

COMMUNITY ADVANCEMENT ORGANISATION
STATEMENT OF INCOME AND EXPENDITURE AND FUND BALANCE
FOR THE PERIOD AS AT 31 DECEMBER 2021

COMMUNITY ADVANCEMENT ORGANISATION

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STATEMENT BY THE MANAGEMENT

We, do hereby state that in our opinion, the accompanying statement of Income and Expenditure and Fund balance for the Community Advancement Organization, hereinafter referred to as ("the Organisation") for the year ended 31 December 2021 as set out on pages 5 to 10, have been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 to the financial statements.

On behalf of the Board of Director

  

Mr. Bernard Kervyn
Director
Date: 05 May 2022

Mrs. Yann Kosal
Executive Director
Date: 05 May 2022

**REPORT OF INDEPENDENT AUDITORS
TO THE MANAGEMENT AND DONORS OF COMMUNITY ADVANCEMENT ORGANISATION**

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Community Advancement Organisation ("the Organisation"), which comprise the Statements of Income, Expenditure, and Fund balance for the year ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies (together "the financial statements").

In our opinion, the financial statements of Community Advancement Organisation ("the Organisation") are prepared, in all material respect, in accordance with the accounting policies set out in note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with 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 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 - Basic of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statement which describes the basis of accounting and accounting policy adopted by the Organization. The financial statements are prepared for the information and use of the management and donors of the Organisation. As a result, the financial statements may not be suitable for any other purpose.

Our report is intended solely for the donors and management of the Organisation and should not be distributed to or used by parties other than the donors and management of the Organisation. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Organisation does not cover the Statement by the Management and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements of the Organisation, our responsibility is to read the Statement by the

Organisation's Management and, in doing so, consider whether the Statement by the Management is materially inconsistent with the financial statements of the Organisation 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 the Statement by the Management; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting and accounting policies described in Note 2 to the Financial Statements. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, 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 liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 scepticism 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 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 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 Organisation to cease to continue as a going concern.

Auditor's Responsibility for the audit of the financial statements (continued)

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.



E Bunthet
Partner

Phnom Penh, Kingdom of Cambodia
Date: 05 May 2022

COMMUNITY ADVANCEMENT ORGANISATION

**STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCE
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	From 01/01/2021 To 31/12/2021		From 01/06/2020 To 31/12/2020	
		US\$	KHR'000	US\$	KHR'000
FUND RECEIPTS					
Donations	3	52,399	213,159	98,026	399,946
Donation from Mekong Plus - Svay Reing Office		-	-	33,720	137,578
Other income	3	116	472	-	-
		52,515	213,631	131,746	537,524
DISBURSEMENTS					
Programe direct cost					
Agriculture	4	(7,852)	(31,942)	(10,232)	(41,747)
Health and sanitation	5	(1,561)	(6,350)	(176)	(718)
Programe indirect cost					
Personnel and related costs	6	(61,473)	(250,072)	(30,796)	(125,648)
Office running costs	7	(18,483)	(75,189)	(6,537)	(26,671)
Professional fee		(3,261)	(13,266)	(550)	(2,244)
Skill developments		(461)	(1,875)	(893)	(3,643)
Total Disbursements		(93,091)	(378,694)	(49,184)	(200,671)
Surplus/(deficit) disbursements over receipts		(40,576)	(165,063)	82,562	336,853
Fund Balance at the beginning of the period		82,562	333,963	-	-
Currency Translation Difference		-	2,151	-	(2,890)
FUND BALANCE		41,986	171,051	82,562	333,963
REPRESENTED BY:					
Cash on hand		2,594	10,568	5,010	20,266
Cash in bank		22,060	89,872	65,515	265,007
Other receivables	8	17,332	70,611	12,037	48,690
		41,986	171,051	82,562	333,963

The accompanying notes on page 6 to 10 are an integral part of these financial statements.

COMMUNITY ADVANCEMENT ORGANISATION

NOTE TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL

Community Advancement Organisation (CAO) ("the Organisation") is a local not for profit organization 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 Organisation 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 01st 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

NOTE TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

As at 31 May 2020, the remaining fund balance to be transferred to CAO is US\$ 34,278. However, only US\$ 33,720 can be transfer since the remaining US\$558 was required by the bank to be kept in the account of Mekong Plus – Svay Reiang office until it is formally closed. The breakdown of the transferred balance is as follow:

	31-May -2020
	US\$
Cash on hand	350
Cash in bank (*)	24,500
Other receivables	8,870
	33,720

(*) Cash in bank balance in Mekong Plus – Svay Rieng Offie as at 31 May 2020 is US\$ 25,058. However, bank balance transferred to CAO is US\$24,500. The US\$ 558 difference represent US\$ 500 bank minimum balance requirement and US\$58 for bank charge.

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 the period presented, unless otherwise stated.

