

# **Caring for Cambodia**

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**Financial Report  
December 31, 2015**

# Caring for Cambodia

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## Independent Auditor's Report

To the Board of Directors  
Caring for Cambodia

We have audited the accompanying financial statements of Caring for Cambodia (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 accounting principles generally accepted in the United States of America; 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 audits 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.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caring for Cambodia as of December 31, 2015 and 2014 and the changes in its net assets, functional expenses, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

March 18, 2016

# Caring for Cambodia

## Statement of Financial Position

	December 31, 2015	December 31, 2014
<b>Assets</b>		
Cash	\$ 487,264	\$ 234,014
Contributions receivable	31,750	22,911
Investments (Note 3)	300,461	415,542
Deposits	7,730	762
Land, school buildings, and equipment (Note 2)	839,367	801,370
Total assets	<u>\$ 1,666,572</u>	<u>\$ 1,474,599</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b> - Accounts payable	\$ 65	\$ 1,768
<b>Net Assets</b>		
Unrestricted	1,277,130	1,044,384
Temporarily restricted (Note 4)	389,377	428,447
Total net assets	<u>1,666,507</u>	<u>1,472,831</u>
Total liabilities and net assets	<u>\$ 1,666,572</u>	<u>\$ 1,474,599</u>

# Caring for Cambodia

## Statement of Activities and Changes in Net Assets

	Year Ended							
	December 31, 2015			December 31, 2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>								
Contributions	\$ 587,622	\$ 440,613	\$ -	\$ 1,028,235	\$ 354,045	\$ 403,053	\$ -	\$ 757,098
In-kind donations	240,357	-	-	240,357	212,484	-	-	212,484
Membership fees	2,000	-	-	2,000	4,085	-	-	4,085
Fee for services	1,846	-	-	1,846	485	-	-	485
Special event revenue	46,364	-	-	46,364	154,448	-	-	154,448
Net realized and unrealized gains and losses on investments	(7,616)	(10,292)	-	(17,908)	797	9,585	-	10,382
Interest income	71	-	-	71	91	-	-	91
Special event revenue in-kind	2,778	-	-	2,778	27,647	-	-	27,647
Total revenue and support	873,422	430,321	-	1,303,743	754,082	412,638	-	1,166,720
<b>Net Assets Released from Restrictions</b>	469,391	(469,391)	-	-	332,304	(332,304)	-	-
Total revenue, support, and net assets released from restrictions	1,342,813	(39,070)	-	1,303,743	1,086,386	80,334	-	1,166,720
<b>Expenses</b>								
Program services - Program expenses	908,469	-	-	908,469	940,937	-	-	940,937
Support services:								
Management and general	108,484	-	-	108,484	155,723	-	-	155,723
Fundraising	93,114	-	-	93,114	137,774	-	-	137,774
Total expenses	1,110,067	-	-	1,110,067	1,234,434	-	-	1,234,434
<b>Increase (Decrease) in Net Assets</b>	232,746	(39,070)	-	193,676	(148,048)	80,334	-	(67,714)
<b>Net Assets - Beginning of year</b>	1,044,384	428,447	-	1,472,831	1,192,432	348,113	-	1,540,545
<b>Net Assets - End of year</b>	<b>\$ 1,277,130</b>	<b>\$ 389,377</b>	<b>\$ -</b>	<b>\$ 1,666,507</b>	<b>\$ 1,044,384</b>	<b>\$ 428,447</b>	<b>\$ -</b>	<b>\$ 1,472,831</b>

# Caring for Cambodia

## Statement of Functional Expenses

	Year Ended December 31, 2015			
	Program Expenses	Fundraising Expenses	General and Administrative Expenses	Total
Staff and teacher salaries	\$ 308,435	\$ -	\$ -	\$ 308,435
Services expense (Note 6)	-	67,068	58,945	126,013
Services expense in-kind	-	-	13	13
Events expense	-	12,819	-	12,819
Events expense in-kind	-	6,200	-	6,200
Cost of merchandise	-	1,833	-	1,833
Staff and teacher training	67,232	-	-	67,232
Food-for-thought	56,044	-	-	56,044
Depreciation	89,814	-	-	89,814
Rent	1,740	-	-	1,740
Educational supplies	38,979	-	-	38,979
First aid and medical supply	11,235	-	-	11,235
Utilities	14,749	-	-	14,749
Furniture, fixtures, and facility maintenance	54,254	-	-	54,254
Property cleaning	17,355	-	-	17,355
Charitable activities expense in-kind	226,118	-	-	226,118
Printing and copying	-	335	7,669	8,004
Technology licenses and support	-	-	7,815	7,815
Financial statement audit	-	-	16,000	16,000
Postage	-	4,041	4,241	8,282
Miscellaneous	22,514	818	1,249	24,581
Bank charges/credit card fees	-	-	9,272	9,272
Realized exchange rate gain	-	-	3,280	3,280
<b>Total functional expenses</b>	<b>\$ 908,469</b>	<b>\$ 93,114</b>	<b>\$ 108,484</b>	<b>\$ 1,110,067</b>

