

MITH SAMLANH

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

MITH SAMLANH

ORGANISATION INFORMATION

BOARD OF DIRECTORS:	Mr. Reth Vuthy Mr. Sebastien Marot Ms. Chhun Chendasophea Ms. Tith Davy	Chairperson Treasurer Member Member (Resigned on 25 May 2025)
MANAGEMENT TEAM:	Ms. Map Somaya Mr. Pring KimChhay Ms. Khem Soley Ms. Nao Phalla Mr. Phourng Tola Mr. Khin Seyha	Program Director Finance Coordinator Building Futures Coordinator Saving Lives Coordinator HR/Admin Coordinator MEL Manager
TECHNICAL COORDINATOR:	Friends-International ("FI")	
MAIN DONOR:	Accor Heartist Solidarity/FI Boustany Foundation/FI Canada Fund for Local Initiatives ECPAT Luxembourg asbl/FI Epic Foundation/FI Fondation Philanthropique NEXT&WISE Sàrl /FI Fondation Pierre Bellon/FI Gisela Stichting NCHADS/GFATM/FI RAJA Fondation/FI UNICEF Cambodia United Nations Economic & Social Commission for Asia and the Pacific	
ORGANISATION DOCUMENT:	Registration No.172 issued by the Ministry of Interior on 11 February 2002	
ACAR REGISTRATION NUMBER:	22-0000149	
VAT-TIN:	K003-100075568	
OFFICE:	#215, Street 13, Phnom Penh Kingdom of Cambodia	
PRINCIPAL BANKERS:	J Trust Royal Bank Plc. Advanced Bank of Asia Limited Wing Bank (Cambodia) Plc. Chief (Cambodia) Commercial Bank Plc.	
AUDITORS:	BDO (Cambodia) Limited	

MITH SAMLANH

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MANAGEMENT’S REPORT

The Management hereby submits the report together with the audited financial statements of Mith Samlanh (“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 were 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 financial statements 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 23 are prepared, in all material respects, in accordance with CIFRSs for SMEs.



Signed on behalf of the Board of Directors in accordance with a resolution of the Board



Ms. Map Somaya
Program Director

Phnom Penh, Cambodia
Date: 31 March 2026

INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF MITH SAMLANH

Report on the Financial Statements

Opinion

We have audited the financial statements of Mith Samlanh ("the Organisation"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in fund balance and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 5 to 23.

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 MITH SAMLANH (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
MITH SAMLANH (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

MITH SAMLANH

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Property and equipment	5	2,858,363	11,470,611	2,865,710	11,534,483
Current assets					
Accrued income - donors	6	-	-	7,958	32,032
Other receivables	7	3,948	15,843	4,372	17,597
Term deposit	8	358,837	1,440,013	362,369	1,458,535
Cash and bank balances	9	262,123	1,051,900	179,506	722,512
		624,908	2,507,756	554,205	2,230,676
TOTAL ASSETS		3,483,271	13,978,367	3,419,915	13,765,159
FUND BALANCE AND LIABILITIES					
FUND BALANCE					
Fund balance		3,291,433	13,406,751	3,311,664	13,487,898
Foreign currency translations		-	(198,230)	-	(158,449)
TOTAL FUND BALANCE		3,291,433	13,208,521	3,311,664	13,329,449
LIABILITIES					
Current liabilities					
Deferred income - donors	10	186,032	746,546	92,284	371,443
Other payables	11	5,806	23,300	15,967	64,267
TOTAL LIABILITIES		191,838	769,846	108,251	435,710
TOTAL FUND BALANCE AND LIABILITIES		3,483,271	13,978,367	3,419,915	13,765,159

