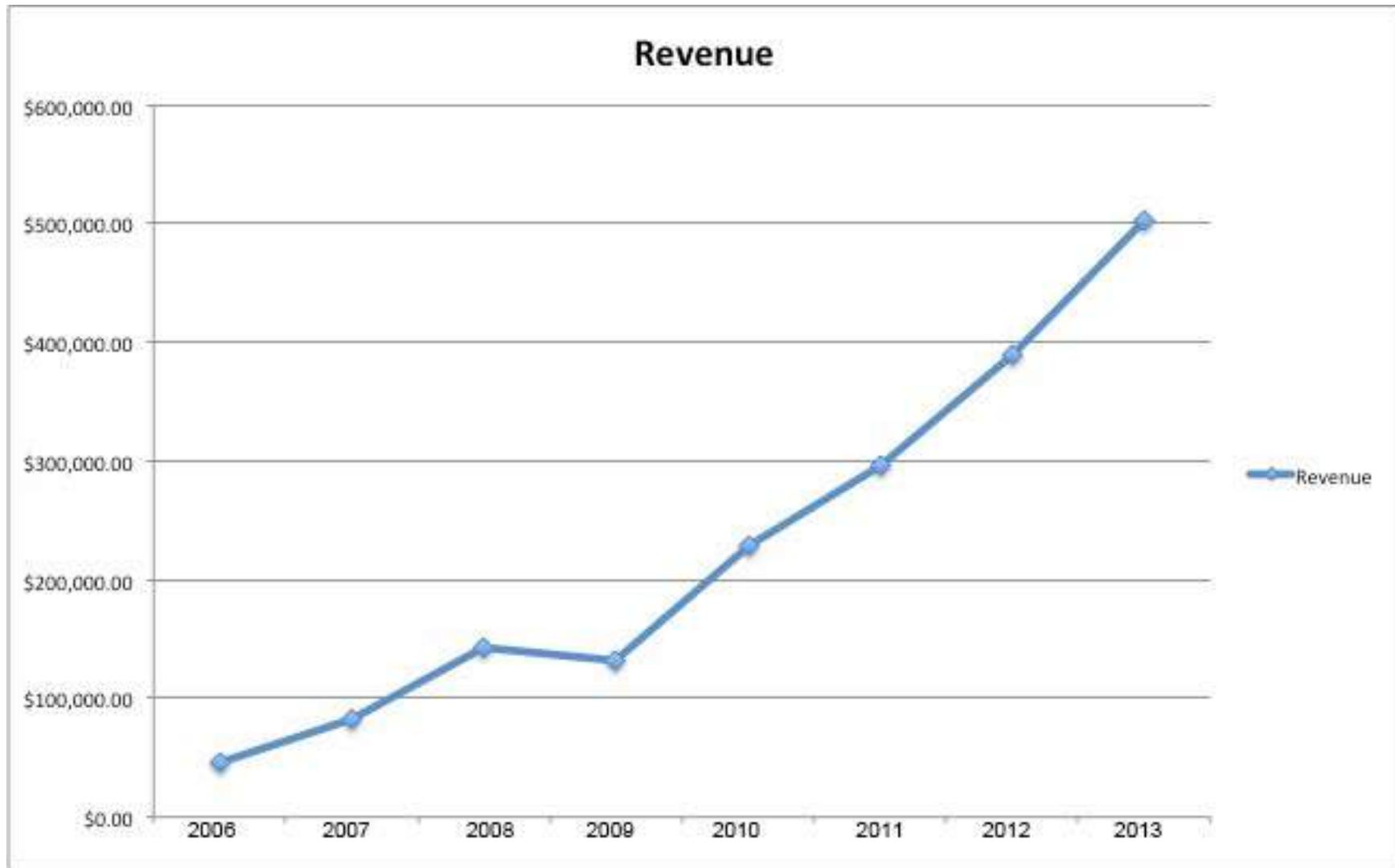
**2013 admin salaries doubled**, which reflects the decision to hire Travis Thompson and give raises to the two Cambodian staff.

