



**SAE LAO Project**  
**FINANCIAL REPORT**  
**2014**

Farming ✕ Building Tea

Volunteer ✕ Projects

## **SAE LAO Financial Report 2014**

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## **Introduction**

This report provides an overview of the financial breakdown of the SAE LAO project for the year 2014. The report covers from the 01/01/2014 to the 31/12/2014.

For a more detailed breakdown of costs, refer to the accounting record for 2014, attached as appendix 1.

During 2014, detailed financial accounts were taken and recorded in an orderly way for the first time. This document is the first financial report compiled by the SAE LAO project and covers the first full year of accounts available.

The project is now able to have a detailed overview and use it to start budgeting for the coming financial year. This document will analyse the accounts and provide recommendations for areas that expenses can be reduced, as well as ways in which this might be done.

All numbers are in kip. The spreadsheet removes  $10^3$  from the numbers as the lowest domination is 500 Kip (this is shown as 0.5).

## **Explanation of Terms Used in This Document**

**BL:** Blue Lagoon passes for the volunteers are charged at 10 000 Kip for one week. The Blue lagoon charges SAE LAO .... For these passes. Additional income from the passes counts as a donation.

**Bungalow:** The volunteers have the option to sleep in private rooms off-site. These bungalows are not owned by SAE LAO and are not included in the incomes for the project as the money goes straight to the Bungalow owners.

**DON/ Donation:** This includes donations from volunteers as well as external parties (restaurant guests, funds raised abroad). Donations are for community and family support and do not get invested into the project, unless it is a project donation.

**Drinks Inc:** Drinks Included refers to the drinks that are covered by the volunteers VED payment.

**Drinks No. Inc:** Drinks not included refers to the drinks that are not covered by the volunteers VED payments (beer and soda).

**Education:** Refers to all activities undertaken by SAE LAO that relate to education. For example English classes and adult skills training for the local population (not for on-site staff).

**FS & CMTY:** Family Support and Community Fund. Expenses that are taken out of Donations for community projects and supporting local families.

**M&T:** Maintenance and Transport.

**MISC:** Miscellaneous. For items that do not fit into categories mentioned. These items are always named in the detailed accounting report at the bottom of the page.

**PJCT DON:** Project donation is when funding is given to SAE LAO by an individual for an express purpose.

**RI:** Restaurant Income. This is the income from the on-site restaurant.

**Tabs:** money paid towards drinks not included in the fee paid by volunteers (beer and soda).

**The Project:** Refers to the SAE LAO project, in relation to its on-site functions. Education is usually discussed as being a separate part.

**VED:** Volunteers Expenses and Development. This is the payment from volunteers for their food, accommodation, maintaining and developing the project.

**Wages Don:** Refers to wages that are paid out of Donations.

**Wages VED:** Refers to wages that are paid out of VED payments.

## Incomes

### Overview

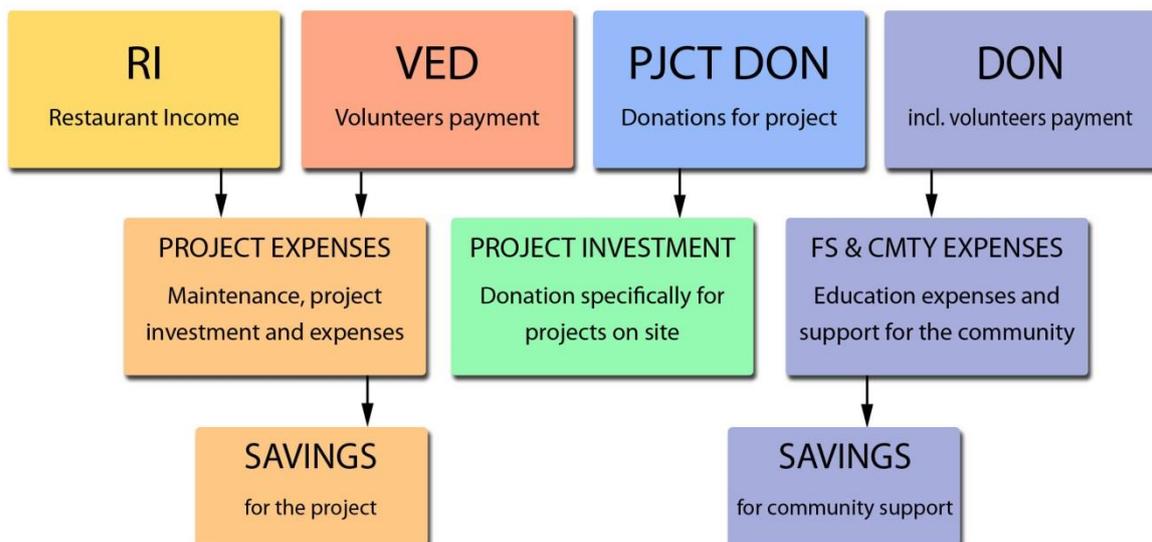
Currently income is separated into two completely discrete areas. Donations are kept apart from Restaurant Income and Volunteers Expenses and Development (VED).

