

**FRIENDS INTERNATIONAL**  
**AUDITED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**31 DECEMBER 2025**

## FRIENDS INTERNATIONAL

### ORGANISATION INFORMATION

DIRECTORS:	Mr. Oliver Fahri	Chairman
	Mr. Wilfried Schneider	Secretary
	Mr. Olivier Veilhan	Treasurer
	Ms. Lucile Belleville	Member
	Ms. Chenda Sophea Chhun	Member
MANAGEMENT:	Mr. Sebastien Marot	Executive Director and Founder
	Mr. Sebastien Le Mouellic	Saving Lives Int. Coord. & Deputy Director
	Mrs. Ampor Sam-Oeun	Building Futures International Coordinator
	Ms. Ashley Leblanc	International Partnerships Coordinator
	Ms. Khemanita Sok	International Finance Coordinator
	Mr. Marko Ivkovic	International Human Resources Coordinator
	Mr. James Sutherland	International Communication & Design Co
MAIN DONOR:	Accor Heartist Solidarity Anonymous (AFK) Friends Suisse/Canton of Geneva ECPAT Luxembourg asbl Epic Foundation Anonymous (FAF) Fondation Juniclair Fondation Pierre Bellon Global Whole Being Fund Juniclair & Luxembourg Government Lloyd George Asia Foundation National Center for HIV/AIDS & Dermatology (“NCHAD”) Fondation Philanthropique NEXT/ WISE Sarl The Regent Capital Trust Corporation Limited as Trustee of the Kwok Foundation UNICEF Cambodia	
REGISTRATION NUMBER:	22-0000122	
VAT-TIN:	K003-100087892	

## **FRIENDS INTERNATIONAL**

### **ORGANISATION INFORMATION (continued)**

OFFICE: House #215,  
Street 13, Chey Chumnas, Daun Penh  
P.O Box 597  
Phnom Penh, Cambodia

PRINCIPAL BANKERS: Aceda Bank Plc.  
Advanced Bank of Asia Limited  
J Trust Royal Bank Plc.  
Wing Bank (Cambodia) Plc.  
Woori Bank Plc.

AUDITORS: BDO (Cambodia) Limited

**FRIENDS INTERNATIONAL**

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**FRIENDS INTERNATIONAL****MANAGEMENT'S REPORT**

The Managements hereby submits the report together with the audited financial statements of Friend International ("the Organisation") for the year ended 31 December 2025.

**Responsibilities of the Management in Respect of the Financial Statements**

The Management is responsible to ascertain that the financial statements of the Organisation for the year ended 31 December 2025 was prepared, in all material respects, in accordance with the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs"). In preparing the financial statements, the Management is required to select suitable accounting policies and then apply them consistently.

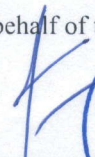
The Management is responsible for ensuring that proper accounting records are kept which enable the statement to be prepared in compliance with CIFRSs for SMEs. The Management is also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, and any other pertinent information and explanations, either orally or in writing, deemed necessary for the audit.

**Statement by the Management**

In the opinion of the Management, the financial statements set out on pages 5 to 25 are prepared, in all material respects, in accordance with CIFRSs for SMEs.

Signed on behalf of the Management,

  
**Mr. Sebastien Marot**  
Executive Director



  
**Ms. Khemanita Sok**  
International Finance Coordinator

Phnom Penh, Cambodia  
Date: 31 March 2026

## INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF FRIENDS INTERNATIONAL

### Report on the Financial Statements

#### Opinion

We have audited the financial statements of Friends International ("the Organisation"), which comprise statement of financial position as at 31 December 2025, and statement of comprehensive income, statement of changes in fund balance and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 5 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2025, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities.

#### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Information Other than the Financial Statements and Auditors' Report Thereon

The Management of the Organisation is responsible for the other information. The other information comprises the Management's Report but does not include the financial statements of the Organisation and our auditors' report thereon.

Our opinion on the financial statements of the Organisation 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 of the Organisation, our responsibility is to read the other information and, in doing so, consider whether the other information 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 other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF FRIENDS INTERNATIONAL (continued)**

### **Responsibilities of the Management for the Financial Statements**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities. The Management is also responsible for such internal control as the Management determines is necessary to enable the preparation of financial statements of the Organisation that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Organisation as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Organisation, 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 the Management.

## INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF FRIENDS INTERNATIONAL (continued)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- 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 auditors' report to the related disclosures in the financial statements of the Organisation 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 auditors' 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 statements of the Organisation, including the disclosures, and whether the financial statements of the Organisation represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

### Other Matters

This report is made solely to the Management, as a body. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Organisation for the financial year ended 31 December 2024 were audited by another firm of Certified Public Accountants, whose report dated 31 March 2025 expressed an unqualified opinion on those statements.

