



FINANCIAL STATEMENTS for the year ended 30 June 2019

Contents

Statement of Income and Retained Funds

Statement of Financial Position

Statement of Cash flows

Notes to the Accounts

Management Certification

NEXTSTEPS
STATEMENT OF INCOME AND RETAINED FUNDS
for the year ended 30 June 2019

	Note	twelve months to June 2019			2018 Adj*
		Unrestricted funds	Restricted funds	Total funds	Total
Income and restricted gifts from:					
Contributions from charities, trusts etc		2,004	60,650	62,654	25,188
Contributions from individuals		-	-	-	400
Donated goods		-	4,560	4,560	-
Interest		47	-	47	26
Total income		2,052	65,210	67,261	25,614
Expenditure on:					
Programs	14	3,198	61,662	64,861	25,516
Legal, bank charges and other costs		58	-	58	84
Total expenditure		3,256	61,662	64,919	25,599
Net income (expenditure)		(1,205)	3,547	2,342	15
Net movement in funds		(1,205)	3,547	2,342	15
Reconciliation retained funds:					
Opening balance	15	30,765	2,447	33,212	33,198
Balance of retained funds transferred in					
Net income (expenditure) for the period		(1,205)	3,547	2,342	15
Transfers between unrestricted and restricted funds				-	-
Retained funds carried forward		29,560	5,995	35,555	33,213

The accompanying Notes form part of these Financial Statements.

*The 2018 comparative numbers are for the six months 1 January to 31 June 2018

NEXTSTEPS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Note	2019	2018 Adj
ASSETS			
CURRENT ASSETS:			
Cash and equivalents	3	18,251	15,592
Promises to give	8	13,806	18,902
Funding receivable		386	-
Inventory	10	5,662	4,085
TOTAL CURRENT ASSETS		38,105	38,579
 PROPERTY AND EQUIPMENT:			
Property and equipment, net of accumulated depreciation		-	-
TOTAL NON CURRENT ASSETS		-	-
TOTAL ASSETS		38,105	38,579
 CURRENT LIABILITIES:			
Accounts payable	15	2,550	5,366
TOTAL CURRENT LIABILITIES		2,550	5,366
TOTAL LIABILITIES		2,550	5,366
 NET ASSETS:			
Unrestricted		29,560	30,765
Temporarily restricted		5,995	2,447
TOTAL NET ASSETS		35,555	33,212
 RETAINED FUNDS	 15	 35,555	 33,212
Temporarily restricted		5,995	2,447

The accompanying Notes form part of these Financial Statements.

The 2018 balances are as at 30 June 2018

NEXTSTEPS
STATEMENT OF CASH FLOWS
as at 30 June 2019

	2019			*2018
	Unrestricted	Restricted	Total	
CASH FLOW FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
Grants and other contributions	7,100	59,569	66,669	29,482
Other	47		47	26
<i>Outflows:</i>				
Employee expenses	(102)	(19,371)	(19,473)	(7,182)
Supplies and services	(4,590)	(39,937)	(44,526)	(16,765)
Other	(58)	-	(58)	(84)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,397	262	2,659	5,478
CASH FLOW USED IN INVESTING ACTIVITIES				
Purchase of property plant and equipment	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,397	262	2,659	5,478
CASH AT THE BEGINNING OF THE YEAR	15,592	-	15,592	10,114
CASH AND CASH EQUIVALENTS AT END OF YEAR	17,989	262	18,251	15,592
Reconciliation of operating result to net cash provided by operating activities				
Operating surplus/(deficit)	(1,205)	3,547	2,342	15
Increase/(decrease) in cash arising from changes in assets and liabilities:				
Decrease in Promises to give	5,096		5,096	(622)
(Increase) in funding receivable	0	(386)	(386)	4,516
(Increase) in Inventory	-	(1,577)	(1,577)	1,102
(Decrease) in Accounts payable	(1,494)	(1,322)	(2,816)	467
	2,397	262	2,659	5,478

The accompanying Notes form part of these Financial Statements.

*The 2018 comparative numbers are for the six months 1 January to 31 June 2018

NEXTSTEPS

NOTES TO THE ACCOUNTS

Nature of Activities

NextSteps (the Organisation) is a not for profit non-government organisation (NGO) registered in Cambodia that provides treatment and support to Cambodian children living with physical impairment and disability.

The Organisation seeks to achieve this by:

- funding the medical treatment of children living with acquired or congenital physical impairment or disability
- providing training to local doctors and health professionals to enhance skills and ability to provide treatment
- supporting medical activities in remote areas and rural communities, including education of families and communities; and
- undertaking other activities to improve health and quality of life outcomes for Cambodian children.

NextSteps was registered by the Cambodia Ministry of the Interior on 28 July 2015.

Significant Accounting Policies

1 Basis of Reporting and Financial Statement Preparation

These statements are prepared on an accrual basis with income recorded when earned and expenses recognised when the obligation is incurred.

The preparation of these statements are guided by generally accepted accounting principles, the International Financial Reporting Standards (IFRS) for small and medium Enterprises, with specific regard to requirements relating to not for profit organisations.