Restaurant Income is currently not a large income, the same with selling our produce (excess crops sold to local businesses for additional income).

Each volunteer staying at the project pays towards food and accommodation, but is also asked to make a donation towards the project. The money towards board is kept separate from this donation.

RI and VED are used for running and maintaining the project, providing food for the site and restaurant, as well as investment in new projects on site and savings.

Donations are used for Community and family support. They are not used for the restaurant or project, unless we receive a donation specifically for investment in the project.



**Figure 1:** Diagram indicating income flows.

All of our incomes are generated through volunteer payments and the restaurant income. Donations are received as part of volunteers stay and from individuals who wish to assist the project. There is currently no external funding for the project.

## Incomes Details 2014

Income Type - specific	Income /1000 (kip)	% of Overall Income	Income Type - general	Income /1000 (kip)
RI	98753	21	VED AND REST	399698
SELLING PRODUCE	3978	1		
TABS	18979	4		
VED	276745	58		
EMPTY BTLES	943	Negligible (<1%)		
MISC	300	Negligible (<1%)		
<b>BL</b>	<b>5400</b>	<b>1</b>	<b>DONATIONS</b>	<b>74773</b>
<b>DONATION - VOL</b>	<b>60436</b>	<b>13%</b>		
<b>DONATION - OTHER</b>	<b>8937</b>	<b>2%</b>		
<b>TOTAL</b>	<b>474471</b>	<b>100</b>		
BUNGALOW	23980			

**Figure 2:** Overview of Incomes for 2014

**Donations** with Blue Lagoon payment totals 74 773 000 Kip for the year. This equates to 16% of total income. However, this is not spent on the SAE LAO project maintenance, construction or wages. The only exception to this is the expenses for the Education coordinator and money for the three boys who live on site.

**Volunteers Expenses and Development (VED)** payments, along with the **Restaurant Income (RI)**, totals 399 698 000 kip for the year. This equates to 79% of total income and when tabs, money back from selling/ recycling glass bottles and selling produce is included, this equates to 84% of the income for the project.

This income is used for food for the restaurant, volunteers and staff, staff wages, maintenance of site, transport maintenance and fuel, wages for all staff (other than those mentioned above) and utilities, taxes and materials for the project.

As illustrated in figure 3, SAE LAO relies on most of its funding coming from volunteers staying at the project. The restaurant income, along with tabs and produce sold provides 26% of the overall income. This comes to 69% of the income for project expenses that are not counted as social or education projects (which come from donations).

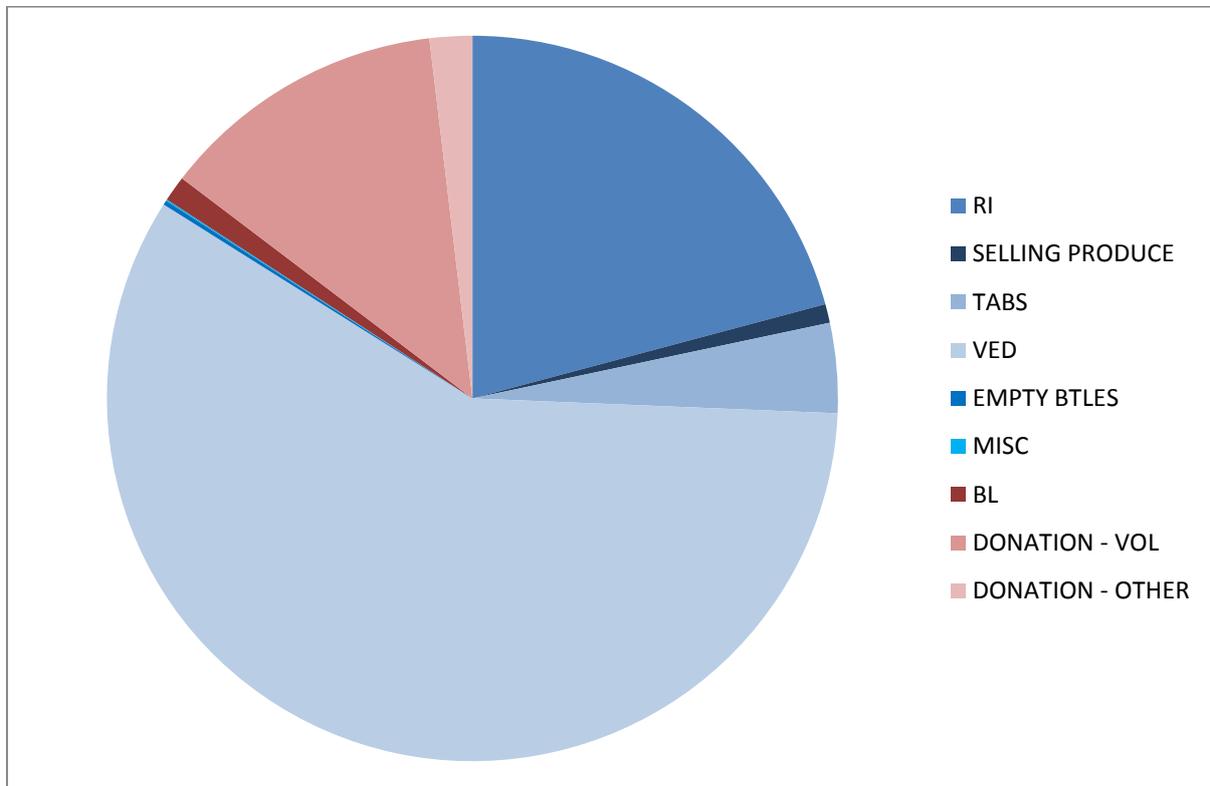
Project income can be then totalled at 399 698 000 Kip.