  
BDO (Cambodia) Limited

Phnom Penh, Cambodia  
Date: 31 March 2026

**FRIENDS INTERNATIONAL**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	6	116,628	468,028	151,614	610,246
Intangible assets	7	21,935	88,025	24,677	99,325
Guarantee deposits		24,449	98,114	24,949	100,420
		<u>163,012</u>	<u>654,167</u>	<u>201,240</u>	<u>809,991</u>
<b>Current assets</b>					
Accrued income - donors	8	141,902	569,452	145,513	585,690
Other receivables	9	68,664	275,549	98,460	396,302
Term deposits	10	1,543,399	6,193,661	1,553,569	6,253,115
Cash and bank balances	11	1,397,033	5,606,293	290,614	1,169,721
		<u>3,150,998</u>	<u>12,644,955</u>	<u>2,088,156</u>	<u>8,404,828</u>
<b>TOTAL ASSETS</b>		<u>3,314,010</u>	<u>13,299,122</u>	<u>2,289,396</u>	<u>9,214,819</u>
<b>FUND BALANCE AND LIABILITIES</b>					
<b>FUND BALANCE</b>					
Fund balance		2,003,662	8,120,235	1,362,521	5,548,619
Foreign currency translations		-	(79,539)	-	(64,472)
<b>TOTAL FUND BALANCE</b>		<u>2,003,662</u>	<u>8,040,696</u>	<u>1,362,521</u>	<u>5,484,147</u>
<b>Current liabilities</b>					
Deferred income - donors	12	1,283,506	5,150,710	665,184	2,677,366
Other payables	13	26,842	107,716	261,691	1,053,306
<b>TOTAL LIABILITIES</b>		<u>1,310,348</u>	<u>5,258,426</u>	<u>926,875</u>	<u>3,730,672</u>
<b>FUND BALANCE AND TOTAL LIABILITIES</b>		<u>3,314,010</u>	<u>13,299,122</u>	<u>2,289,396</u>	<u>9,214,819</u>

*The accompanying notes form an integral part of the financial statements.*

**FRIENDS INTERNATIONAL**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
<b>Income</b>					
Donor funding	14	3,308,052	13,268,597	2,719,041	11,069,216
Private donations	15	796,480	3,194,681	187,411	762,950
Other income	16	92,820	372,301	106,537	433,712
		<u>4,197,352</u>	<u>16,835,579</u>	<u>3,012,989</u>	<u>12,265,878</u>
<b>Expenditures</b>					
Personnel costs	17	1,539,960	6,176,780	1,586,715	6,459,517
Consultancies and professional fee	18	19,973	80,112	111,987	455,899
Direct costs	19	185,947	745,833	179,835	732,108
Equipment/Assets	20	45,753	183,515	48,448	197,232
Indirect costs	21	146,264	586,665	393,988	1,603,925
Travel and training	22	27,432	110,030	33,907	138,035
Sub-grant to Friends Alliance	23	1,482,924	5,948,008	1,212,384	4,935,615
Sub-grant to 3PC Partners	24	107,958	433,020	143,607	584,624
		<u>3,556,211</u>	<u>14,263,963</u>	<u>3,710,871</u>	<u>15,106,955</u>
Total expenditures					
Surplus/(Deficit) before tax		641,141	2,571,616	(697,882)	(2,841,077)
Taxation	25	-	-	-	-
		<u>641,141</u>	<u>2,571,616</u>	<u>(697,882)</u>	<u>(2,841,077)</u>
Surplus/(Deficit) for the financial year					
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
- foreign currency translations		-	(15,067)	-	(91,522)
		<u>-</u>	<u>(15,067)</u>	<u>-</u>	<u>(91,522)</u>
Total comprehensive income/(loss) for the financial year		<u>641,141</u>	<u>2,556,549</u>	<u>(697,882)</u>	<u>(2,932,599)</u>

*The accompanying notes form an integral part of the financial statements.*

**FRIENDS INTERNATIONAL**

**STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Fund Balance		Foreign currency translations	Total	
	US\$	KHR'000	KHR'000	US\$	KHR'000
<b>Balance as at 1 January 2024</b>	<b>2,060,403</b>	<b>8,389,696</b>	<b>27,050</b>	<b>2,060,403</b>	<b>8,416,746</b>
Deficit for the financial year	(697,882)	(2,841,077)	-	(697,882)	(2,841,077)
Foreign currency translations	-	-	(91,522)	-	(91,522)
Total comprehensive loss	(697,882)	(2,841,077)	(91,522)	(697,882)	(2,932,599)
<b>Balance as at 31 December 2024</b>	<b>1,362,521</b>	<b>5,548,619</b>	<b>(64,472)</b>	<b>1,362,521</b>	<b>5,484,147</b>
Surplus for the financial year	641,141	2,571,616	-	641,141	2,571,616
Foreign currency translations	-	-	(15,067)	-	(15,067)
Total comprehensive income	641,141	2,571,616	(15,067)	641,141	2,556,549
<b>Balance as at 31 December 2025</b>	<b>2,003,662</b>	<b>8,120,235</b>	<b>(79,539)</b>	<b>2,003,662</b>	<b>8,040,696</b>

