

COMMUNITY ADVANCEMENT ORGANISATION

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

AND

REPORT OF INDEPENDENT AUDITORS

ORGANISATION INFORMATION

Organisation	:	Community Advancement Organisation
Registration No.	:	2410 Br.K
Registered office	:	No. 194, Phum Choak, Khum Kompong Choak Romdol District, Svay Rieng Province Kingdom of Cambodia.
Board of Directors	:	Bernard Kervyn, Co-founder Mr. Keo Sokheng, Member Mr. Nguyen Van Than, Member Ms. Khan Yana, Member Ms. Phann Channy, Member
Executive Committee	:	Yann Kosal, Executive Director Ung Mith, Vice Director Rath Kanika, Accountant Eang Sareth, Administration
Auditors	:	REACHS & PARTNERS Co., Ltd.

COMMUNITY ADVANCEMENT ORGANISATION
FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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Address: Chork Village, Kampong Chork Commune, Rumdoul District, Svay Rieng Province

Contact number: 088 99 45 544, Email: info@cao-cambodia.org

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors ("the Directors") hereby present this report together with the audited financial report of the Community Advancement Organisation ("the Organisation") for the year ended 31 December 2024.

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL REPORT

The Directors are responsible for ensuring that the financial report of the Organisation for the year ended 31 December 2024 are prepared, in all material respects, in accordance with the Cambodian Financial Reporting Standards for Not-for-profit Entities ("CFRS for NPFES").

When preparing the financial report, the Directors are required to:

- adopt appropriate accounting policies and then apply them consistently;
- comply with the disclosure requirements of the CFRS for NPFES,
- maintain adequate accounting records and an effective system of internal control;
- Prepare the financial report on a going concern basis unless it is inappropriate to assume that the Organisation will continue its operations in the foreseeable future, and
- control and direct effectively the Organisation in all material decisions affecting its operations and performance and ascertain that such decisions have been properly reflected in the financial report.

The Directors are also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors assume the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, and any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

The Directors confirm that the Organisation have complied with the above requirements in preparing the financial report.

STATEMENT BY THE BOARD OF DIRECTORS

We, on behalf of the Board of Directors of Community Advancement Organisation ("the Organisation"), do hereby state that the accompanying financial report, together with the notes thereto, present fairly, in all material respects, the cash and bank balances of the Organisation as at 31 December 2024 and its receipt and payments for the year then ended, in accordance with CFRS for NPFES.

On behalf of the Board of Directors

Mr. Bernard Kervyn
Co-founder

Phnom Penh, Kingdom of Cambodia
Date: 31 March 2025



Mrs. Yann Kosal
Executive Director

Phnom Penh, Kingdom of Cambodia
Date: 31 March 2025

**REPORT OF INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF COMMUNITY ADVANCEMENT ORGANISATION*****Opinion***

We have audited the financial report of Community Advancement Organisation ("the Organisation"), which comprise the statement of receipts and payments for the year ended 31 December 2024 and notes to the financial report, including significant accounting policies.

In our opinion, the accompanying financial report present fairly, in all material respects, the cash and bank balances of the Organisation as at 31 December 2024, and its receipts and payments for the year then ended, in accordance with the Cambodian Financial Reporting Standards for Not-For-Profit Entities ("CFRS for NFPEs").

Basis of Opinion

We conducted our audit in accordance with the Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to audits of financial report in the Cambodia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with CFRS for NFPEs, and for such internal control as management determines is necessary to enable the preparation of financial report that is free from material misstatements, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial report.



**REPORT OF INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF COMMUNITY ADVANCEMENT ORGANISATION (continued)**

Auditor's Responsibilities for the Audit of the Financial Report (continued)

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For **REACHS & PARTNERS Co., Ltd.**