Donations received from volunteers and from individuals, passing by or donated from abroad, solely goes to social, community and family projects and expenses. The excess income from Blue Lagoon passes goes into donations. Although this counts for only 7% of the donations income, as illustrated in figure 3.

Donation income can be then totalled at 74 773 000 Kip.

The total income is 474 471 000 Kip for the year 2014.

Bungalows are kept as a separate line as this income goes straight to the local owner of the bungalow and totals 23 980 000 Kip for the year.



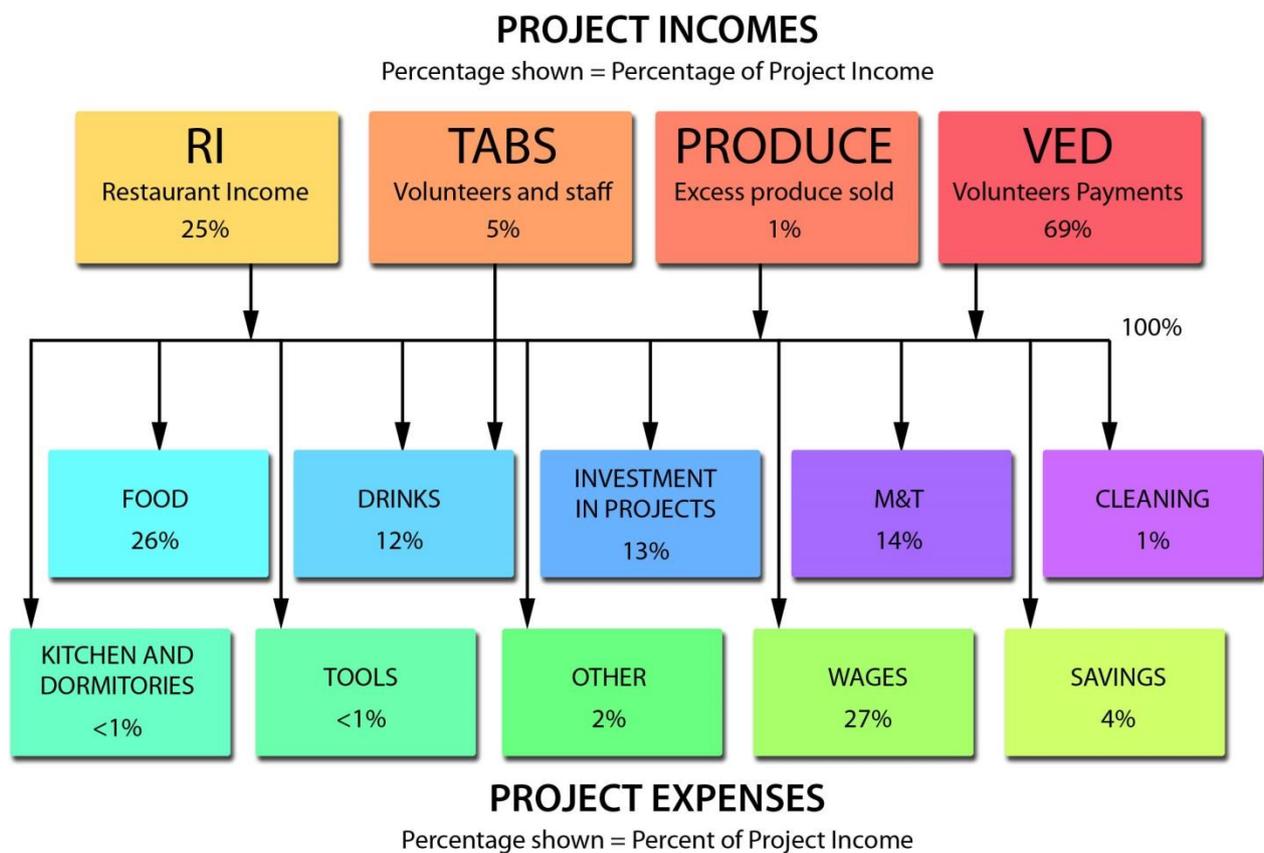
**Figure 3:** Chart representing Incomes for 2014