*The accompanying notes form an integral part of the financial statements.*

**FRIENDS INTERNATIONAL**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Surplus/(Deficit) for the year		641,141	2,571,616	(697,882)	(2,841,077)
Adjustment for:					
Amortisations of intangible assets	7	2,742	10,998	2,742	11,162
Depreciation of property and equipment	6	34,986	140,329	35,236	143,446
Interest income	16	(91,134)	(365,538)	(106,216)	(432,405)
Operating surplus/(deficit) before working capital changes		587,735	2,357,405	(766,120)	(3,118,874)
Changes in working capital:					
Accrued income - donors		3,611	14,484	80,821	329,022
Other receivables		30,296	121,517	(40,587)	(165,230)
Deferred income - donors		618,322	2,480,090	(204,303)	(831,718)
Other payables		(234,849)	(941,979)	225,170	916,667
Cash generated from/(used in) operations, representing net cash from/(used in) operating activities		1,005,115	4,031,517	(705,019)	(2,870,133)
<b>Cash flows from investing activities</b>					
Purchase of intangible assets	7	-	-	(8,140)	(33,138)
Purchase of property and equipment	6	-	-	(3,971)	(16,166)
Proceed from disposal of property and equipment		-	-	251	1,022
Interest received		101,304	406,329	115,245	469,162
Net cash from investing activities		101,304	406,329	103,385	420,880
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,106,419	4,437,846	(601,634)	(2,449,253)
<b>Cash and cash equivalents at beginning of financial year</b>		290,614	1,169,721	892,248	3,644,833
Foreign currency translations		-	(1,274)	-	(25,859)
<b>Cash and cash equivalents at end of financial year</b>	11	1,397,033	5,606,293	290,614	1,169,721

*The accompanying notes form an integral part of the financial statements.*

## **FRIENDS INTERNATIONAL**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **1. ORGANISATION BACKGROUND**

Since 1994, Friends International (“FI”) has been running projects worldwide for and with marginalised children and youths, to reintegrate these children and youths into their society. Friends-International works with marginalised children in a developmental and sustainable perspective in accordance with United Nations Convention of the Rights of the Child (“UN-CRC”).

On 1 August 1994, Sebastien Marot started a project called Mith Samlanh (“Friends” in English) with the objectives of helping street children. Friends-International supported the development of this organisation and its localisation.

On 11 August 2005, Friends International (“the Organisation”) signed a Memorandum of Understanding (“MoU”) with the Royal Government of Cambodia represented by the Ministry of Foreign Affairs and International Cooperation (“MOFA”) to open its office in Cambodia, to conduct its humanitarian activities and to implement its approved projects within the law and regulations of the Kingdom of Cambodia and in accordance with the provision of the MoU. The MoU has been renewed every 3 years, with the current MoU are valid until 11 December 2026.

Friends International comprises two offices based in Cambodia:

- Office based in Phnom Penh (“PP”) called Friends International (“FI PP”); and
- Office based in Siem Reap called Friends International Siem Reap/Kaliyan Mith.

As at 31 December 2025, FI had 133 personnel (31 December 2024: 147 personnel).

The financial statements were authorised for issue by the Management on 31 March 2026.

#### **2. PRINCIPAL ACTIVITIES**

The principal activity of the Organisation is the social reintegration of marginalised children, youth, their families, and their communities. As a leading social enterprise and Non-Governmental Organisation (“NGO”) based in Southeast Asia (with global reach), they work to prevent children from becoming victims of abuse, exploitation, and street life.

#### **3. BASIS OF PREPARATION**

The financial statements of the Organisation have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRSs for SMEs”) as issued by the Accounting and Auditing Regulator (“ACAR”) of the Ministry of Economy and Finance.

In February 2025, the International Accounting Standards Board (“IASB”) issued the Third Edition of the IFRS for SMEs Accounting Standard, which will be simultaneously adopted as CIFRS for SMEs. This standard becomes effective for annual reporting periods beginning on or after 1 January 2027 with early adoption is permitted. The Organisation elects to adopt these standards upon the effective date.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Organisation have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with CIFRSs for SMEs requires the Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Management are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Management's best knowledge of events and actions, actual results could differ from those estimates.

