

**COMMUNITY ADVANCEMENT ORGANIZATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
**AND**  
**REPORT OF THE INDEPENDENT AUDITORS**

# **COMMUNITY ADVANCEMENT ORGANIZATION**

## **CONTENTS**

	<b>Page</b>
<b>Report of the directors</b>	<b>1</b>
<b>Audited financial statements</b>	
Independent auditor's report	2-4
Statement of Receipts and Payments	5
Notes to financial statements	6-10



អង្គការវឌ្ឍនភាពសហគមន៍ (Community Advancement Organization)

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## REPORT OF THE MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Management of Community Advancement Organization ("the Organization") submits its report together with the audited financial statements for the year ended 31 December 2023 ("the period").

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Organization's management is responsible for the preparation of the financial statements for the year ended 31 December 2023, which are prepared, in all material respects, to show the fund received and paid for the period and fund balance.

In preparing the financial statements, management is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with the disclosure requirements of the accounting policies set out in note 2 to the financial statements or, if there have been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal control;
- Control and direct effectively the Organization in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

Management is also responsible for safeguarding the assets of the Organization and hence, taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management assumes the responsibility to provide and has provided, the auditor 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.

### APPROVAL OF THE FINANCIAL STATEMENTS

The Management Committee hereby, approves the accompanying statement of receipts and payments, together with the notes thereto, which have been properly drawn up and give a true and fair view of the fund balance of the Organization as at 31 December 2023, and of its fund receipts and payments for the year then ended, in accordance with the Cambodian Financial Reporting Standard for Not-For-Profit Entities (CFRS for NFPEs).

On behalf of the Board of Director

Mr. Bernard Kervyn  
CAO Founder

Phnom Penh, Kingdom of Cambodia  
Date: 25 March 2024



Mrs. Yann Kosal  
Executive Director

Phnom Penh, Kingdom of Cambodia  
Date: 25 March 2024

**INDEPENDENT AUDITOR'S REPORT  
TO THE MANAGEMENT OF COMMUNITY ADVANCEMENT ORGANIZATION**

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the financial statements of Community Advancement Organization ("the Organisation") which comprise the statement of Receipts and Payments for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash balance of the Organisation as at 31 December 2023, and its fund 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 statements* 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) and the requirements of the Kampuchea Institute of Certified Public Accountants and the Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.

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

**Emphasis of Matter - Basis of accounting**

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Organisation in meeting the requirement of the Accounting and Audit Regulator ("ACAR") and the Prakas on the implementation of the Cambodian Financial Reporting Standard for Not-for-Profit Entities ("CFRS for NFPEs") of the Ministry of Economic and Finance ("MoEF"). As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

**Other information**

The Directors of the Organisation are responsible for the other information. The other information comprises the report of the Management section of this report but does not include the financial statements of the Organisation and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting and accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Programme'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 liquidate the Programme or 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 responsibility for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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 statements, 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 Programme'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 Programme'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 statements 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 Programme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

A blue circular stamp with Khmer text around the perimeter and "REACHS & PARTNERS Co., Ltd." in the center. To the right of the stamp is a handwritten signature in blue ink.