## Expenses

### Overview

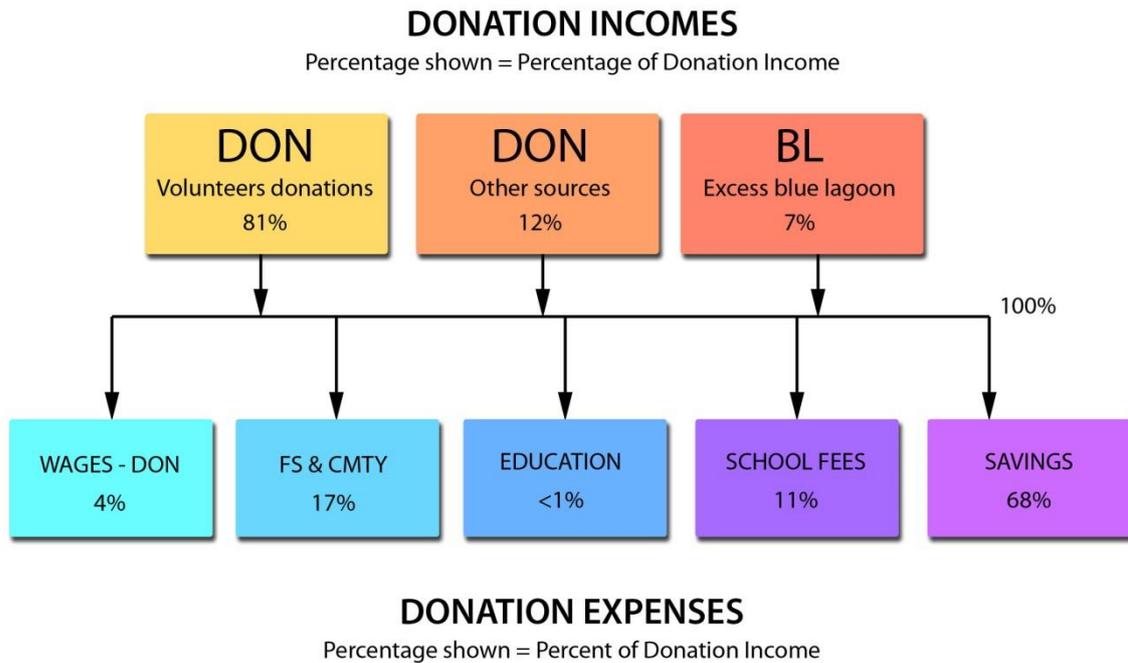
Current VED and restaurant expenses account for 96% of all VED and RI incomes. This is clearly not a sustainable way to conduct the project if there is to be any financial security.

The largest expenses are in food for staff, volunteers and the restaurant and for wages. Wages should be one of the largest expenses, but food expenses should be dramatically reduced. Although SAE LAO grows many seasonal fruit and vegetables, rice and peanuts for consumption on site, there is still huge room for food expense reduction.



**Figure 4:** Chart representing VED and RI Incomes to Expenses 2014

NB: Expenses are shown as a percentage of the VED and RI income.



**Figure 5:** Chart representing Donations Incomes to Expenses 2014

NB: Expenses are shown as a percentage of the VED and RI income.

## Expenses Details 2014

Expense Type - Specific	Expense / 1000 (kip)	% of Overall Expense	Expense Type - General	Expense - /1000 (kip)
DRINKS INC	4781	1	VED & REST (inc drinks)	383820.5
DRINKS NO INC	41143	10		
FOOD	105141	26		
CLEANING	2533	1		
INV. PROJECT	50537	12		
KITCHEN	3434	1		
TOOLS	2570	1		
M&T	56435.5	14		
MISC	8824	2		
REFUND	1540	Negligible (<1%)		
WAGES - VED	106882	26	WAGES	109632
<b>WAGES - DON</b>	<b>2750</b>	<b>1</b>	<b>DONATIONS</b>	<b>23994</b>
<b>FS &amp; CMTY</b>	<b>12975</b>	<b>3</b>		
<b>EDUCATION</b>	<b>344</b>	<b>Negligible (&lt;1%)</b>		
<b>SCHOOL FEES</b>	<b>7925</b>	<b>2</b>		
<b>TOTAL</b>	<b>407814.5</b>	<b>100</b>		
BUNGALOW	23980			