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

MITH SAMLANH

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

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
Income					
Donor grants	12	966,935	3,878,376	1,249,722	5,087,618
Private donations	13	5,324	21,355	27,189	110,686
Other income	14	21,450	86,036	27,903	113,593
		<u>993,709</u>	<u>3,985,767</u>	<u>1,304,814</u>	<u>5,311,897</u>
Expenditures					
Personnel costs	15	686,878	2,755,068	773,203	3,147,709
Direct costs	16	189,434	759,820	287,442	1,170,176
Equipment/Assets	17	9,828	39,420	6,371	25,936
Indirect costs	18	90,297	362,181	112,290	457,133
Travel and training	19	2,692	10,798	3,200	13,027
Sub-Grant to Friends Alliance	20	34,811	139,627	75,694	308,150
		<u>1,013,940</u>	<u>4,066,914</u>	<u>1,258,200</u>	<u>5,122,131</u>
(Deficit)/Surplus before tax		(20,231)	(81,147)	46,614	189,766
Taxation	21	-	-	-	-
(Deficit)/Surplus for the financial year		<u>(20,231)</u>	<u>(81,147)</u>	<u>46,614</u>	<u>189,766</u>
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
- foreign currency translations		-	(39,781)	-	(198,047)
Total comprehensive (loss)/income for the financial year		<u>(20,231)</u>	<u>(120,928)</u>	<u>46,614</u>	<u>(8,281)</u>

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

MITH SAMLANH

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	KHR'000	US\$	KHR'000
Balance as at 1 January 2024	3,265,050	13,298,132	39,598	3,265,050	3,265,050	13,337,730
Surplus for the financial year	46,614	189,766	-	46,614	46,614	189,766
Foreign currency translations	-	-	(198,047)	(198,047)	-	(198,047)
Total comprehensive loss	46,614	189,766	(198,047)	46,614	46,614	(8,281)
Balance as at 31 December 2024	3,311,664	13,487,898	(158,449)	3,311,664	3,311,664	13,329,449
Deficit for the financial year	(20,231)	(81,147)	-	(20,231)	(20,231)	(81,147)
Foreign currency translations	-	-	(39,781)	(39,781)	-	(39,781)
Total comprehensive loss	(20,231)	(81,147)	(39,781)	(20,231)	(20,231)	(120,928)
Balance as at 31 December 2025	3,291,433	13,406,751	(198,230)	3,291,433	3,291,433	13,208,521

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

MITH SAMLANH

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

	Note	2025		2024	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
(Deficit)/Surplus before tax		(20,231)	(81,147)	46,614	189,766
Adjustments for:					
Depreciation of property and equipment	5	7,347	29,469	6,006	24,450
Interest income	14	(20,668)	(82,899)	(27,567)	(112,225)
Operating (deficit)/surplus before working capital changes		(33,552)	(134,577)	25,053	101,991
Changes in working capital					
Accrued income - donors		7,958	31,920	47,658	194,016
Other receivables		424	1,701	1,100	4,478
Deferred income - donors		93,748	376,023	(117,714)	(479,214)
Other payables		(10,161)	(40,756)	(1,049)	(4,270)
Cash generated from/(used in) operations, representing net cash from/(used in) operating activities		58,417	234,311	(44,952)	(182,999)
Cash flows from investing activities					
Purchase of property and equipment	5	-	-	(40,048)	(163,035)
Interest received		24,200	97,066	31,083	126,539
Net cash from/(used in) investing activities		24,200	97,066	(8,965)	(36,496)
Net increase/(decrease) in cash and cash equivalents		82,617	331,377	(53,917)	(219,495)
Cash and cash equivalents at beginning of financial year		179,506	722,512	233,423	953,533
Foreign currency translations		-	(1,989)	-	(11,526)
Cash and cash equivalents at end of financial year	9	262,123	1,051,900	179,506	722,512

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

MITH SAMLANH

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2025

1. ORGANISATION BACKGROUND

Mith Samlanh (“the Organisation”) was established in 1994 in Phnom Penh, Cambodia, and works with vulnerable children/youth, their families and their communities. The Organisation was registered as a local Non-Governmental Organisation (“NGO”) with the Ministry of Interior on 11 February 2002 and revised the registration letter on 13 March 2020 under letter No. 1808, and is party to a Memorandum of Understanding with several Ministries as listed here:

- Ministry of Health (2 April 2016 to 31 May 2023) and renewed (1 January 2024 to 31 December 2026)
- Ministry of Education, Youth and Sports (1 January 2023 to 31 December 2025)
- Ministry of Labour and Vocational Training (20 December 2023 to 20 December 2028)
- Municipality of Phnom Penh (20 April 2023 to 20 April 2028)
- National Authority for Combating Drugs (2 July 2020 to 02 July 2021, 12 August 2022 to 27 August 2023, 01 July 2024 to 01 July 2025, and renewed (01 September 2025 to 01 September 2026)
- Ministry of Social Affairs, Veterans and, Youth Rehabilitation (28 October 2025 to 28 October 2028)

The Organisation’s objective is to save lives and build futures. Mith Samlanh saves lives through outreach, drop-in-centres, detoxification and rehabilitation centres, support groups, provision of emergency support services with the objective of stabilising and securing young people and caregivers, before supporting them to build their futures. Following stabilization, Mith Samlanh focuses on building futures, reintegrating children into school, and supporting youth and caregivers into employment and for communities to become active and productive citizens of their country and in protecting children. Since 1994, the Organisation has been working with children and youth to develop the best possible service to give them opportunities to go to school, learn a trade, find employment, recover from drug addiction and move away from life on the streets.

As at 31 December 2025, the Organisation had 93 employees (2024: 119 employees).

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

2. 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 has elected to adopt these standards on the effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 4 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.

3.2 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 that has a different useful life, is depreciated separately.

After initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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 periods are as follows:

Building	10 years
Vehicles	5 years
Furniture, machinery and other equipment	5 years

Freehold land has an unlimited useful life and is not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property and equipment (continued)

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 recognised if the carrying amount exceeds the recoverable amount (see Note 3.3 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.

3.3 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 costs 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.

3.4 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.

3.5 Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

A financial asset or financial liability is initially recognised 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 initially recognised 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 initially recognised at transaction price. After initial recognition they are measured at amortised cost using the effective interest method.

3.6 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.

3.7 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 21 to the financial statements.

3.8 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Provisions (continued)

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.

3.9 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 and 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.

3.10 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Employee benefits (continued)

(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.

3.11 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 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 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.

4.2 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.

4.3 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.

5. PROPERTY AND EQUIPMENT

	Freehold land (*) US\$	Building US\$	Vehicles US\$	Furniture, machinery and other equipment US\$	Total US\$
<i>Cost</i>					
Balance as at 1.1.2024	2,826,900	-	5,080	3,088	2,835,068
Additions	-	22,968	17,080	-	40,048
Balance as at 31.12.2024/31.12.2025	2,826,900	22,968	22,160	3,088	2,875,116
<i>Accumulated depreciation</i>					
Balance as at 1.1.2024	-	-	2,782	618	3,400
Depreciation for the year	-	957	4,431	618	6,006
Balance as at 31.12.2024	-	957	7,213	1,236	9,406
Depreciation for the year	-	2,297	4,432	618	7,347
Balance as at 31.12.2025	-	3,254	11,645	1,854	16,753
<i>Carrying amounts</i>					
Balance as at 31.12.2025	2,826,900	19,714	10,515	1,234	2,858,363
<i>(KHR '000 equivalent)</i>	<i>11,344,350</i>	<i>79,112</i>	<i>42,197</i>	<i>4,952</i>	<i>11,470,611</i>
Balance as at 31.12.2024	2,826,900	22,011	14,947	1,852	2,865,710
<i>(KHR '000 equivalent)</i>	<i>11,378,273</i>	<i>88,594</i>	<i>60,162</i>	<i>7,454</i>	<i>11,534,483</i>

(*) On 5 December 2006, the Organisation purchased the freehold land located at #215, Street 13, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The purpose of this land is to secure the future of the programme of the Organisation where its core activities are based. The land ownership was registered in hard title deed and hold in trust under the name of the Program Director, Ms. Map Somaya on behalf of the Organisation.

