

COMMUNITY ADVANCEMENT ORGANISATION

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

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 2025

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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 2025.

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 2025 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 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 2025 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: 7 April 2026



Mrs. Yann Kosal
Executive Director

Phnom Penh, Kingdom of Cambodia
Date: 7 April 2026

**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 2025 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 2025, 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 the financial report.



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

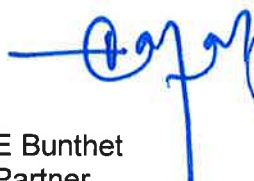
Auditor's Responsibilities for the Audit of the Financial Report (continued)

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: 7 April 2026

COMMUNITY ADVANCEMENT ORGANISATION

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
Operating receipts					
Donations received	4	143,783	576,714	90,531	368,552
Total operating receipts		143,783	576,714	90,531	368,552
Operating payments					
Agriculture	5	4,396	17,632	5,349	21,776
Health and sanitation	6	33,641	134,934	13,995	56,974
Personnel and benefits	7	61,226	245,577	60,946	248,111
Office running expenses	8	14,103	56,567	10,690	43,519
Other operating payments	9	5,171	20,741	4,835	19,683
Total operating payments		118,537	475,451	95,815	390,063
Operating surplus/(deficit)		25,246	101,263	(5,284)	(21,511)
Capital receipts					
Repayment from poor families' loans	11(i)	80,625	323,387	69,480	282,853
Capital payments					
Purchase of office equipment		(190)	(762)	(435)	(1,771)
Disbursement to poor families' loan	11(i)	(95,050)	(381,246)	(70,125)	(285,479)
Increase/(decrease) in cash and bank balance		10,631	42,642	(6,364)	(25,908)
Cash and bank balance at beginning of the year		11,766	47,358	18,130	74,061
Currency translation differences		-	(121)	-	(795)
Cash and bank balance at end of the year		22,397	89,879	11,766	47,358
Represented by:					
Cash at bank		22,205	89,109	9,557	38,467
Cash on hand		192	770	2,209	8,891
Cash and bank balance		22,397	89,879	11,766	47,358

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 2025

1. BACKGROUND AND ACTIVITIES

Community Advancement Organisation (CAO) ("the Organisation") is a local not-for-profit Organisation registered with the Ministry of Interior on 7 May 2020 with registration number 2410 Br.K and started its operation on 1 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 2025, the Organisation had 8 employees (31 December 2024: 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 1 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 2025

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 of cash and bank balance at year-end exchange rates 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>
<i>31 December 2025</i>	<i>US\$1 = KHR4,013</i>	<i>US\$1 = KHR4,011</i>
<i>31 December 2024</i>	<i>US\$1 = KHR4,025</i>	<i>US\$1 = KHR4,071</i>

These translations are for compliance purposes only and should not be construed 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.

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 2025

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 4 March 2021 and Prakas No. 170/22 MLVT dated 5 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 2025

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 Organisation or exercise significant influence over the Organisation in making financial and operating decisions.

4. DONATIONS RECEIVED

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Mekong Plus – Belgium (*)	108,080	433,509	65,603	267,070
Junicaire Foundation	17,058	68,420	9,482	38,601
Frères de nos Frères (FdnF) (**)	16,885	67,726	14,245	57,991
Mekong Quilt	618	2,479	-	-
Others	1,142	4,580	1,201	4,890
	<u>143,783</u>	<u>576,714</u>	<u>90,531</u>	<u>368,552</u>

(*) Fund receipt from Mekong Plus – Belgium was partially contributed from generous donors includes a portion of funding from Santa Devota, Association Femmes D'europe, Benina, and individual sponsor.

(**) On 1 October 2025, 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 October 2025 to June 2026.

5. AGRICULTURE

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Livestock program	2,775	11,130	3,152	12,832
Agronomy program	1,621	6,502	2,197	8,944
	<u>4,396</u>	<u>17,632</u>	<u>5,349</u>	<u>21,776</u>

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

6. HEALTH AND SANITATION

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Health education in the community and school	27,061	108,542	13,727	55,883
Poor family program	6,580	26,392	268	1,091
	<u>33,641</u>	<u>134,934</u>	<u>13,995</u>	<u>56,974</u>

7. PERSONNEL AND BENEFITS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Salary and bonus	59,060	236,890	57,768	235,174
Other benefits	2,166	8,687	3,178	12,937
	<u>61,226</u>	<u>245,577</u>	<u>60,946</u>	<u>248,111</u>

8. OFFICE RUNNING EXPENSES

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Rental expense	4,140	16,606	2,700	10,992
Repairs and maintenance	4,023	16,136	3,390	13,800
Taxes and licenses	1,953	7,833	1,951	7,943
Office supplies/equipment	1,210	4,853	1,101	4,482
Office utilities	662	2,655	578	2,353
Communication	201	806	292	1,189
Other expenses	1,914	7,678	678	2,760
	<u>14,103</u>	<u>56,567</u>	<u>10,690</u>	<u>43,519</u>

9. OTHER OPERATING PAYMENTS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Professional fee	2,654	10,645	2,654	10,804
Skill developments	2,517	10,096	2,181	8,879
	<u>5,171</u>	<u>20,741</u>	<u>4,835</u>	<u>19,683</u>

10. RELATED PARTIES TRANSACTIONS

The related parties of the Organization are the key management:

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Salaries and benefits	20,076	80,525	18,703	76,139
	<u>20,076</u>	<u>80,525</u>	<u>18,703</u>	<u>76,139</u>

COMMUNITY ADVANCEMENT ORGANISATION

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

11. SCHEDULE OF AVAILABLE RESOURCES AND COMMITMENTS

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
Cash and bank balance		22,397	89,879	11,766	47,358
Add: Loan to poor families	(i)	52,701	211,489	38,276	154,061
Less: Office rental commitment	(ii)	(9,180)	(36,839)	(2,700)	(10,868)
Health care fund		(5,566)	(22,336)	(5,663)	(22,795)
13 th Month bonus		(3,524)	(14,142)	(4,029)	(16,217)
Available resources		<u>56,828</u>	<u>228,051</u>	<u>37,650</u>	<u>151,539</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:

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
At 1 January	38,276	154,061	37,631	153,723
Disbursement to poor family	95,050	381,246	70,125	285,479
Repayment from poor family	(80,625)	(323,387)	(69,480)	(282,853)
Currency translation differences	-	(431)	-	(2,288)
As at 31 December	<u>52,701</u>	<u>211,489</u>	<u>38,276</u>	<u>154,061</u>

(i) Commitment

The Organisation has commitment for its office rental as follows:

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Within one year	3,240	13,002	2,700	10,868
Later than one year but less than five years	5,940	23,837	-	-
	<u>9,180</u>	<u>36,839</u>	<u>2,700</u>	<u>10,868</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.

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 2025

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. The Directors affirm 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 2025 were approved for issue by the Board of Directors on 7 April 2026.