Figure 6: Expenses break down for 2014

**Expenses for the project have been 96% of total incomes for VED and Restaurant.**

**Expenses for donations have been 32% of total incomes for Donations.**

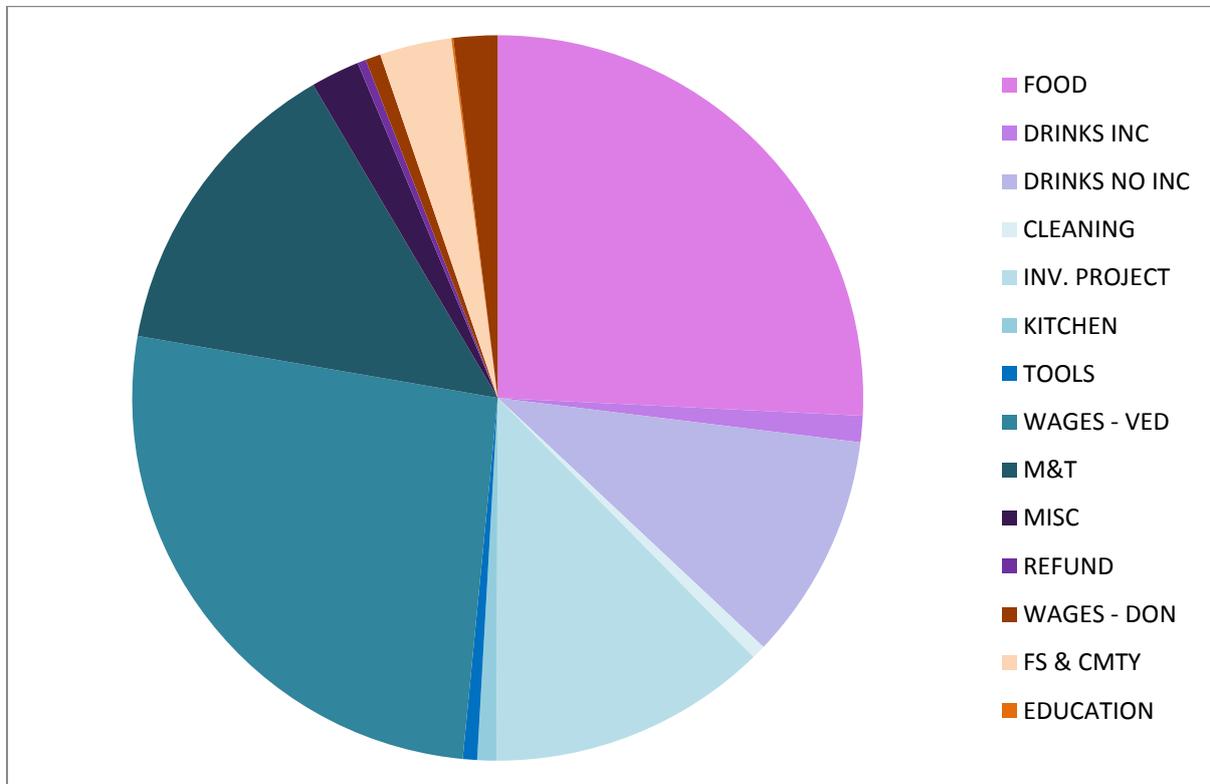
Out of all the expenses, food and wages are the largest, both at 26% of overall expenses. Wages have been slowly increasing, but money spent on food has continued to rise. Despite growing more and more food on site, the number of volunteers and staff eating at the project has risen, so that consumption far outstrips what can be produced. When drinks are included in this, food and drink together accounts for 37% of our overall costs.

The next largest expense, after wages, is maintenance and transport at 14%. This includes all on-site vehicle maintenance (project motorbikes, bicycles and truck) as well as fuel for staff vehicles used for work and project vehicles.

Investment in projects has only accounted for 12% of project costs. This includes all building materials and machinery required for new projects on site.

Other costs in comparison to food, drink, wages, maintenance and transport and investment in projects are minor and almost negligible.

Expenses for family support, community fund, school fees and education have been fairly minimal this year, accounting for 6% of all expenses, as illustrated in figure 5. However, this money has been put into savings for community projects over the coming year.



**Figure 7:** Chart Overview of Expenses for 2014

As can be seen the majority of income for VED and RI is spent on running and maintaining the project. This leaves little financial security for the project currently.

The expense for donations has been far less than the incomes, as we have not had any major community projects for the last financial year. This gives us good security for our community fund, local staff social security and sets us in a good position for the next financial year.