	Year Ended December 31, 2014			
	Program Expenses	Fundraising Expenses	General and Administrative Expenses	Total
Staff and teacher salaries	\$ 320,904	\$ -	\$ -	\$ 320,904
Services expense (Note 6)	-	50,000	84,212	134,212
Services expense in-kind	-	-	48	48
Events expense	-	36,549	-	36,549
Events expense in-kind	-	31,296	-	31,296
Cost of merchandise	-	19,598	-	19,598
Bad debt expense	-	86	-	86
Staff and teacher training	74,154	-	-	74,154
Food-for-thought	68,600	-	-	68,600
Depreciation	80,744	-	-	80,744
Rent	1,855	-	-	1,855
Educational supplies	37,642	-	-	37,642
Student supplies and uniforms	14,907	-	-	14,907
First aid and medical supply	9,234	-	-	9,234
Utilities	14,987	-	-	14,987
Furniture, fixtures, and facility maintenance	80,919	-	-	80,919
Property cleaning	15,606	-	-	15,606
Charitable activities expense in-kind	208,787	-	-	208,787
Printing and copying	-	-	6,147	6,147
Technology licenses and support	-	-	8,430	8,430
Financial statement audit	-	-	16,000	16,000
Postage	-	-	9,094	9,094
Miscellaneous	12,598	245	19,781	32,624
Bank charges/credit card fees	-	-	10,130	10,130
Realized exchange rate loss	-	-	1,881	1,881
<b>Total functional expenses</b>	<b>\$ 940,937</b>	<b>\$ 137,774</b>	<b>\$ 155,723</b>	<b>\$ 1,234,434</b>

# Caring for Cambodia

## Statement of Cash Flows

	Year Ended	
	December 31, 2015	December 31, 2014
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 193,676	\$ (67,714)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Depreciation	89,814	80,744
Bad debt	-	86
Net realized and unrealized gains on investments	17,908	(10,382)
Donated stock	(9,386)	(4,897)
Changes in operating assets and liabilities which (used) provided cash:		
Contributions receivable	(8,839)	47,055
Inventory	-	15,115
Deposits	(6,968)	900
Accounts payable and accrued expenses	(1,703)	(2,127)
Net cash provided by operating activities	274,502	58,780
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(127,811)	(20,082)
Proceeds from sales of investments	374,360	288,048
Purchases of investments	(267,801)	(303,556)
Net cash used in investing activities	(21,252)	(35,590)
<b>Net Increase in Cash</b>	253,250	23,190
<b>Cash - Beginning of year</b>	234,014	210,824
<b>Cash - End of year</b>	<u>\$ 487,264</u>	<u>\$ 234,014</u>

### Note I - Nature of Activities and Significant Accounting Policies

**Nature of Organization** - Caring for Cambodia (the "Organization") is a nongovernmental United States 501(c)(3) public charity whose mission is to create and sustain safe, modern, technologically equipped schools; mentor and professionally train teachers; and fund supplies and other tools needed to teach those who want to learn. The Organization provides educational opportunities for almost 6,400 Cambodian children in 14 schools so they may reach their highest potential and make valuable contributions to their communities.

Assets held abroad in Cambodia include one bank account, petty cash held by the schools in Cambodia, and all of the school buildings and equipment. Assets held abroad totaled \$908,431 and \$873,687 as of December 31, 2015 and 2014, respectively.

Significant accounting policies are as follows:

**Classification of Net Assets** - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted, depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

**Donated Services and Assets** - Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. The in-kind donations included impact and program studies, research and support, student supplies, uniforms, event auction items, utility services, and inventory items and totaled \$243,135 and \$240,131 for 2015 and 2014, respectively.