The financial statements are presented in United States Dollar ("US\$"), which is also the Organisation's functional currency. Additional disclosures are also made in Khmer Riel ("KHR") to meet the requirements of the Law on Accounting and Auditing. Translations to KHR are presented in the statement of financial position, statement of comprehensive income, statement of changes in fund balance, statement of cash flows and the notes to the financial statements as at and for the financial year ended 31 December 2025 of the Organisation using the following closing and average rates of exchange:

		Closing rate	Average rate
31 December 2025	US\$1 =	KHR4,013	KHR4,011
31 December 2024	US\$1 =	KHR4,025	KHR4,071

These KHR amounts represent additional supplementary information and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

### 4.2 Property and equipment

The Organisation capitalises all items of property and equipment, except leased property renovation with acquisition cost in excess of US\$1,000 and leased property renovations is capitalised when the cost incurred excess of \$5,000.

All items of property and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation period is as follows:

Building and leasehold improvement	10 years
Vehicles	5 years
IT equipment	4 years
Furniture, machinery and other equipment	5 years

At the end of each reporting period, the carrying amount of an item of property and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.4 to the financial statements on impairment of non-financial assets).

The carrying amount of an item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

## **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **4.3 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any accumulated impairment losses.

### **4.4 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

### **4.5 Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

## **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **4.6 Financial instruments**

An Organisation shall recognise a financial asset or a financial liability only when the Organisation becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction.

Other receivables are recognised initially at the transaction price. Subsequently, they are measured at amortised cost using the effective interest method, less any impairment. At the end of each reporting period, the carrying amounts of other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Other payables are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method.

### **4.7 Impairment of financial assets**

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

The Organisation collectively considers factors such as the probability of bankruptcy or significant financial difficulties, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss has occurred. Other factors may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The impairment loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

### **4.8 Income taxes**

No taxation has been provided in these financial statements, as the Organisation is exempt from tax on its income as disclosed in Note 25 to the financial statements.

### **4.9 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.9 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Organisation has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 4.10 Income recognition

#### (a) Donor grants

Donor grants are accounted for in accordance with Section 24 of CIFRS for SMEs. As such, the income received from restricted grants is only recognised when “earned”, regardless of when grant instalments are paid when a) for the period in which expenses for the related grant are recognised for which the grant is intended to compensate and b) where grant conditions are met.

Where the grant instalments have been received, but not recognised or utilised, they are presented in the statement of financial position as a current liability under “Deferred income - donors”.

Where grant instalments have not been received, are committed and utilised in advance of payment, they are presented in the statement of financial position as a current asset under “accrued income - donors”.

#### (b) Private donations

Private donations are recognised when they are deemed receivable. A private donation is deemed to be receivable when actually received from individuals, companies, organisations or institutions which are not covered by specific grant agreements with terms & conditions. Donations in kind, if any, are recognised at fair value when received using a reliable estimate of the cost of the donated goods or services.

#### (c) Other income

Other income comprises interest income on deposits and placements and exchange rate gains. Interest income and realised exchange rate gains are recognised when the Organisation becomes entitled to them.

### 4.11 Employee benefits

#### (a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Organisation.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period’s entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Organisation.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.11 Employee benefits (continued)

(a) Short term employee benefits (continued)

Bonuses are recognised as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Termination benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognised as a liability and an expense when the Organisation has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer.

Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

##### 4.12 Foreign currencies

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

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rate of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the fair values were measured.

(c) Translation to the presentation or national currency

Financial statements are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at average exchange rates with respect to the statement of comprehensive income. All resulting exchange differences are recognised in other comprehensive income and as component of fund balance.

## **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **5.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Management is of the opinion that there are no significant changes in estimates during the reporting period end and as at the end of the reporting period.

### **5.2 Critical judgements made in applying accounting policies**

There are no critical judgments made by the Management in the process of applying the Organisation's accounting policies that have the most significant effect on the amount recognised in these financial statements apart from those involving estimates, which are dealt with below.

### **5.3 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property and equipment

The cost of property and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property and equipment based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of other receivables

The Organisation determines the adequacy of impairment of other receivables based on an assessment of the recoverability of other receivables. Impairment is applied to other receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of other receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of other receivables.