2.1. Basis of preparation

The Financial Statements have been prepared in the United States Dollar (“US\$”) in accordance with accounting principles generally accepted in Cambodia and have been prepared under a modified cash basis of accounting. This basis is a comprehensive basis of accounting designed to meet the requirement of the Organisation which does not produce financial statements which are compatible with the International Financial Reporting Standard.

Under the modified cash basis of accounting, grants and revenue are recognised when cash is received rather than when earned and expenses are recognised when cash is paid rather than when incurred, except the following:

- Advance to project activities is recorded as receivable and recognised as expenses upon liquidation.
- Other receivable is recorded as an asset for the Organisation while related cash receipt or income upon receipt of cash.
- Other payables are recorded as a liability for the Organisation while the related expenses are accounted for upon liquidation or in the whole Organisation’s financial statements where appropriate.

2.2. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Organisation are measured using the currency of the primary economic environment in which the Organisation operates (“the functional currency”). The financial statements are presented in United States dollars (“US\$”), which is the Organisation’s functional and presentation currency. The functional currency is US\$ because of the significant influence of the US\$ on its operations.

COMMUNITY ADVANCEMENT ORGANISATION

NOTE TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.2. Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in the income and expenditures.

2.3. Presentation in Khmer Riel

The statements of comprehensive income and cash flows are translated into Khmer Riel using the average rate for the year of US\$ 1 = KHR 4,068 (2020: US\$ 1 = KHR 4,080). Assets and liabilities for each financial position presented and shareholders' capital are translated at the closing rate as at the reporting date of US\$1 = KHR 4,074 (2020: US\$ 1 = KHR 4,045).

2.4. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts if any are shown within borrowings in current liabilities on the statements of financial position.

Impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.5. Non-expendable equipment

The equipment purchased is recognised as an expenditure in the period of acquisition to statement of income and expenditure. This practice differs from generally accepted accounting principles which require the capitalisation and depreciation of fixed assets according to their estimated useful life. For control and management purposes, the Organisation maintains a list of those assets.

2.6. Other receivables

Receivables are measured at net realisable value. Any uncollectible receivables are written off and recognised as expense.

2.7. Other payables

Payables are recognised when there are obligations to pay or settle and they are measured at the amount to be paid or settled.

COMMUNITY ADVANCEMENT ORGANISATION

NOTE TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. DONATIONS

	From 01/01/2021 To 31/12/2021		From 01/06/2020 To 31/12/2020	
	US\$	KHR'000	US\$	KHR'000
Income from Mekong Plus – Belgium (*)	50,799	206,650	68,070	277,726
Donation from Smart Axiata	-	-	29,956	122,220
Others	1,600	6,509	-	-
	52,399	213,159	98,026	399,946

(*) Included in Income from Mekong Plus – Belgium there is US\$ 10,799 which Mekong Plus – Belgium received from Happy Day Foundation and then transferred it to Community Advancement Organization on 12 December 2021.

4. AGRICULTURE

	From 01/01/2021 To 31/12/2021		From 01/06/2020 To 31/12/2020	
	US\$	KHR'000	US\$	KHR'000
Agronomy program	3,510	14,279	4,207	17,165
Livestock program	4,342	17,663	6,025	24,582
	7,852	31,942	10,232	41,747

5. HEALTH AND SANITATION

	From 01/01/2021 To 31/12/2021		From 01/06/2020 To 31/12/2020	
	US\$	KHR'000	US\$	KHR'000
Health education in community and school	1,336	5,435	169	690
Poor family program	225	915	7	29
	1,561	6,350	176	718

6. PERSONNEL AND RELATED COSTS

	From 01/01/2021 To 31/12/2021		From 01/06/2020 To 31/12/2020	
	US\$	KHR'000	US\$	KHR'000
Salary and bonus costs	59,809	243,303	29,855	121,808
Benefit costs	1,664	6,769	710	2,897
Hospitality cost	-	-	231	943
	61,473	250,072	30,796	125,648

COMMUNITY ADVANCEMENT ORGANISATION

**NOTE TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. OFFICE RUNNING COSTS

	From 01/01/2021 To 31/12/2021		From 01/06/2020 To 31/12/2020	
	US\$	KHR'000	US\$	KHR'000
Taxes and licenses	3,742	15,222	741	3,019
Repairs and maintenance	3,315	13,485	1,377	5,618
Rental expense	2,340	9,519	1,404	5,728
Office supplies/equipment	1,025	4,170	478	1,955
Communication	869	3,535	455	1,856
Office utilities	797	3,242	435	1,775
Other expenses	6,395	26,016	1,647	6,720
	18,483	75,189	6,537	26,671

8. OTHER RECEIVABLES

	As at 31 December 2021		As at 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Loan to poor families (*)	13,460	54,836	8,507	34,411
Deposit	3,420	13,933	3,420	13,834
Cash advance	452	1,841	110	445
	17,332	70,611	12,037	48,690

(*) This represents an outstanding interest-free loan provided to poor families.