**Investments** - Investments in mutual funds are recorded at fair value based on quoted market prices. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.



### **Note I - Nature of Activities and Significant Accounting Policies (Continued)**

**Contributions** - Contributions are recorded at fair value in the statement of activities and changes in net assets. Cash contributions are recognized in the period received. Pledges are recognized in the period pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are initially recorded at fair value by the Organization as contributions receivable. They are subsequently valued at the present value of future cash flows. Contributions without donor-imposed restrictions are reported as unrestricted support. Other restricted gifts are reported as restricted support as temporarily or permanently restricted net assets.

All contributions receivable as of December 31, 2015 and 2014 are due in less than one year. Management determines allowances for doubtful pledges by reviewing and identifying receivable balances as needed. Recoveries of any written-off amounts would be recorded when received. Management believes the receivables to be fully collectible and therefore no allowance has been recorded as of December 31, 2015 and 2014.

**School Buildings and Equipment** - School buildings and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

**Federal Income Taxes** - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2012.

**Foreign Currency Exchange** - The expression of assets and liabilities in a foreign currency amount gives rise to exchange gains and losses when such obligation are paid in United States dollars. Foreign currency exchange rate adjustments (i.e., differences between amounts recorded and actual amounts owed or paid) are reported in the statement of activities and changes in net assets as the foreign currency fluctuations occur. Foreign currency exchange rate adjustments are reported in the statement of cash flows using the exchange rates in effect at the time of the cash flows. The effect of the foreign currency fluctuations was immaterial in 2015 and 2014.

# Caring for Cambodia

## Notes to Financial Statements December 31, 2015 and 2014

### Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

**Functional Allocation of Expenses** - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** - The financial statements and related disclosures include evaluation of events up through and including March 18, 2016, which is the date the financial statements were available to be issue.

### Note 2 - Property and Equipment

Property and equipment are summarized as follows:

	2015	2014	Depreciable Life - Years
Land	\$ 30,258	\$ 30,258	-
School buildings	1,071,108	974,417	5-20
Equipment	28,050	28,050	3-6
Website	175,120	144,005	5
Total cost	1,304,536	1,176,730	
Accumulated depreciation	465,169	375,360	
Net property and equipment	\$ 839,367	\$ 801,370	

Depreciation expense was \$89,814 for 2015 and \$80,744 for 2014.

### Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

### Note 3 - Fair Value Measurements (Continued)

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2015 and 2014, and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

#### Assets Measured at Fair Value on a Recurring Basis at December 31, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2015
<b>Assets</b>				
Investments - Mutual funds:				
Low duration	\$ 27,933	\$ -	\$ -	\$ 27,933
Total return	8,632	-	-	8,632
International	68,622	-	-	68,622
Large cap	43,826	-	-	43,826
Small cap	10,959	-	-	10,959
Institutional	44,782	-	-	44,782
Income fund	33,156	-	-	33,156
Commodities	8,340	-	-	8,340
Multialternative	11,076	-	-	11,076
Mid cap	16,499	-	-	16,499
Managed	5,522	-	-	5,522
Short term	2,817	-	-	2,817
Absolute return	5,530	-	-	5,530
Common stock	9,346	-	-	9,346
Total investments	\$ 297,040	\$ -	\$ -	\$ 297,040

# Caring for Cambodia

## Notes to Financial Statements December 31, 2015 and 2014

### Note 3 - Fair Value Measurements (Continued)

#### Assets Measured at Fair Value on a Recurring Basis at December 31, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2014
<b>Assets</b>				
Investments - Mutual funds:				
Low duration	\$ 51,626	\$ -	\$ -	\$ 51,626
Total return	39,629	-	-	39,629
International	68,586	-	-	68,586
Large cap	52,066	-	-	52,066
Small cap	15,926	-	-	15,926
Institutional	64,579	-	-	64,579
Income fund	19,065	-	-	19,065
Commodities	11,002	-	-	11,002
Real estate	12,097	-	-	12,097
Mid cap	23,753	-	-	23,753
Managed	8,028	-	-	8,028
Absolute return	34,925	-	-	34,925
Total investments	<u>\$ 401,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,282</u>

Not included in the above table is cash and money market accounts of \$3,421 and \$14,260 as of December 31, 2015 and 2014, respectively.