## 6. PROPERTY AND EQUIPMENT

	<b>Building and leasehold improvement US\$</b>	<b>Vehicles US\$</b>	<b>IT equipment US\$</b>	<b>Furniture, machinery and other equipment US\$</b>	<b>Total US\$</b>
<i>Cost</i>					
<b>Balance as at 1.1.2024</b>	322,969	2,940	5,695	-	331,604
Additions	-	-	2,661	1,310	3,971
Disposal	-	-	(1,003)	-	(1,003)
<b>Balance as at 31.12.2024/31.12.2025</b>	<b>322,969</b>	<b>2,940</b>	<b>7,353</b>	<b>1,310</b>	<b>334,572</b>
<i>Accumulated depreciation</i>					
<b>Balance as at 1.1.2024</b>	144,830	1,468	2,176	-	148,474
Depreciation for the year	32,297	588	2,089	262	35,236
Disposal	-	-	(752)	-	(752)
<b>Balance at 31.12.2024</b>	177,127	2,056	3,513	262	182,958
Depreciation for the year	32,297	588	1,839	262	34,986
<b>Balance at 31.12.2025</b>	<b>209,424</b>	<b>2,644</b>	<b>5,352</b>	<b>524</b>	<b>217,944</b>
<i>Carrying amounts</i>					
<b>Balance at 31.12.2025</b>	<b>113,545</b>	<b>296</b>	<b>2,001</b>	<b>786</b>	<b>116,628</b>
<i>(KHR'000 equivalent)</i>	<i>455,656</i>	<i>1,188</i>	<i>8,030</i>	<i>3,154</i>	<i>468,028</i>
Balance at 31.12.2024	145,842	884	3,840	1,048	151,614
<i>(KHR'000 equivalent)</i>	<i>587,014</i>	<i>3,558</i>	<i>15,456</i>	<i>4,218</i>	<i>610,246</i>

## 7. INTANGIBLE ASSETS

	<b>Software US\$</b>
<i>Cost</i>	
<b>Balance as at 1.1.2024</b>	19,279
Additions	<u>8,140</u>
<b>Balance as at 31.12.2024/31.12.2025</b>	<u>27,419</u>
<i>Accumulated amortisation</i>	
<b>Balance as at 1.1.2024</b>	-
Amortisation for the year	<u>2,742</u>
<b>Balance as at 31.12.2024</b>	2,742
Amortisation for the year	<u>2,742</u>
<b>Balance as at 31.12.2025</b>	<u>5,484</u>
<i>Carrying amounts</i>	
<b>Balance as at 31.12.2025</b>	<u>21,935</u>
<i>(KHR'000 equivalent)</i>	<u>88,025</u>
<b>Balance as at 31.12.2024</b>	<u>24,677</u>
<i>(KHR'000 equivalent)</i>	<u>99,325</u>

## 8. ACCRUED INCOME - DONORS

	<b>2025</b>		<b>2024</b>	
	US\$	KHR'000	US\$	KHR'000
Fondation Philanthropique NEXT/ WISE Sàrl	-	-	88,244	355,182
Anonymous (AKF)	-	-	57,269	230,508
Kwok Foundation	141,902	569,452	-	-
	<u>141,902</u>	<u>569,452</u>	<u>145,513</u>	<u>585,690</u>

## 9. OTHER RECEIVABLES

	<b>2025</b>		<b>2024</b>	
	US\$	KHR'000	US\$	KHR'000
Funding receivables	4,247	17,043	21,215	85,390
Advance	31,346	125,791	13,896	55,931
Prepayment	7,528	30,210	5,474	22,033
Staff loan	21,930	88,005	43,771	176,178
Health insurance	2,293	9,202	2,246	9,040
Miscellaneous receivable	1,320	5,298	11,858	47,730
	<u>68,664</u>	<u>275,549</u>	<u>98,460</u>	<u>396,302</u>

**10. TERM DEPOSITS**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Term deposits	1,500,000	6,019,500	1,500,000	6,037,500
Accrued interest receivables	43,399	174,161	53,569	215,615
	<u>1,543,399</u>	<u>6,193,661</u>	<u>1,553,569</u>	<u>6,253,115</u>

The term deposits with banks for a maturity of one year and bears interest at rates ranging from 5% to 5.65% per annum (2024: 6% to 7% per annum).

**11. CASH AND BANK BALANCES**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	2,520	10,112	2,733	11,000
Cash at banks	1,394,513	5,596,181	287,881	1,158,721
	<u>1,397,033</u>	<u>5,606,293</u>	<u>290,614</u>	<u>1,169,721</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and cash at banks.

**12. DEFERRED INCOME - DONORS**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Arab Gulf Program for Development	-	-	31,240	125,741
Anonymous (AKF)	4,905	19,684		
CW Asia Fund Charitable Foundation	-	-	2,632	10,594
Friends Suisse/Ville de Genève	34,229	137,361	5,618	22,612
Friends Deutschland	26,803	107,560	24,745	99,599
ECPAT Luxembourg asbl	19,648	78,847	-	-
Epic Foundation	27,650	110,959	405,267	1,631,200
Fondation Philanthropique NEXT/ WISE Sàrl	131,838	529,066	13,738	55,295
Fondation Pierre Bellon	24,309	97,552	37,816	152,209
Fondation Juniclair	34,767	139,520	-	-
Gisela Stichting	6,340	25,442	6,340	25,519
Give2Asia	-	-	10,789	43,426
Intrepid Foundation	8,401	33,713	8,401	33,814
The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation	-	-	47,658	191,823
Pro Victimis Foundation	56,000	224,728	15,766	63,458
National Center for HIV/AIDS & Dermatology ("NCHAD")	37,688	151,242	54,557	219,592
Tourism Cares	3,596	14,431	617	2,484
UNICEF Cambodia	5,482	21,999	-	-
Friends Internation France	461,495	1,851,980	-	-
Subtotal	<u>883,151</u>	<u>3,544,084</u>	<u>665,184</u>	<u>2,677,366</u>