E Bunthet
Partner

Phnom Penh, Kingdom of Cambodia
Date: 31 March 2025

COMMUNITY ADVANCEMENT ORGANISATION

**STATEMENT OF RECEIPTS AND PAYMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024		2023	
		US\$	KHR'000	US\$	KHR'000
Operating receipts					
Donations received	4	90,531	368,552	102,106	419,656
Other receipts		-	-	780	3,206
Total operating receipts		90,531	368,552	102,886	422,862
Operating payments					
Agriculture	5	5,349	21,776	6,060	24,907
Health and sanitation	6	13,995	56,974	8,634	35,486
Personnel and benefits	7	60,946	248,111	58,651	241,056
Office running expenses	8	10,690	43,519	13,811	56,763
Other operating payments	9	4,835	19,683	5,132	21,092
Total operating payments		95,815	390,063	92,288	379,304
Operating surplus/(deficit)		(5,284)	(21,511)	10,598	43,558
Capital receipts					
Repayment from poor families' loans	11(i)	69,480	282,853	56,375	231,701
Capital payments					
Purchase of office equipment		(435)	(1,771)	-	-
Disbursement to poor families' loan	11(i)	(70,125)	(285,479)	(65,683)	(269,957)
Increase/(decrease) in cash and bank balance		(6,364)	(25,908)	1,290	5,302
Cash and bank balance at beginning of the year		18,130	74,061	16,840	69,330
Currency translation differences		-	(795)	-	(571)
Cash and bank balance at end of the year		11,766	47,358	18,130	74,061
Represented by:					
Cash at bank		9,557	38,467	16,947	69,228
Cash on hand		2,209	8,891	1,183	4,833
Cash and bank balance		11,766	47,358	18,130	74,061

The accompanying notes form an integral part of the financial report.

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

1. BACKGROUND AND ACTIVITIES

Community Advancement Organisation (CAO) ("the Organisation") is a local not-for-profit Organisation registered with the Ministry of Interior on 07 May 2020 with registration number 2410 Br.K and started its operation on 01 June 2020.

The vision of the Organisation is to see ordinary citizens in the community receive the basic needs which are necessary for living with dignity and sharing with each other.

The missions of the Organisation are as follows:

- As a social development organisation, we cooperate with national and international organisations to contribute to the socio-economic development of poor people in rural communities;
- Build capacity and encourage people in rural communities to solve their own problems;
- Contribute to reducing migration, increasing income and improving living standards as well as rural education standards by giving top priority to women and children;
- Improve the living standards of the poor and vulnerable people in rural areas through education, health, agricultural technology, environment to achieve sustainable development.

The main activities currently being implemented in Svay Rieng Office are as follows:

- Health promotion and education program aimed at promoting gender equality, conducting healthcare workshop, and establishing a village library, along with providing both financial and material scholarship support as well as a vision care initiative for children.
- Agricultural extension programs enhance food security and rural livelihoods while promoting eco-friendly practices like tree planning and biogas installation.
- The Poor House Development Income Program includes providing micro-loans with no interest and saving groups.

Community Advancement Organisation's office is located in No. 194, Phum Choak, Khum Kompong Choak, Romdol District, Svay Rieng Province.

As at 31 December 2024, the Organisation had 8 employees (31 December 2023: 8 employees)

Relationship with Mekong Plus

Mekong Plus Belgium (MPB) was established in 2003 with its international headquarter in Belgium. It was previously known as Vietnam Plus, established in France in 1994. On 17 September 2009, Mekong Plus has entered into a Memorandum of Understanding ("MOU") with the Royal Government of Cambodia, represented by the Ministry of Foreign Affairs and International Cooperation, which allow the Organisation to open its office in Svay Rieng Province.

Because of its policy to devote full responsibility and power to a Cambodian entity, Mekong Plus Belgium has decided to cease its operation on 31 May 2020 and transferred its operation to CAO, which consists of the management team and staff from the former Mekong Plus-Svay Rieng office. Mekong Plus is committed to continuing its financial and other support to CAO whenever beneficial.

To enable CAO to maintain the volume of activities and the budget initially planned for Mekong Plus - Svay Rieng office, Mekong Plus Belgium and Communities Advancement Organisation agreed that from 01 June 2020 onward:

- All fund, donation and subvention received and receivable from Cambodia MPB account will be transferred as a donation to CAO.
- The financial surety set up and entered in the account of MP and relating on one hand to the lease of the offices of Svay Rieng and on the other hand to the computer software are transferred to CAO.
- Finally, it is understood that all human resources, social charges, insurance, and health insurance related to them are completely supported by CAO.

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF PREPARATION

The financial report has been prepared under the historical cost convention and in accordance with Cambodian Financial Reporting Standards for Not-for-Profit Entities (CFRS for NFPEs), which follows a pure cash basis of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Organisation transacts its business essentially in United State Dollars ("US\$") and maintains its accounting records primarily in US\$, management has determined the US\$ be the Organisation's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Organisation.

Transactions in foreign currencies are translated to US\$ at market exchange rates prevailing on the date of transactions. All exchange differences arising on settlement of such transactions or on translation at year-end exchange rates of cash and bank balance are recognised in the statement of receipts and payments.