The Organization's policy is to recognize transfers in and transfers out of Level 1, 2 and 3 fair value classifications as of the beginning of the reporting period. There were no transfers during 2015 and 2014.

As of December 31, 2015, approximately 26 percent of all investments were held in the Causeway International Value Institutional and the John Hancock Dispend Value Institutional Funds. As of December 31, 2014, approximately 48 percent of all investments were held in the BlackRock Low Duration BD Investment, Causeway International Value Institutional, Mainstay Large Cap Growth A, and John Hancock Dispend Value Institutional funds.

# Caring for Cambodia

## Notes to Financial Statements December 31, 2015 and 2014

### Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 are restricted for the following purposes:

	2015	2014
Time-restricted pledges	\$ 10,000	\$ 20,411
Purpose restricted - Health projects and teacher scholarships	178,825	208,881
Purpose restricted - Fundraising	1,809	-
Term endowment	198,743	199,155
Total temporarily restricted net assets	<u>\$ 389,377</u>	<u>\$ 428,447</u>

### Note 5 - Donor-restricted and Board-designated Endowments

As of December 31, 2015, the Organization's endowment consisted of one board-designated fund established for general operations and one individual donor-restricted fund established for general operations. During 2012, the donor-restricted endowment was approved by the donor to be released from permanently restricted net assets and transferred to a term endowment. The term endowment includes a stipulation that it be held for five years to earn income and then will be released to unrestricted net assets for general operating expenses should the board of directors deem it necessary.

As of December 31, 2015, it is the intention of the board of directors to preserve the donor endowment gifts and earnings. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The board of trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as temporarily restricted net assets (a) the original value of gifts donated to the term endowment, (b) the original value of subsequent gifts to the term endowment, and (c) accumulations to the term endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

### Note 5 - Donor-restricted and Board-designated Endowments (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

#### Endowment Net Asset Composition by Type of Fund as of December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 198,743	\$ -	\$ 198,743
Board-designated endowment funds	4,577	-	-	4,577
Total funds	<u>\$ 4,577</u>	<u>\$ 198,743</u>	<u>\$ -</u>	<u>\$ 203,320</u>

#### Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 4,542	\$ 199,155	\$ -	\$ 203,697
Investment return - Net appreciation (realized and unrealized)	<u>35</u>	<u>(3,511)</u>	<u>-</u>	<u>(3,476)</u>
Total investment return	35	(3,511)	-	(3,476)
Contributions	<u>-</u>	<u>3,099</u>	<u>-</u>	<u>3,099</u>
Endowment net assets - End of year	<u>\$ 4,577</u>	<u>\$ 198,743</u>	<u>\$ -</u>	<u>\$ 203,320</u>

#### Endowment Net Asset Composition by Type of Fund as of December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 199,155	\$ -	\$ 199,155
Board-designated endowment funds	4,542	-	-	4,542
Total funds	<u>\$ 4,542</u>	<u>\$ 199,155</u>	<u>\$ -</u>	<u>\$ 203,697</u>

### Note 5 - Donor-restricted and Board-designated Endowments (Continued)

#### Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 93,599	\$ 192,658	\$ -	\$ 286,257
Investment return - Net appreciation (realized and unrealized)	892	4,647	-	5,539
Total investment return	892	4,647	-	5,539
Contributions	-	1,850	-	1,850
Appropriation of endowment assets for expenditure	(89,949)	-	-	(89,949)
Endowment net assets - End of year	<u>\$ 4,542</u>	<u>\$ 199,155</u>	<u>\$ -</u>	<u>\$ 203,697</u>

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2015 and 2014, there were no such deficiencies in the permanent donor-restricted endowment fund.

#### Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a limited level of investment risk to limit the chance of loss.

### **Note 5 - Donor-restricted and Board-designated Endowments (Continued)**

#### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization has a policy to appropriate assets as needed for operations. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### **Note 6 - General and Administrative Expense Support**

Caring for Cambodia receives contributions restricted for general and administrative expenses. The Organization received support of \$67,068 and \$50,000 as of December 31, 2015 and 2014, respectively, for these expenses.

### **Note 7 - Related Party Transactions**

The founders of Caring for Cambodia made contributions to the Organization of \$225,000 and \$175,000 for 2015 and 2014, respectively.

### **Note 8 - Revenue Recognition**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.