**12. DEFERRED INCOME - DONORS (continued)**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Friends International US	310,899	1,247,638	-	-
Diana Koh Fund	27,753	111,373	-	-
Global Whole Being Fund	41,703	167,355	-	-
Anonymous (TO)	20,000	80,260	-	-
	<hr/>		<hr/>	
Subtotal	400,355	1,606,626	-	-
	<hr/>		<hr/>	
	1,283,506	5,150,710	665,184	2,677,366

**13. OTHER PAYABLES**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Tax payable	7,623	30,591	231,095	930,159
Others	19,219	77,125	30,596	123,147
	<hr/>		<hr/>	
	26,842	107,716	261,691	1,053,306

**14. DONOR FUNDING**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Accor Heartist Solidarity	108,652	435,803	52,823	215,042
Anonymous (AKF)	40,687	163,196	105,796	430,696
Anonymous (TO)	8,000	32,088	-	-
Andrew Leaver	15,000	60,165	-	-
Arab Gulf Program for Development	31,240	125,304	1,192	4,853
Boustany Foundation	56,354	226,036	-	-
CW Asia Fund Charitable Foundation	2,632	10,557	12,368	50,350
ECPAT Luxembourg asbl	218,152	875,008	223,762	910,935
Epic Foundation	161,850	649,180	413,984	1,685,329
FI Deutschland	-	-	7,561	30,781
Fondation Junclair	-	-	219,274	892,664
Fondation Philanthropique NEXT/ WISE Sarl	-	-	385,140	1,567,905
Fondation RAJA-Danièle Marcovici	-	-	108	440
Fondation Pierre Bellon	422,151	1,693,248	149,284	607,735
Fossil Foundation	-	-	1,116	4,543
Friends-International (France)	-	-	124,881	508,391
Friends Suisse/Canton of Geneva	76,563	307,094	-	-
Friends Suisse/Ville de Genève	6,720	26,954	30,040	122,293
Friends Suisse	-	-	-	-
Gisela Stichting	54,750	219,602	9,312	37,909
Give2Asia	10,789	43,275	18,744	76,307
Global Development Network Inc	5,000	20,055	45,000	183,195
Global Whole Being Fund	48,298	193,723	-	-
Intrepid Foundation	-	-	6,632	26,999
	<hr/>		<hr/>	
Subtotal	1,266,838	5,081,288	1,807,017	7,356,367

**14. DONOR FUNDING (continued)**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Juniclair & Luxembourg Government	407,595	1,634,864	-	-
Karen France	6,000	24,066	-	-
Lloyd George Asia Foundation	20,000	80,220	20,000	81,420
National Center for HIV/AIDS & Dermatology (“NCHAD”)	330,730	1,326,558	325,944	1,326,918
NEXT Foundation	100,979	405,027	-	-
Pro Victimis Foundation	33,211	133,209	21,234	86,444
Philanthropique NEXT Foundation	433,549	1,738,965	-	-
Skoll Foundation	-	-	3,100	12,620
The Regent Capital Trust Corporation Ltd as Trustee of the Kwok Foundation	389,560	1,562,525	152,342	620,184
The Cold Mountain Fund of RSF Social Finance	-	-	35,656	145,156
Tourism Cares	2,021	8,106	6,495	26,441
UNICEF Cambodia	67,819	272,022	77,637	316,060
World Childhood Foundation	-	-	67,112	273,213
RAJA Foundation	13,677	54,858	-	-
RSF Social Finance (Tom Sargent)	71,101	285,186	-	-
Private donors	164,972	661,703	202,504	824,393
Subtotal	2,041,214	8,187,309	912,024	3,712,849
	3,308,052	13,268,597	2,719,041	11,069,216

**15. PRIVATE DONATIONS**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
General donation	787,480	3,158,582	123,664	503,436
ChildSafe	5,093	20,428	3,694	15,038
ChildSafe experiences	2,889	11,588	3,830	15,592
Futures Factory	1,018	4,083	4,754	19,354
Sub-grants private donation	-	-	51,469	209,530
	796,480	3,194,681	187,411	762,950

**16. OTHER INCOME**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Interest income	91,134	365,538	106,216	432,405
Others	1,686	6,763	321	1,307
	92,820	372,301	106,537	433,712