Was it worth it?

In a word, **YES**.

We can see revenue far exceeding the cost of adding staff. With that revenue we've been able to finally implement the programs that have brought our students to their fullest potential.

Let's have a look at revenue over time:



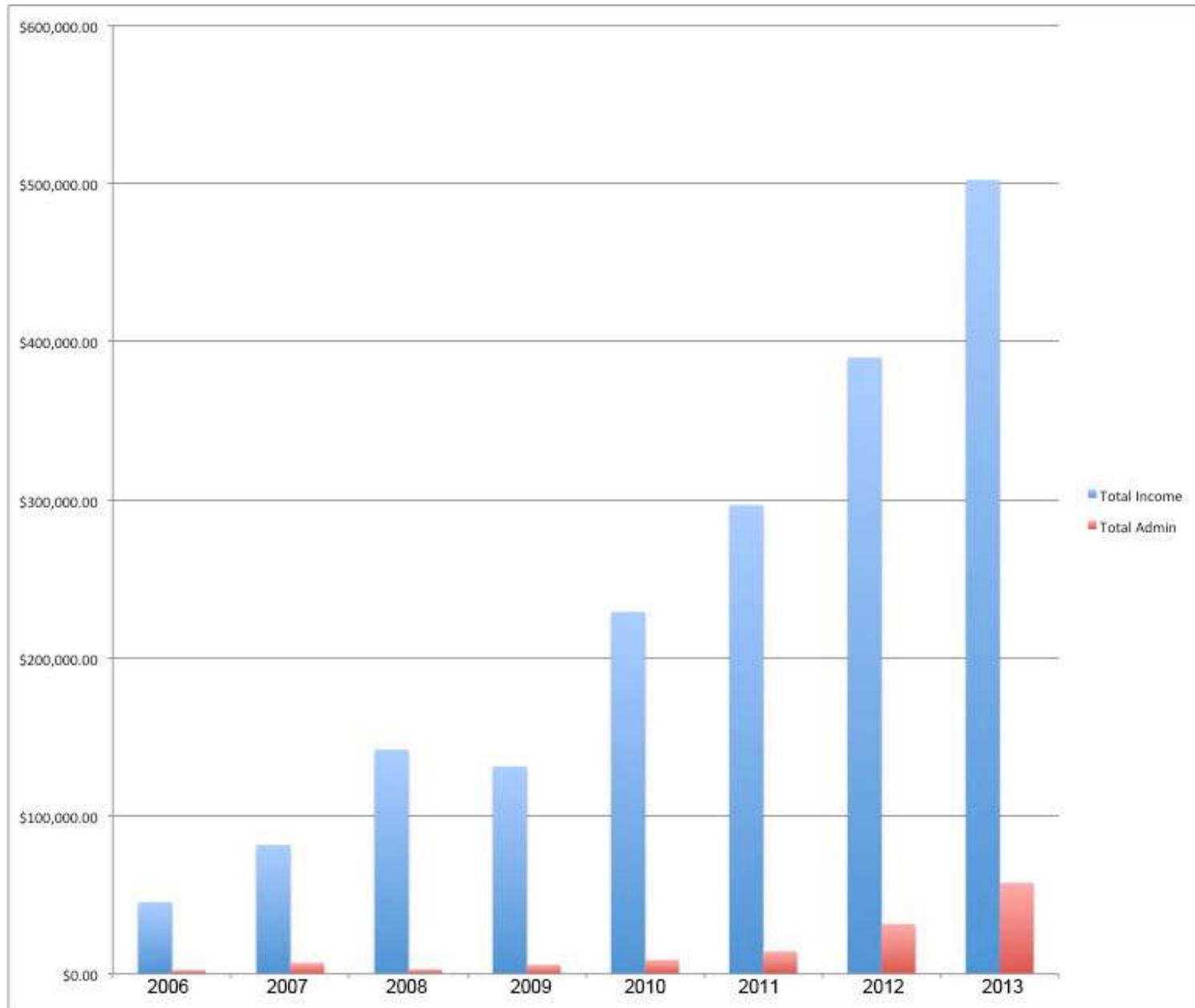
It's clear that the decision to hire staff and free up the principals for fundraising and goal setting was a good decision. We boldly jumped off the plateau we had encountered (plateau is a nice word for it, we were actually in a bit of a slide) and growth since then has been exponential.