**Figure 8 –Expenses as a percentage of Income**

<b>Expenses from</b>	<b>Expenses</b>	<b>% of Income</b>
<b>VED and RI</b>	FOOD	26.3
	DRINKS	11.5
	CLEANING	0.6
	INV. PROJECT	12.6
	KITCHEN	0.9
	TOOLS	0.6
	WAGES - VED	26.7
	M&T	14.1
	MISC	2.2
	REFUND	0.4
<b>Savings VED</b>	4.1	
<b>Donations</b>	<b>WAGES - DON</b>	<b>3.7</b>
	<b>FS &amp; CMTY</b>	<b>17.4</b>
	<b>EDUCATION</b>	<b>0.5</b>
	<b>SCHOOL FEES</b>	<b>10.6</b>
<b>Savings Donations</b>	<b>32.2</b>	

## Recommendations and Forward Planning

### VED and RI

Over the coming year, 2015, there are plans to increase restaurant incomes, with the aim being to cover all staff wages and food expenses. Eventually the restaurant could cover all project expenses, however, this is a goal for the following years.

Ideally the restaurant incomes and expenses should be separated from the volunteer's expenses and development, however, with the current kitchen set up and organisation it is impossible to do.

The amount spent on food needs to be addressed and steps have been put in place to reduce the largest expenses. Chicken, eggs and cooking oil are all large expenses that are being addressed in the near future, or are already being reduced.

Chickens are already on site for meat and there are plans to breed more to provide a higher percentage for consumption on site, reducing the amount bought in the market. Current expenditure on chicken accounts for 10% of all food expenses, which is 3% of overall VED expenses. The aim is to reduce this by 50% so that it accounts for only around 5% of food costs over the next year.

Eggs have been a priority for a while as most chickens in the area are bred for meat and not for egg production. SAE LAO has finally managed to acquire twenty young female chickens that will produce larger quantities of eggs. This will reduce egg expenses and they will be bred to produce more laying chickens. Current expenditure on eggs accounts for 15% of all food costs and 4% of overall VED expenses. The aim is to reduce this by over 60% to become 5% of food expenses within the next two years.

Cooking oil will be supplemented by coconut oil that is being produced on site. This will be a cheaper and more environmentally friendly alternative to the current palm oil produced. 4% of all food expenses are on cooking oil, which equates to just over 1% of all VED expenses. By reducing the expense on cooking oil by 50% so that it becomes only 2% of food expenses and less than 1% of overall VED expenses over the next two years.

Drinking water is soon to be filtered on site from rain water collection. Currently drinking water accounts for 8% of all drinks expenses. By producing our own drinking water it could be possible to reduce our overall drinks expenses by at least 5% over the next two years.

Other large expenses, such as mangoes, bananas and pineapples are being addressed by working with the local village. If they have excess from their gardens the project will propose to buy this excess off them. Although the price for the produce will be the same as in the market, the reduction in expenses for going to the market will assist with reducing overall costs. This will also benefit the local community to reduce their expenses while keeping the same income.

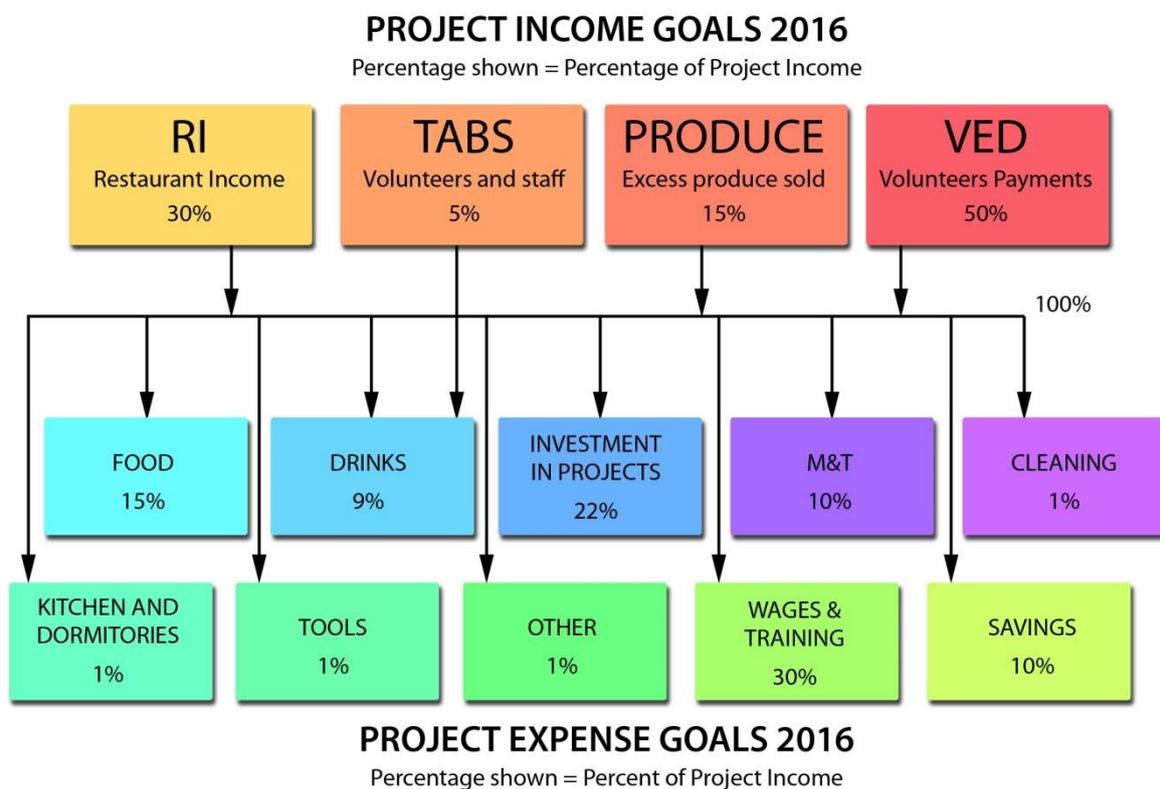
Although wages is a large expense, this is due to rise, not reduce and this is not to be considered in the ways to reduce expenses.