**17. PERSONNEL COSTS**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
International staff	502,256	2,014,549	529,307	2,154,809
National staff	908,020	3,642,068	915,395	3,726,573
Health and pensions	41,276	165,558	42,769	174,113
Stipend	1,130	4,532	5,567	22,663
Overtime	5,327	21,367	3,779	15,384
Recruitment costs	8,643	34,667	10,108	41,150
Severance pays and indemnity	73,308	294,039	79,790	324,825
	<u>1,539,960</u>	<u>6,176,780</u>	<u>1,586,715</u>	<u>6,459,517</u>

**18. CONSULTANCIES AND PROFESSIONAL FEE**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Consultancies and professional fee	<u>19,973</u>	<u>80,112</u>	<u>111,987</u>	<u>455,899</u>

**19. DIRECT COSTS**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Hygiene costs	5,723	22,955	4,631	18,853
Medical costs	3,231	12,960	4,324	17,603
Information, education, communication material	138	554	494	2,011
Clothing for beneficiaries	-	-	234	953
Non-formal education materials	129	517	4	16
Food and drink for beneficiaries	25,063	100,528	33,402	135,980
Family support	17,811	71,440	9,628	39,196
Harm reduction materials	244	979	195	794
Centre supplies	6,288	25,221	8,872	36,118
Other activity costs	19	76	44	179
Case manager travel	891	3,574	1,569	6,387
Recreational activity support	1,415	5,676	459	1,869
Outreach materials	974	3,907	-	-
School reintegration support	43,409	174,113	38,874	158,256
Vocational training materials and referrals	22,045	88,422	30,010	122,171
Employment hotline phone costs	100	401	100	407
Soft skills trainings	375	1,504	275	1,120
Futures office supplies	842	3,377	829	3,375
Employment promotion costs	210	842	205	835
Job placement support	2,192	8,792	401	1,632
Self-employment support	29,503	118,337	24,691	100,517
ChildSafe hotline activities	1,399	5,611	1,053	4,287
ChildSafe awareness-raising	1,795	7,200	255	1,038
Childsafe agents' visibility materials	3,093	12,406	395	1,608
Foster care families	2,286	9,169	9,322	37,950
Uniforms	3,058	12,266	4,008	16,317
CS experiences activities	6,454	25,887	1,935	7,877
Independent living	1,038	4,163	2,769	11,272
Beneficiary transport	723	2,900	760	3,093
Beneficiary trainings and meetings	687	2,756	-	-
Community event costs	4,812	19,300	97	394
	<u>185,947</u>	<u>745,833</u>	<u>179,835</u>	<u>732,108</u>

**20. EQUIPMENT/ASSETS**

	<b>2025</b>		<b>2024</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
IT and computers	5,794	23,240	5,197	21,157
Furniture and fittings	825	3,309	475	1,934
Vocational training equipment	1,265	5,073	3,074	12,514
Intangible assets	-	-	825	3,359
Inventory	141	566	899	3,660
Depreciation and amortisation	37,728	151,327	37,978	154,608
	<u>45,753</u>	<u>183,515</u>	<u>48,448</u>	<u>197,232</u>

**21. INDIRECT COSTS**

	<b>2025</b>		<b>2024</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Communications	14,492	58,127	17,583	71,580
Transport, gasoline, maintenance	10,263	41,165	11,810	48,079
Maintenance and renovations	4,890	19,614	10,067	40,983
Office supplies	6,766	27,138	8,499	34,599
Rent	56,069	224,893	65,180	265,348
Utilities	19,839	79,574	16,230	66,072
Printing and photocopying	1,643	6,590	2,572	10,471
Postage and shipping	2,215	8,884	848	3,452
Bank charges	1,965	7,882	2,436	9,917
External audits	7,100	28,478	15,900	64,729
Vehicle and building insurance	2,892	11,600	3,312	13,483
Advertising and marketing	1,112	4,460	1,153	4,694
Subscriptions	9,880	39,629	7,121	28,990
Donor, staff, authority relations	3,901	15,647	7,172	29,197
Other expenses	3,237	12,984	224,090	912,270
Fundraising costs	-	-	15	61
	<u>146,264</u>	<u>586,665</u>	<u>393,988</u>	<u>1,603,925</u>

**22. TRAVEL AND TRAINING**

	<b>2025</b>		<b>2024</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
International travel	9,423	37,796	14,993	61,037
National travel	3,413	13,690	4,034	16,422
Staff training	1,566	6,281	2,303	9,376
Workshops and meetings	11,593	46,500	12,507	50,916
Exchanges and exposure trips	1,437	5,763	70	284
	<u>27,432</u>	<u>110,030</u>	<u>33,907</u>	<u>138,035</u>