There is a lot of focus on the ratio between admin and programs specifically admin salaries and programs. I can understand this completely and tend to be hyper sensitive to this issue, since most of the charities in Cambodia (and maybe everywhere) are more in the business of salary creation than anything else and I find this personally objectionable. Everyone who contacts me to review our 990 will go immediately to those two numbers and do a quick calculation. In 2013, the percentage of admin salaries to programs is 11%, which is incredibly high for us, though still low compared to most charities our size. But it was below 3% from 2006 until 2012, so 11% is a big shift for us.

The programs we've added in the last two years require a great deal of oversight. In Cambodia, you can choose to spend \$3,600 on a salary for someone to keep the money in the tube until it reaches the students directly or you can not have any direct oversight and let it leak out all over the place, usually in a much larger sum than the salary of the overseer. Having direct oversight of programs is important for us, it keeps your money in tact on it's journey to the student.

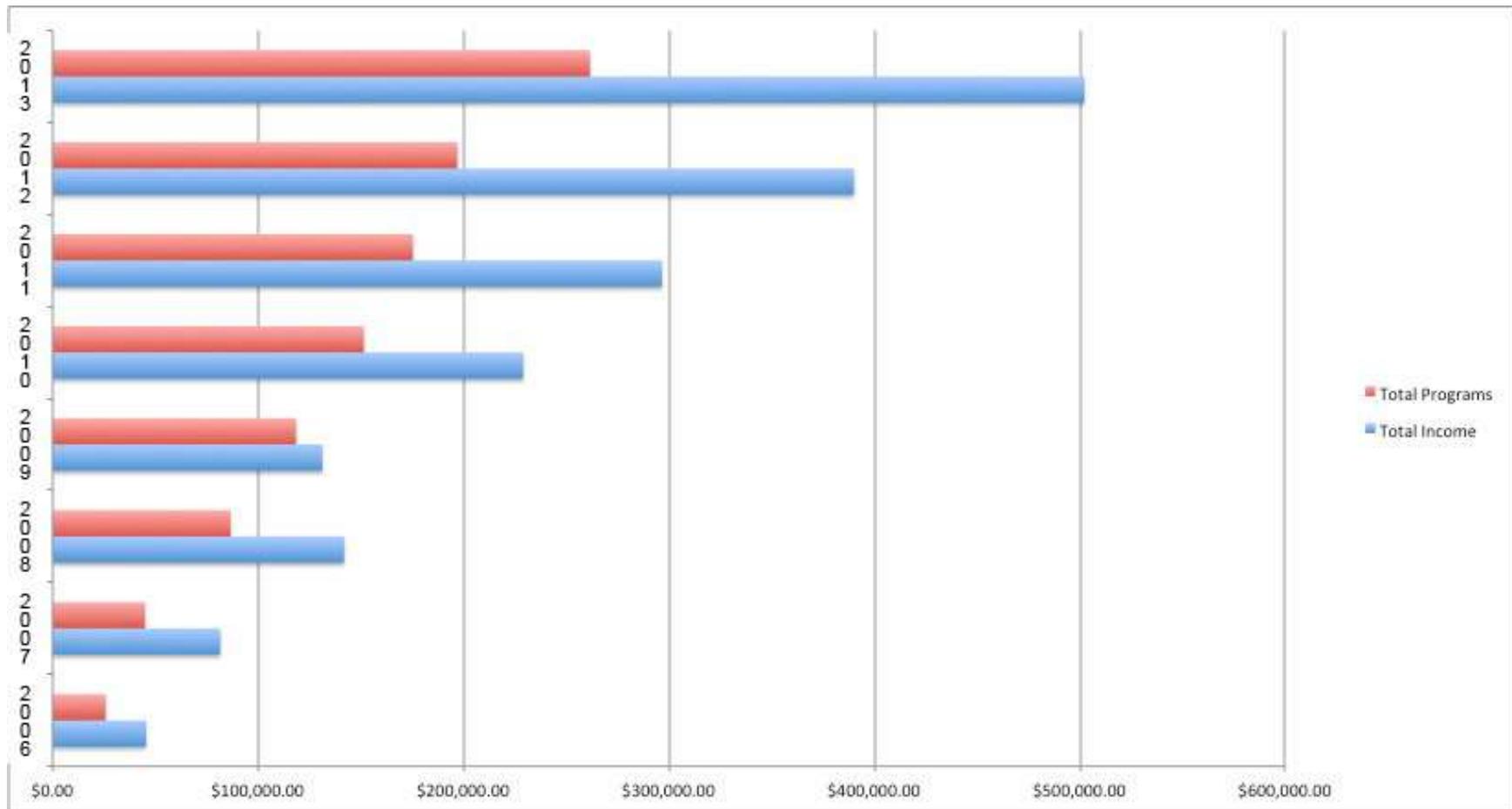


For a clearer picture on this, here is a comparison of total revenue vs total admin (salaries, fundraising and office expenses)



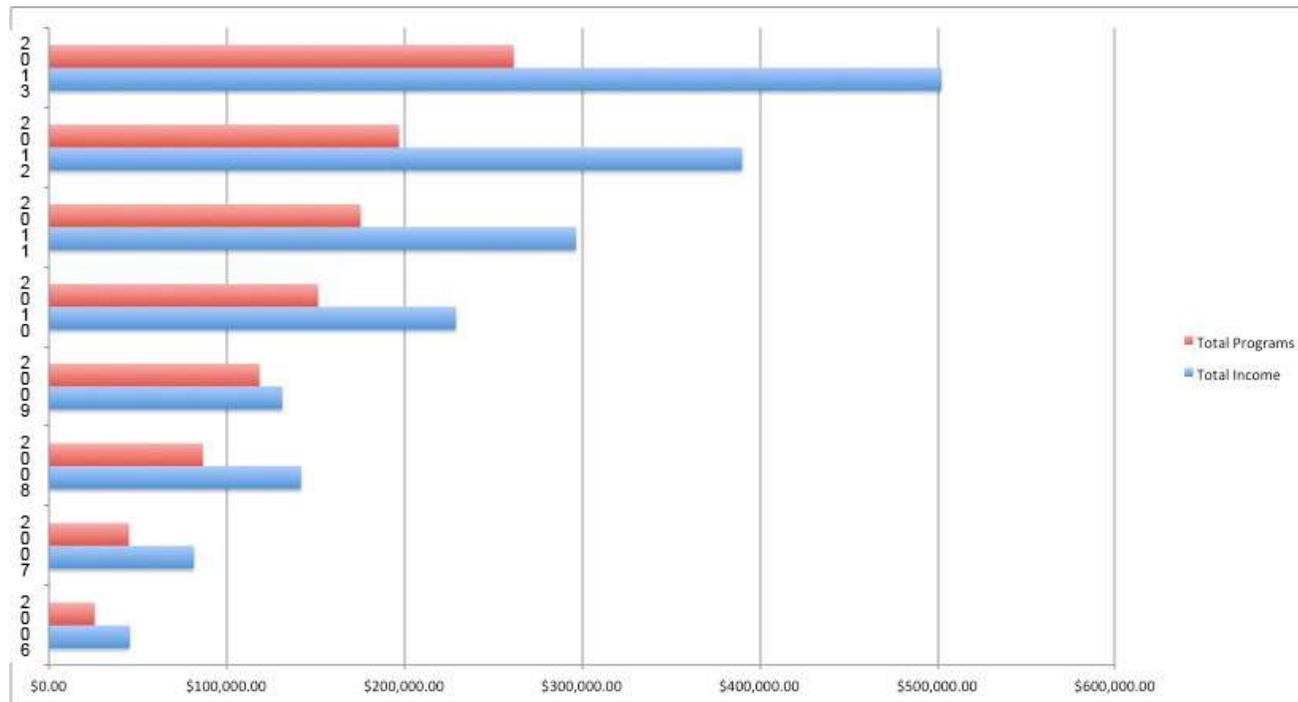
Another thing that I think it's important to share, is our goal of keeping one year's program budget in the bank at all times. This has been something I have worked on since the beginning of PLF, making sure we are always solvent and not being one of those small organizations that runs around every month wondering where their money is going to come from. I see that going on all around me in organizations our size, and frankly, I can't deal with that level of stress.