E Bunthet  
Partner

Phnom Penh, Kingdom of Cambodia  
Date: 25 March 2024

# COMMUNITY ADVANCEMENT ORGANIZATION

## STATEMENT OF RECEIPTS AND PAYMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		US\$	KHR'000	US\$	KHR'000
<b>OPERATING RECEIPTS</b>					
Donations	3	102,106	419,656	112,858	461,251
Other income		780	3,206	475	1,941
<b>TOTAL OPERATING RECEIPTS</b>		<b>102,886</b>	<b>422,862</b>	<b>113,333</b>	<b>463,192</b>
<b>OPERATING PAYMENTS</b>					
Agriculture	4	6,060	24,907	5,569	22,761
Health and sanitation	5	8,634	35,486	13,284	54,292
Personnel and related costs	6	58,651	241,056	58,366	238,542
Office running costs	7	13,811	56,763	23,822	97,361
Professional fee		2,540	10,439	2,591	10,589
Skill developments		2,592	10,653	2,652	10,839
<b>TOTAL OPERATING PAYMENTS</b>		<b>92,288</b>	<b>379,304</b>	<b>106,284</b>	<b>434,384</b>
<b>OPERATING SURPLUS</b>		<b>10,598</b>	<b>43,558</b>	<b>7,049</b>	<b>28,808</b>
<b>CAPITAL RECEIPTS</b>					
Repayment from poor families' loans	8	56,375	231,701	30,263	123,685
<b>CAPITAL PAYMENTS</b>					
Poor families' loan disbursement	8	65,683	269,957	45,126	184,430
<b>Increase/(Decrease) in bank accounts and cash on hand</b>		<b>1,290</b>	<b>5,302</b>	<b>(7,814)</b>	<b>(31,937)</b>
Bank accounts and cash on hand at the beginning of the year		16,840	69,330	24,654	100,440
Currency translation differences		-	(571)	-	827
<b>Bank accounts and cash at the end of the financial year</b>		<b>18,130</b>	<b>74,061</b>	<b>16,840</b>	<b>69,330</b>
<b>REPRESENTED BY:</b>					
Cash on hand		1,183	4,833	281	1,157
Cash at bank		16,947	69,228	16,559	68,173
		<b>18,130</b>	<b>74,061</b>	<b>16,840</b>	<b>69,330</b>

The accompanying notes on pages 6 to 10 form an integral part of these financial statements.

## **COMMUNITY ADVANCEMENT ORGANIZATION**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **1. GENERAL INFORMATION**

Community Advancement Organization (CAO) ("the Organisation") is a local not for profit organisation registered with the Ministry of Interior 07 May 2020 and started its operation on 01 June 2020.

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

- Health and sanitation activities consisting in the provisions of financial support to poor villagers in community to build latrines in order to have access to the low-cost hygienic latrines and providing health training both in community and school.
- Agriculture activities focusing on the provisions of technical training and setting up and extend models in the agronomy and lives stocks.
- Community employment consisting in the provisions of training skill both in the community and in Vietnam in the production of quilt, paper machine, cross stitch, rag rug and durries.

Community Advancement Organization is located in Phum Choak, Khum Kompong Choak, Romdol District, Svay Rieng Province.

#### **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 Outstanding ("MOU") with the Royal Government of Cambodia, represented by the Ministry of Foreign Affair 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 cease its operation on 31 May 2020 and transfer the operation to CAO which is management team and staff of the former Mekong Plus- Svay Rieng office. Mekong Plus is committed to continue to support CAO financially and other ways when useful.

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 ORGANIZATION**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **2.1 Basis of preparation**

The statement of receipts and payments is expressed in United States Dollar ("US\$"), have been prepared under the cash basis of accounting and are in accordance with the Cambodian Financial Reporting Standard for Not-For-Profit Entities (CFRS For NFPEs").

##### **2.2 Functional and presentation currency**

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Organisation transactions its operation and maintains accounting record in United State Dollars ("US\$"), the management has determined that US\$ be the functional and presentation currency of the Organisation as well as the Project as it reflects the economic substance of the underlying transactions and events of the Organisation.

##### **2.3 Foreign currency transactions**

Transactions are translated into functional currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the financial statements.

##### **2.4 Presentation in Khmer Riel (KHR)**

Translation from US\$ to KHR is prepared in accordance with Cambodian Law on Accounting and Auditing with required the entity to prepare its financial statement in KHR.

The income and expenditure are translated into Khmer Riel using the average rate for the year. Assets and liabilities which include cash and cash equivalent, receivable and payable and fund balance at the end of the reporting period is translated at the closing rate as at the reporting date.

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

The Organisation has used the official rate of exchange published by the National Bank of Cambodia and as at the reporting date the yearly average rate was US\$1 to Riel 4,110 (2022: US\$1 to Riel 4,087) and the closing rate was US\$1 to Riel 4,085 (2022: US\$1 to Riel 4,117).

##### **2.5 Cash and cash equivalents**

Cash and cash equivalents comprise petty cash, cash on hand and at banks and other financial institutions, bank overdraft, term deposit and other restricted cash.

## **COMMUNITY ADVANCEMENT ORGANIZATION**

### **NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **2.6 Recognition of receipt**

Receipt comprise all fund received during the financial year. Receipt include a donation from donors, public donations from fundraising activities, and capital receipts.

The receipt is recognised on the date it is received, even if it is banked on a later date. Receipts are defined as the funds received, gross of bank charges, by the Organisation from donors.