On 27 August 2018 the Board approved a change in the financial reporting period for the Organisation from 1 January to 31 December to 1 July to 30 June. This resulted in the 2018 statements being prepared for the six month period January to June 2018. Subsequent financial statements would then be prepared for the twelve month period. For this reason the 2018 comparative data in this report is for the six months to 30 June 2018. Comparative data for future financial reports will be for a twelve month period.

2 Estimates

In preparing these financial statements management make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the reporting date; and the reported amounts of income and expenses during the reporting period.

3 Cash and Cash Equivalents

Cash and cash equivalents consist of monies on deposit at a financial institution in Cambodia and cash on hand for the purchase of supplies and other operating expenses.

	<u>2019</u>	<u>2018</u>
Cash on hand	\$33	\$306
Cash at bank	\$18,218	\$15,286
	<u>\$18,251</u>	<u>\$15,592</u>

4 Functional Currency

NextSteps transacts its activities and maintains its books and records in United States dollars.

5 Non-current Assets

The Organisation's threshold for recognising capital expenditure is \$1,000 and the item has an estimated life greater than one year. No assets were acquired or donated during the period.

6 Income Tax Status

Under Cambodian law, the Organisation is a non-profit organisation and is exempt from paying profit tax but is subject to value added tax and withholding tax on services and products it uses or purchases. Any supplies made by the Organisation are non-taxable supplies under the Real Regime Tax System.

7 Contributions

All contributions are considered as provided without restriction unless specifically advised by the donor. All contributions are recorded as income at the time they are received. This may generate an operating surplus or deficit for the reporting period where funding has been received in advance or in arrears.

The Organisation has temporarily restricted income and assets at the reporting date relating to unexpended funding and donated brace inventory received for the clubfoot program.

8 Promises to Give

Unconditional promises to give are recorded at net realisable value as income and an asset at the time they are promised. These include promises under an agreement and donations made specifically for the use by the Organisation currently held overseas and yet to be transmitted to the organisation. Conditional promises to give are recognised when conditions upon which they depend are substantially met. All promises at 30 June 2019 were deemed collectable by management.

	2019	2018
Donations held for NextSteps programs by Rotary Australia Worldwide Community Service, not yet transmitted	\$13,806	\$18,902

9 Donated Items and Services

The Organisation received donated services that would have typically needed to be purchased if not provided by donation. Donated services relate to website management and financial and administrative services. These have not been quantified for the reporting period. Any donation of equipment or materials, for example the donation of braces, are recognised in the financial statement where material.

10 Inventory

Inventory consists of donated braces valued at estimated cost.

11 Employee Benefits

No employees received remuneration in excess of \$US10,000 per annum

12 Related Party Transactions

The Board of the Organisation is considered its key management personnel. No board members received any compensation, reimbursement of expenses or had payments made on their behalf during the reporting period in their role as Director of the Organisation.

The Executive Director was also employed as Medical Director for the Clubfoot Care Cambodia program during the period and received compensation for professional services provided as outlined below.

Service Provided	2019 Remuneration for professional services	2019 Other Benefits received	2019 Total	2018* (6 months)
Medical Director and Trainer Clubfoot Care Cambodia program	\$5,658	\$1,460	\$7,118	\$2,754

13 Foreign Transactions

The Organisation receives the majority of its funding from international donors. Funding is provided in United States dollars.

Promises to Give held in Australian dollars are converted to United States dollars using the Australian Taxation Office exchange rate at the reporting date.

14 Detailed Program Expenditure

	Surgical Outreach Program	Clubfoot Care Cambodia program	Cleft Care Program	Total 2019	Total 2018*
Salaries and wages		12,828		12,828	4,944
Clinic fees	1,960	4,097		6,057	4,015
Local coordinator wages and allowances		5,544		5,544	2,305
Training and seminar expenses	312	14,853		15,165	2,370
Hospital facility fees	1,350			1,350	1,620
Clinical supplies & consumables	817	2,076	277	3,169	1,573
Braces used		2,983		2,983	1,492
Phone and IT costs		900		900	240
Equipment		2,805		2,805	1,780
Travel & accommodation	6,714	3,142		9,855	4,038
Printing		532		532	140
Promotion and Awareness raising	200	2,649		2,849	565
Bank fees	-	168		168	83
Other expenses		656		656	350
Total expenditure	11,352	53,232	277	64,861	25,516

15 Prior Year Adjustment

The opening balance of retained earnings was increased and the opening balance of accounts payable was decreased for an amount of \$713 previously incorrectly recognised as unpaid in relation to the clubfoot program.

	Opening Balance 2018	Adjustment	Adjusted Opening Balance 2018
Retained earnings	32,499	713	33,212
Accounts Payable	6,079	(713)	5,366

Management Certification

These general purpose financial statements have been prepared in accordance with generally accepted accounting standards.

We certify:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the NextSteps for the year ended 30 June 2019 and of the financial position of the organisation at the end of that period; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Professor CHHOEURN Vuthy, MD
Executive Director
12 March 2020



Colleen Orange
Director
12 March 2020