Additionally, we've been socking away money to provide a funding base for the hundreds of high school scholarships we see coming at us like a tidal wave from the middle school rosters. (We call this a good problem).



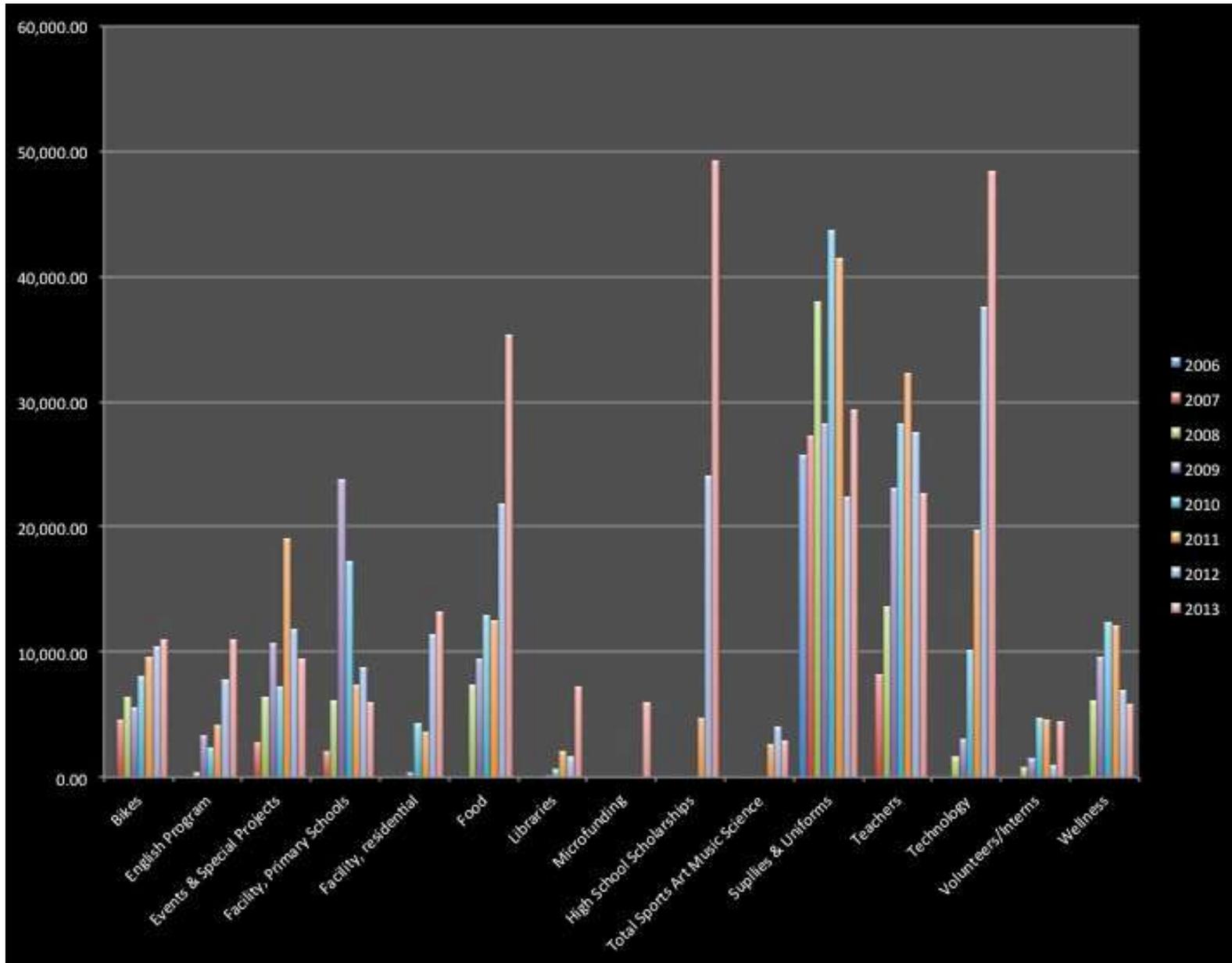
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In 2008 and 2009 you can see us struggling a lot with this idea of “banking one year of programs”. In 2009, just before we had any staff, you can really see our failure to reach this goal of stability. A failure to begin banking funds for our kids entering high school. Things started correcting after the addition of staff, and this year we are where we want to be, with about 18 months of program money in the bank.