Maintenance and Transport is a large expense and several steps are to be taken to reduce this. The first step has been to buy a new truck for the project. Although the initial expense is large, the reduction in money spent on truck repair and travel, as the truck will stay on site, will greatly reduce long term maintenance and transport costs. The truck expenses accounts for 47% of M&T expenses and 7% of overall expenses. Along with the food project, which will reduce transport expenses, the management of food stock is being reviewed to reduce market trips further. The aim is to reduce transport costs by 50% by the end of 2016.

On site systems are to be reviewed in 2015 and slowly improved to ensure that energy use is reduced and more closed loop systems are implemented to assist with reducing maintenance costs. Although electricity only accounts for 2% of overall costs and electricity in Lao PDR is all hydroelectric, the project is still looking to reduce electricity use.

With the reduction in expenses discussed above equating to an overall reduction in expenses of 12%, the project can provide itself with more security and invest further in projects on site.

It is estimated that restaurant income and income from on-site produce will rise over the next two years. Expenses will also decrease in some areas, allowing the project to input more money into other areas, such as project investment and wages. With this in mind figure 9 shows the estimated breakdown of project finances for 2016. This is the current goal and will be reviewed regularly.



**Figure 9:** Project Incomes and Expenses Breakdown estimated goals for 2016

## Donations

Although overall expenditure of donations is well within the incomes from donations, this will change over the coming year of 2015 as many community projects start to come into fruition. In order to ensure that these projects can be realised, external funding is also being sought over the coming year of 2015.

Education investment has been little, with most materials donated to the project. There is currently fundraising being undertaken for investment in more education materials, in particular books for teaching. However, SAE LAO is aiming to provide computer skills training as well as provide more adult skills training, not only to the on-site staff, but to the local community as well. This will need to see initial set up costs covered and although SAE LAO does have some money available for these activities, external funding to cover some of these costs should also be sought to ensure that social security funds are maintained.

Wages that come from donations accounts for 4% of donations incomes. These are wages that are directly linked to education and community support, not to restaurant or project staff. Wages are to continue to rise.

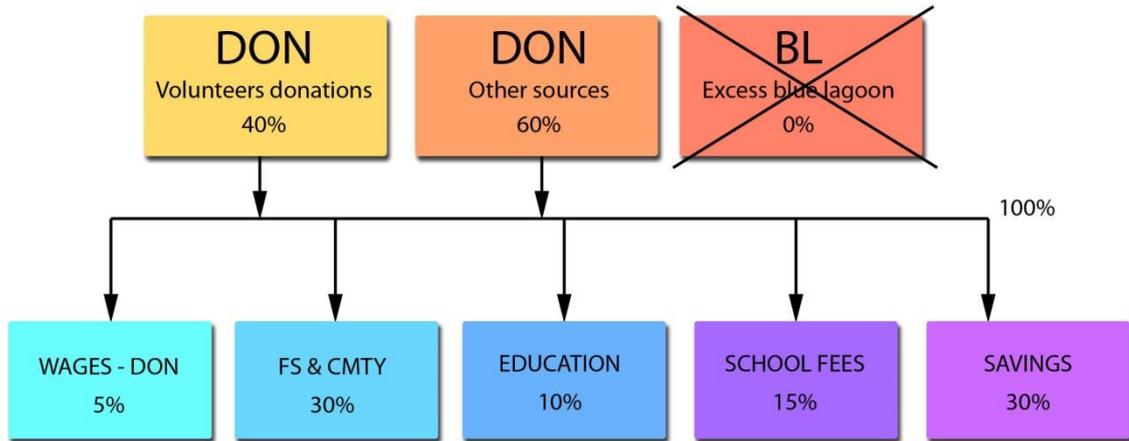
Family and Community support spending will increase dramatically over the next year as projects that require financial investment become realised. Several community projects are to be looked in the coming year of 2016, including a soap project working with women's groups in the community to produce incomes for local households and empower women in the community and a mud brick making business to provide employment for the local village which has high rates of unemployment. Again, although there is some money available for these projects, external funding should be sought.

