

ISPP ANNUAL GENERAL MEETING
FINANCE, FACILITIES & RESOURCES COMMITTEE REPORT
SY 2019-2020

Dear parents, faculty, staff and students,

Firstly, I wish to express my gratitude to the members of the Committee, Peter Herum (Trustee and Chairperson for the Strategic Planning FFRC Sub-committee), John Hustedt (Trustee), Gareth Jones (Director), Bunthida Chea (CFO), Edwin Van Olst (Faculty Rep), Michael Hodgson (Operations Administrator) and Sopak Phan (Human Resources Manager). The Committee met monthly, and worked hard to ensure timely reporting and review of the school's finances, facilities and resources, with a view to ensuring that these are fit for purpose and sustainable. I acknowledge Gareth Jones and his team, for the work they have done to improve the quality and transparency of information shared, paving the way for the Committee to perform its oversight duty.

This report will cover 4 main topics: (A) 2019/20 key achievements, (B) 2019/20 Financial Report, (C) 2020/21 Budget and (D) Final Remarks

A. 2019/20 Key Achievements:

1. We improved the quality of our monthly report to include Enrollment Status, Profit & Loss Statement, Liquidity/Reserve and Other matters.
2. We completed a cost benefit analysis between the existing Maybank loan and OPIC, and decided to retain the loan with Maybank at a negotiated reduced rate.
3. The school's liquidity remains healthy, with sufficient reserve for enrollment fluctuation and capital fund, in line with the school's policy. Additionally we maximized interest income from cash reserve: (a) opening a KHR account which gives better interest income, to fund KHR expenses; and (b) reviewing and lengthening USD time deposit placement.
4. We have completed the audited report for FY2018/2019 and this is available on request from the school.
5. New buses are now being used thus improving the service to the students.
6. We proposed allocating new students' one time registration and enrollment fees to segregate funding for ISPP's Scholarship and Philanthropic Programs. This has been approved by the Board and will commence in the SY2020/21.

B. 2019/20 Financial Report (provisional)

Revenues are expected to end 4.8% better than budget, due to higher enrollment, and increase in other income due to higher take up of After School Programs and Bus Service. Additionally we note extraordinary income from collection of previous years' US grant benefit. Expenses are expected to be 3% higher than budget due to additional hires, correction on Salary budget, increased legal fees related to the loan and restructuring of the School's legal identity, and maintenance expenses. We forecast surplus of USD2.3m, to be added to the School's resources, to fund further investments on facilities and people, prepay loan or cushion potential financial shocks from the Covid19 pandemic.

	SY2019-20 Aug19-Jul20 (Budget)	SY2019-20 Aug19-Jul20 (Actual+Forecast)	Variance (Budget/ Actual+Forecast)	% Contribution
I. INCOME				
Tuition Fee and Capital Fee	17,568,962	18,245,708	103.9%	93.4%
Registration+Enrolment Fees	507,150	483,826	95.4%	2.5%
Other income	554,057	798,502	144.1%	4.1%
I. TOTAL INCOME	18,630,169	19,528,036	104.8%	100.0%
II. EXPENSES				
Employee Expenditure	10,648,437	10,822,741	101.6%	62.7%
Other Operating Expenditure	2,099,497	2,423,773	115.4%	14.0%
Capital Expenditure	382,816	409,204	106.9%	2.4%
Loan Repayment & Interest	3,493,149	3,459,644	99.0%	20.0%
Others/Contingency Exp	127,731	153,750	120.4%	0.9%
II. TOTAL EXPENSES	16,751,630	17,269,112	103.1%	100.0%
III. OPERATING SURPLUS/(DEFICIT)	1,878,539	2,258,924	120.2%	

C. 2020/21 Budget

	SY2019-20 Aug19-Jul20 (Actual+Forecast)	SY2020-21 Aug20-Jul21 (Budget)	Variance (Budget/Provisional)	% Contribution
I. INCOME				
Tuition Fee + Capital Fee	18,245,708	18,267,134	100.1%	95.4%
Registration+Enrolment Fees	483,826	330,045	68.2%	1.7%
Other income	798,502	554,057	69.4%	2.9%
I. TOTAL INCOME	19,528,036	19,151,236	98.1%	100.0%
II. EXPENSES				
Employee Expenditure	10,822,741	11,717,548	108.3%	61.3%
Other Operating Expenditure	2,423,773	2,940,619	121.3%	15.4%
Capital Expenditure	409,204	1,000,000	244.4%	5.2%
Loan Repayment & Interest	3,459,644	3,231,029	93.4%	16.9%
Others/Contingency Exp	153,750	214,809	139.7%	1.1%
II. TOTAL EXPENSES	17,269,112	19,104,005	110.6%	100.0%
III. OPERATING SURPLUS/(DEFICIT)	2,258,924	47,231	2.1%	

- Last 01Apr2020, the Board unanimously approved FFRC's recommendation to retain school fees at existing/ levels. Noting as well that ISPP is near full capacity, revenues forecast to slightly decline.
- Meanwhile, expenses to increase by 10% largely due to provisions for additional headcount, Prakas seniority and severance pay, changes on employee benefits and upgrade and maintenance of facilities.
- Small surplus of USD47k.

RESERVE

- Enrollment reserve of USD4m and Capital reserve of c. USD1m in place in line with policy.

D. Final Remarks

ISPP's financial condition is healthy. With sufficient reserve, it is in a good position to overcome any potential stresses in the future.

This coming school year, besides performing its oversight duty, FFRC will focus on supporting ISPP in its implementation of the 5-yr Strategic Plan (2020-224). Specific to FFRC, initiatives under this plan will include improving management information in order to promote timely decision making and action. Priority will be placed on enhancing the school's policies and procedures to improve budgeting, asset management including procurement and maintenance plan, and liquidity management. In Human Resources, we will review salary and benefits, and strengthen our performance management and personal development programs for both faculty and staff, to ensure we retain our high potential people and reward excellent performance. While we are hoping that Covid-19 will not have any material impact to ISPP's operations and the community it serves, the FFRC is prepared and committed to ensuring that ISPP's finances, facilities and resources will continue to be of quality befitting of a leading international school in Phnom Penh.

Sincerely,

Mimi Concha

Board Treasurer & Chair of FFRC