Finally, let's have a look at the whole enchilada. Here is a very difficult-to-read chart showing growth of programs over time.



## Here's what I find interesting in this data:

- **Bikes:** Steady growth upward over time represents an ever increasing number of students graduating from grade six. That one bar that takes a dip downward was in 2009 when we didn't have any staff and weren't providing the same level of hands-on support at school that we do now.
- **Facility:** A big spike in 2009 reflects the installation of a considerable amount of solar, preparing for a dream of a big push in technology programs. While we were focused on movement forward, our 6th graders were slipping! **LESSON LEARNED:** Data is valuable. And more importantly: While looking up at the stars and dreaming, keep your hands firmly on the core.
- **Food-Wellness:** Look at the correlation between what we spent on food and what we spent on wellness. In 2010 and 2011 they were about equal. In 2012 we focused more on the health and well-being of our students applied the old adage of "let food be your medicine". More money spent on food = less money spent on wellness. Healthier children, ready to study. Absenteeism went down, retention went up. Not to mention everyone just feeling better. On the heels of that success came Eyes-Open to help us expand breakfast programs at other locations. Food is an expensive proposition when you're talking about 600 students having it six days a week, and it's hard to control theft. With the necessary staff, we've been able to really make food meaningful in the last couple of years.
- **Libraries:** This is a small line item but an important one. I'm proud of what we accomplished in 2013 to make our libraries places where children can come to not only read a constantly rotating selection of books, but to play games, do puzzles, have arts and crafts activities, and even participate in a spelling bee.
- **High School Scholarships:** Through the roof in 2013 as we had hoped. That big pink spike is a very satisfying indicator of how motivated our students are and how solid our primary school program is. We all hope to see that go right off the page next year.
- **Technology:** Computer classes cost a substantial amount of money to run, especially in places where there is no electricity and teachers must be trained from the ground up, but there is no other program with as much impact on our students as technology. We will never stop maximizing funds so we can push technology as hard as possible.



I'm not sure how many people will make it to the end of this article.

Numbers can be boring, but for me they tell valuable stories of failed attempts, of false starts, and of incredible success. I hope I've succeeded in helping those who want to have a closer look at the numbers understand more what those numbers really mean and I hope that you are as excited as we are about what we've gotten accomplished and the direction we're headed.

It's a challenge in Cambodia to keep your money working hard in support of children and not being misused and misappropriated. You have our promise that we keep eyes on every dollar on it's journey to the students. When all that works out the way it should, students can graduate from school armed with the skills and knowledge necessary to build a better life.

Thank you for making all this possible.