Finally school fees will also rise dramatically as SAE LAO's scholarship programme starts in 2015. Online campaigns for funding this project have been started, so that current donations money should not be affected ensuring that the money currently available can be used for other projects.

It is estimated that external funding will rise with donations from external sources increasing over the next two years. Expenses will also decrease in some areas, allowing the project to input more money into other areas, such as education. With this in mind figure 10 shows the estimated breakdown of donations for 2016. This is the current goal and will be reviewed regularly.

### DONATION INCOMES 2016

Percentage shown = Percentage of Donation Income



### DONATION EXPENSES 2016

Percentage shown = Percent of Donation Income

Figure 10: Donation Incomes and Expenses Breakdown goals for 2016

## Conclusion

Although the project is currently financially self-sufficient, the poor restaurant income and reliance on volunteer payments, along with high running costs, results in little financial security. As can be seen in Appendix 2, figure D there are many months when the project is running at a loss, although donations have always been in the positive last year. However, steps are already being undertaken to reduce expenditure and increase restaurant revenues to support site costs, food expenses, wages and project investment.

Donations, although sufficient to cover recent needs, will need to be increased to deal with the upcoming projects to be started. Education is poorly invested in and although there is current fundraising taking place for new education materials and the proposed scholarship programme, there is far more to be done in the way of adult skills training and computer skills training materials.

Generally, the project is aware that external funding is an important part of the proposed remit expansion of the project. If SAE LAO is wishing to become more involved with empowerment, training and revenue generating activities in the village, initial investment is required and other programmes, such as scholarship, will require continued funding for many years.

Reducing expenses is a necessity moving forward to ensure that the project has financial security. In case no external funding is found and projected income, without external funding, needs to be relied upon.

Finally, the long term goals of SAE LAO are to be self-sufficient, so that volunteers payments are not required and the community can sustain itself, while assisting the local community in financial and skills aid. Clearly this is a long way off, but every step taken strives toward making SAE LAO a model of a holistic community that is self-supporting while supporting other communities around.

**Appendix 1 - Figure A: Incomes and Expense breakdown for VED and RI / 1000 (Kip)**

<b>FOOD</b>	Income VED + RI	399698
	Expenses Food + Drinks Inc	109922
	<b>% FOOD</b>	<b>27.5012635</b>
<b>DRINKS</b>	Income Tabs	18979
	Expenses Drinks NI	41143
	<b>% Drinks Inc</b>	<b>216.781706</b>
<b>CLEANING</b>	Income VED + RI	399698
	Expenses Cleaning	2533
	<b>% Cleaning</b>	<b>0.63372846</b>
<b>INVESTMENT IN SAE LAO PROJECT</b>	Income VED + RI	399698
	Expenses IP	50537
	<b>% IP</b>	<b>12.6437961</b>
<b>KITCHEN AND DORMS</b>	Income VED + RI	399698
	Expenses Kitchen	3434
	<b>% Kitchen and Dorms</b>	<b>0.85914866</b>
<b>TOOLS</b>	Income VED + RI	399698
	Expenses Tools	2570
	<b>% Tools</b>	<b>0.64298545</b>
<b>WAGES FOR STAFF</b>	Income VED + RI	399698
	Expenses Wages VED	106882
	<b>% Wages VED</b>	<b>26.7406892</b>
<b>MAINTENANCE AND TRANSPORT</b>	Income VED + RI	399698
	Expenses M&T	56435.5
	<b>% M&amp;T</b>	<b>14.1195352</b>
<b>MISCELLANEOUS</b>	Income VED + RI	399698
	Expenses Misc	8824
	<b>% Misc</b>	<b>2.20766679</b>
<b>REFUND</b>	Income VED + RI	399698
	Refund	1540
	<b>% Refund</b>	<b>0.38529089</b>

Figure B - Incomes and Expenses breakdown from Donations / 1000 (kip)

<b>DONATION</b>	Income Donations	74773
	Expenses WAGES DON	2750
	<b>% Wages DON</b>	<b>3.67779814</b>
<b>FAMILY AND COMMUNITY FUND</b>	Income Donations	74773
	Expenses FM & CTY	12975
	<b>% FM &amp; CTY</b>	<b>17.3525203</b>
<b>EDUCATION</b>	Income Donations	74773
	Expenses Education	344
	<b>% Education</b>	<b>0.46005911</b>
<b>SCHOOL FEES</b>	Income Donations	74773
	Expenses School fees	7925
	<b>% School fees</b>	<b>10.5987455</b>

Figure C – Savings at end of year / 1000 (Kip)

<b>DONATION SAVINGS</b>	<b>50779</b>
<b>VED SAVINGS</b>	<b>15877.5</b>
<b>TOTAL SAVINGS</b>	<b>66656.5</b>

Appendix 2 – Figure D Chart representing Project profit by month / 1000 (Kip)