3.2 Presentation in Khmer Riel (KHR)

The translation of US\$ amounts into KHR is presented to comply with the presentation requirements pursuant to the Law on Accounting and Auditing. The statement of receipts and payments is translated into KHR using the averages exchange rate for the year. Monetary sources and commitments are translated at the closing exchange rate as at the year-end. Exchange differences arising from the translation are recognised in the statement of receipts and payments.

The Organisation has used the following official rates of exchange:

<i>Reporting date</i>	<i>Closing rate</i>	<i>Average rate</i>
31 December 2024	US\$1 = KHR4,025	US\$1 = KHR4,071
31 December 2023	US\$1 = KHR4,085	US\$1 = KHR4,110

The convenient translations are for compliance purposes only and should not be construed as representations that the US\$ amounts have been, could be, or could in the future be, converted into KHR at this or any other rate of exchange.

Amounts in the financial report have been rounded off to the nearest dollar and nearest thousand ("KHR'000") for the US\$ and KHR amounts, respectively.

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Receipts and payments

Receipts comprise all money received, gross of bank charges, during the year. Fund received by Organisation from donors, public donations and other income are recognised as operating receipts while receipts from loan repayment from poor families and sales of resources are recognised as capital receipts.

Payments comprise all money paid during the year with respect to Organisation's objectives and activities approved by the Directors. Payment related to Organisation's activities are recognised as operating payments while payments related to loan disbursement to poor families and purchase of physical assets are recognised as capital payments. For control and management purposes, the Organisation maintains a register of physical assets.

3.4 Cash and bank balance

Cash and bank balance consist of cash on hand and balance held at bank that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3.5 Employment benefits

(i) Bonus

The Organization provides with a bonus for staff who have worked for one full year which is equal to one month's staff salary, it shall be paid twice to staff during Khmer New Year and Pchum Ben's holiday. Staff who have worked for less than 1 year will receive a proportion of 13th month salary based on the number of months' service.

(ii) Seniority payment

Staff who are employed under the Unspecified Duration Contract (UDC) shall receive a seniority pay equivalent to 15 days of her/his total earned each year. These payments are to be made every six months, on 30 June and 31 December. Seniority pay is not applicable for staff members who are dismissed as a result of disciplinary or serious misconduct. Seniority payment recognise as expenses when the payment is made to the staff in June and December along with the monthly salary payment.

(iii) Pension fund

According to the Sub-Decree No. 32 dated 04 March 2021 and Prakas No. 170/22 MLVT dated 05 July 2022, the payment of pension fund is compulsory for all employers and employees. For the first five years, pension contribution is set at four percent (4%) of the employee's current monthly salary, of which two percent (2%) is the obligation of the employer, with employees obligated to pay the remainder. The minimum obligated wage is set at 400,000 riel and the highest obligated wage is 1.2 million riels. This pension contribution will increase to eight percent in the next 5 years.

Staff pension fund is recognised as an expense when the payment is made to the NSSF.

(iv) Health care fund

The Organisation has accrued for its health care fund of US\$ 5 per employee each month plus interest rate of 5%. The fund will be used to support the employee if he/she is facing a health difficulty or emergency, but this is subject to the approval of the management. This fund will paid-out at day of their resignation together with their final salaries' payment.

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Taxation

Income tax

The Organisation is registered as non-profit Organisation with the Ministry of Interior and is exempt from income tax under Article 9 of the Law on Taxation in Cambodia.

Value Added Tax (VAT)

The Organisation is not registered for VAT. Therefore, the amount recorded in the financial report are inclusive of VAT.

3.7 Related parties

Related parties are individuals or entities that has the ability, directly or indirectly, to control the Association or exercise significant influence over the Association in making financial and operating decisions.

4. DONATIONS RECEIVED

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Mekong Plus – Belgium (*)	65,603	267,070	90,592	372,333
Frères de nos Frères (FdnF) (**)	14,245	57,991	-	-
Junicaire Foundation	9,482	38,601	-	-
Happy Day foundation	-	-	10,822	44,478
Others	1,201	4,890	692	2,845
	<u>90,531</u>	<u>368,552</u>	<u>102,106</u>	<u>419,656</u>

(*) Fund receipt from Mekong Plus – Belgium was partially contributed from generous donors includes Mr. Philipe, Mr. Antoine, Ms. Amélie, Benina foundation and Chayra foundation.

(**) On 15 May 2024, Frères de nos Frères (FdnF) has partnership agreement with C.A.O concerning the project entitled: Treatment support for poor students for the period from September 2024 to August 2025.