##### **2.7 Recognition of payments or expenses**

Payment comprises all money paid during the financial year by cash, cheque, bank transfer or other method. Payment can be either operating payment or capital payment. Payment through cheque is recognised when a cheque is passed to the recipient rather than the later date when the cheque is presented and the money withdrawn from the bank account.

##### **2.8 Capital receipt and payment**

Capital receipt include receipt from sale of resource such as sale of physical assets, sale of any investment, and receipt from loan repayment.

Capital payment include payment for purchase of resource such as purchase of physical assets, purchase of any investment, and repayment of borrowing.

##### **2.9 Severance pay**

The Organisation has set up severance pay to provide a saving scheme for all eligible employees who are in Fixed Duration Contract (FDC) type. The severance pay is calculated at the rate of 5% of the employee's earnings. The fund is paid to the employee every year end with pro-rated data.

##### **2.10 Seniority pay**

Staff who are in Unspecify Duration Contract (UDC) type shall receive a seniority pay equivalent to 15 days of her/his total earned each year. The seniority payment will be paid in December or pro-rata paid based on the length of employment till June or December. Seniority pay is not applicable for staff members who are dismissed as a result of disciplinary or serious miss conduct.

##### **2.11 Taxation**

###### **Income taxation**

No provision for income tax has been raised as the Organisation is registered as local Non-Government Organisation (NGO) and not-for-profit Organisation hence it is exempted from income tax under Article 9 of the Cambodian Tax Law.

## COMMUNITY ADVANCEMENT ORGANIZATION

### NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Taxation (continued)

#### Value Added Tax (VAT)

The Organisation is not registered for VAT. Therefore, the amount recorded in the financial statement are inclusive of VAT (if any).

#### Other taxes,

Other tax expenses are recognised when paid. Other tax refund or payable balance at the reporting date are disclose in the note to resource and commitment.

### 2.12 Fund balance

Fund balance represents the cumulative general fund balance of the Organisation.

## 3. DONATIONS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
<b>Received from:</b>				
Income from Mekong Plus – Belgium	90,592	372,333	70,297	287,304
Mekong Quilt	-	-	30,000	122,610
Happy Day foundation	10,822	44,478	10,297	42,084
Others	692	2,845	2,264	9,253
	<b>102,106</b>	<b>419,656</b>	<b>112,858</b>	<b>461,251</b>

## 4. AGRICULTURE

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Livestock program	3,274	13,456	3,147	12,862
Agronomy program	2,786	11,451	2,422	9,899
	<b>6,060</b>	<b>24,907</b>	<b>5,569</b>	<b>22,761</b>

## 5. HEALTH AND SANITATION

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Health education in the community and school	8,556	35,165	13,284	54,292
Poor family program	78	321	-	-
	<b>8,634</b>	<b>35,486</b>	<b>13,284</b>	<b>54,292</b>

## 6. PERSONNEL AND RELATED COSTS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Salary and bonus	55,930	229,872	55,960	228,709
Benefit costs	2,005	8,241	2,256	9,220
Hospitality cost	716	2,943	150	613
	<b>58,651</b>	<b>241,056</b>	<b>58,366</b>	<b>238,542</b>

# COMMUNITY ADVANCEMENT ORGANIZATION

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

### 7. OFFICE RUNNING COSTS

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Rental expense	5,101	20,965	9,008	36,816
Repairs and maintenance	2,922	12,009	4,000	16,348
Taxes and licenses	2,308	9,486	2,507	10,246
Office supplies/equipment	1,441	5,923	1,374	5,616
Communication	1,032	4,242	2,768	11,313
Office utilities	626	2,573	592	2,420
Other expenses	381	1,565	3,573	14,602
	<b>13,811</b>	<b>56,763</b>	<b>23,822</b>	<b>97,361</b>

### 8. Loan to poor family

Loan to poor families represents the amount of interest-free loans provided to poor families during the year. The loan size ranges from US\$50 to US\$250 with a duration between 1 month and 12 months.

The movement of loans during the period is as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
At 01 January	28,323	116,606	13,460	54,836
Loan to poor family	65,683	269,957	45,126	184,430
Repayment from poor family	(56,375)	(231,701)	(30,263)	(123,685)
Currency translation differences	-	(1,139)	-	1,025
<b>As at 31 December</b>	<b>37,631</b>	<b>153,723</b>	<b>28,323</b>	<b>116,606</b>