**23. SUB-GRANT TO FRIENDS ALLIANCE**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Peuan Mit (Laos)	82,797	332,099	-	-
Kaliyan Mith (Siem Reap)	154,931	621,428	-	-
Teman Baik (Indonesia)	116,533	467,414	43,663	177,752
Peuan Peuan (Thailand)	88,644	355,551	-	-
Mith Samlanh	963,992	3,866,572	1,101,243	4,483,160
Tha Ngae Chin Myar (Yangon)	76,027	304,944	67,478	274,703
	<u>1,482,924</u>	<u>5,948,008</u>	<u>1,212,384</u>	<u>4,935,615</u>

**24. SUB-GRANT TO 3PC PARTNERS**

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Damnok Toek ("DT")	-	-	4,422	18,002
Komar Rikreay ("KMR")	-	-	4,487	18,267
M'lop Tapang ("MT")	-	-	9,768	39,766
Samatapheap Khnom Organisation ("SKO")	-	-	4,683	19,064
Cambodia Children's Trust ("CCT")	-	-	3,600	14,656
Transcultural Psychosocial Organisation Cambodia ("TPO")	-	-	4,458	18,149
Krousar Thmey ("KT")	-	-	3,687	15,010
Children's Future International ("CFI")	-	-	4,307	17,533
Khmer Cultural Development Institute ("KCDI")	-	-	3,616	14,720
EPIC Arts ("EA")	-	-	99,537	405,215
Korsang ("KS")	101,958	408,954	1,042	4,242
Creative Generation ("CG")	6,000	24,066	-	-
	<u>107,958</u>	<u>433,020</u>	<u>143,607</u>	<u>584,624</u>

**25. TAXATION**

Pursuant to the Prakas No. 464 SHV.BrK issued by the Ministry of Economy and Finance dated 12 April 2018, any Non-Governmental Organisation organised and functioned purely for religious, charity, scientific, or educational purposes, and no asset or income of which is used for the private interest is exempted from income tax. As such, the Organisation is entitled to exemption from income tax. The Organisation shall only pay tax on salary, withholding tax and other taxes and duties in accordance with applicable tax laws and regulations.

## 26. OPERATING LEASE COMMITMENTS

### The Organisation as lessee

The Organisation had entered into lease agreements for office and storage room resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. At year-end, the Organisation has outstanding commitments under operating leases that fall due, as follows:

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Not later than one year	32,825	131,663	30,280	121,877
Later than one year and not later than five years	110,640	443,777	98,273	395,549
	<u>143,465</u>	<u>575,440</u>	<u>128,553</u>	<u>517,426</u>

## 27. RELATED PARTY DISCLOSURE

(a) The Company had the following transactions with related parties during the financial year.

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
<u>Common control</u>				
Grant/Donation paid to programs				
Peuan Mit (Laos)	82,797	332,099	-	-
Kaliyan Mith (Siem Reap)	154,931	621,428	-	-
Teman Baik (Indonesia)	116,533	467,412	43,663	177,752
Peuan Peuan (Thailand)	88,644	355,550	-	-
Mith Samlanh (Phnom Penh)	963,993	3,866,574	1,101,243	4,483,160
Tha Ngae Chin Myar (Yangon)	76,027	304,945	67,478	274,703
Grant/donation received from programs				
Friends France	528,162	2,118,457	675,561	2,750,211
Peuan Peuan (Thailand)	-	-	51,469	209,531
Friends Suisse	83,284	334,052	30,040	122,293
Friends USA	533,503	2,139,881	-	-

The related party transactions described above were carried out on negotiated terms.

(b) Compensation of key management personnel

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Key management remuneration	<u>116,810</u>	<u>468,525</u>	<u>116,810</u>	<u>475,534</u>

## 28. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately accounted for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

Since August 2021, General Department of Taxation (“GDT”) has issued tax notification letter for comprehensive tax audit in respect of the period from 1 January 2016 to 31 December 2020 for FI Phnom Penh and Siem Reap offices. In September 2022, a notice of tax reassessment (“NTR”) was issued, alleging the under-declaration of various taxes with imposed tax penalties and interest, totalling KHR6,208,433,913 (equivalent to US\$1,552,108).

FI Phnom Penh office’s tax audit has been resolved, and payment was made to the GDT on 26 February 2025 amounting to KHR896,432,851 (equivalent to US\$222,716) while the tax reassessment status for FI Siem Reap office is still under negotiation. The Organisation is seeking the support from the Ministry of Social Affairs, Veterans & Youth Rehabilitation (“MoSVY” and the Ministry of Labour & Vocational Training (“MoLVT”). As at the date of these financial statements, a conclusion has not yet been reached for FI Siem Reap office.

## 29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation.

	<b>As restated US\$</b>	<b>As previously stated US\$</b>
<b>Statement of cash flows</b>		
Net cash used in operating activities	(705,019)	(589,774)
Net cash from/(used in) investing activities	<u>103,385</u>	<u>(11,860)</u>