5. AGRICULTURE

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Livestock program	3,152	12,832	3,274	13,456
Agronomy program	2,197	8,944	2,786	11,451
	<u>5,349</u>	<u>21,776</u>	<u>6,060</u>	<u>24,907</u>

COMMUNITY ADVANCEMENT ORGANISATION**NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024****6. HEALTH AND SANITATION**

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Health education in the community and school	13,727	55,883	8,556	35,165
Poor family program	268	1,091	78	321
	<u>13,995</u>	<u>56,974</u>	<u>8,634</u>	<u>35,48</u>

7. PERSONNEL AND BENEFITS

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Salary and bonus	57,768	235,174	55,930	229,872
Other benefits	3,178	12,937	2,721	11,184
	<u>60,946</u>	<u>248,111</u>	<u>58,651</u>	<u>241,056</u>

8. OFFICE RUNNING EXPENSES

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Rental expense	2,700	10,992	5,101	20,965
Repairs and maintenance	3,390	13,800	2,922	12,009
Taxes and licenses	1,951	7,943	2,308	9,486
Office supplies/equipment	1,101	4,482	1,441	5,923
Communication	292	1,189	1,032	4,242
Office utilities	578	2,353	626	2,573
Other expenses	678	2,760	381	1,565
	<u>10,690</u>	<u>43,519</u>	<u>13,811</u>	<u>56,763</u>

9. OTHER OPERATING PAYMENTS

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Professional fee	2,654	10,804	2,540	10,439
Skill developments	2,181	8,879	2,592	10,653
	<u>4,835</u>	<u>19,683</u>	<u>5,132</u>	<u>21,092</u>

10. RELATED PARTIES TRANSACTIONS

The related parties of the Organization are the key management:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Salaries and benefits	18,703	76,139	18,380	75,541
	<u>18,703</u>	<u>76,139</u>	<u>18,380</u>	<u>75,541</u>

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

11. SCHEDULE OF AVAILABLE RESOURCES AND COMMITMENTS

	Note	2024		2023	
		US\$	KHR'000	US\$	KHR'000
Cash and bank balance		11,766	47,358	18,130	74,061
Add: Loan to poor families	(i)	38,276	154,061	37,631	153,723
Less: Office rental commitment	(ii)	(2,700)	(10,868)	(5,940)	(24,265)
Health care fund		(5,663)	(22,795)	(4,936)	(20,165)
13 th Month bonus		(4,029)	(16,217)	(4,274)	(17,460)
Available resources		<u>37,650</u>	<u>151,539</u>	<u>40,610</u>	<u>165,894</u>

(i) Loan to poor families

This represents the outstanding balance of interest-free loans provided to poor families during the year. The loan amount ranges from US\$50 to US\$250 with a duration between 1 month and 12 months. The balances shall be repaid to the Organisation in the subsequent period.

The movement of loans during the period is as follows:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
At 1 January	37,631	153,723	28,323	116,606
Disbursement to poor family	70,125	285,479	65,683	269,957
Repayment from poor family	(69,480)	(282,853)	(56,375)	(231,701)
Currency translation differences	-	(2,288)	-	(1,139)
As at 31 December	<u>38,276</u>	<u>154,061</u>	<u>37,631</u>	<u>153,723</u>

(i) Commitment

The Organisation has commitment for its office rental as follows:

	2024		2023	
	US\$	KHR'000	US\$	KHR'000
Within one year	2,700	10,868	3,240	13,235
Later than one year but less than five years	-	-	2,700	11,030
	<u>2,700</u>	<u>10,868</u>	<u>5,940</u>	<u>24,265</u>

12. TAX CONTINGENCIES

Taxes are subject to examination and assessment by tax authorities of the General Department of Taxation (GDT). Due to varying interpretations of tax laws and regulations, certain transactions may be subject to challenge by the tax authorities, potentially resulting in additional tax liabilities, retrospective tax assessments, and penalties. Therefore, amounts reported in the financial report could be changed at a later date upon final tax assessment by the tax authorities.

Management believes that it has adequately recorded and paid taxes based on its interpretation of tax legislation. However, if this treatment is challenged by the tax authorities, the Organisation may be subject to tax assessment, penalties, and interest. Tax years remain open for review by the GDT for three years, with a possible extension of up to ten years.

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

13. EVENTS AFTER REPORTING PERIOD

The Organisation has evaluated events after the end of the reporting period until the date of authorisation of the financial report and affirms that no significant events require adjustments or disclosures in the financial report.

14. AUTHORISATION OF FINANCIAL REPORT

The financial report of the year ended 31 December 2024 were approved for issue by the Board of Directors on 31 March 2025.