6. ACCRUED INCOME - DONORS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
FI/Global Developments Award Competition	-	-	5,000	20,125
FI/Foundation Philanthropique NEXT	-	-	2,958	11,907
	-	-	7,958	32,032

7. OTHER RECEIVABLES

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Prepayment	1,718	6,894	1,874	7,543
Staff loans	450	1,806	700	2,818
Guarantee deposit	1,780	7,143	1,599	6,436
Others	-	-	199	800
	3,948	15,843	4,372	17,597

8. TERM DEPOSIT

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Term deposit	350,000	1,404,550	350,000	1,408,750
Accrued interest receivables	8,837	35,463	12,369	49,785
	358,837	1,440,013	362,369	1,458,535

The term deposit is with Chief (Cambodia) Commercial Bank Plc. (2024: J Trust Royal Bank Plc.) for a maturity of one year and bears interest at rates of 5% (2023: 6.25%) per annum.

9. CASH AND BANK BALANCES

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	24	96	140	564
Cash at banks:				
J Trust Royal Bank Plc.	38,416	154,163	41,108	165,460
Advanced Bank of Asia Ltd.	223,318	896,175	138,223	556,348
Wing Bank (Cambodia) Plc.	265	1,063	35	140
Chief (Cambodia) Commercial Bank Plc.	100	403	-	-
	262,099	1,051,804	179,366	721,948
	262,123	1,051,900	179,506	722,512

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

10. DEFERRED INCOME - DONORS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
UNICEF Cambodia	20,469	82,142	11,487	46,235
United Nations Economic and Social Commission for Asia and the Pacific ("UN ESCAP")	14,022	56,270	-	-
FI/Fondation Pierre Bellon	22,604	90,710	22,786	91,713
FI/NCHADS/GFATM	20,094	80,637	10,114	40,709
FI/ Fondation Philanthropique NEXT&WISE	90,766	364,244	-	-
FI/RAJA Fondation	11,029	44,259	-	-
FI/FI Switzerland	4,355	17,477	-	-
FI/Fondation Juniclair	2,693	10,807	38,621	155,450
FI Friends Deutschland	-	-	1,478	5,949
Asian Community Trust	-	-	75	302
Canada Fund for Local Initiatives	-	-	7,723	31,085
	<u>186,032</u>	<u>746,546</u>	<u>92,284</u>	<u>371,443</u>

11. OTHER PAYABLES

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Tax payable	2,331	9,355	2,138	8,605
Others	3,475	13,945	13,829	55,662
	<u>5,806</u>	<u>23,300</u>	<u>15,967</u>	<u>64,267</u>

12. DONOR GRANTS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Asian Community Trust	2,143	8,596	13,986	56,937
Canada Fund for Local Initiatives	9,717	38,975	12,263	49,923
Gisela Stichting	20,000	80,220	25,000	101,775
UNICEF Cambodia	64,823	260,004	4,264	17,359
United Nations Economic & Social Commission for Asia and the Pacific ("UN ESCAP")	2,778	11,142	23,642	96,247
FI/Accor Heartist Solidarity	45,788	183,655	29,122	118,556
FI/Boustany Foundation	56,354	226,036	-	-
FI/ECPAT Luxembourg asbl	103,296	414,321	111,413	453,562
FI/Epic Foundation	159,500	639,754	335,081	1,364,112
FI/Anonymous (FAF)	115,700	464,073	-	-
Subtotal	<u>580,099</u>	<u>2,326,776</u>	<u>554,771</u>	<u>2,258,471</u>

12. DONOR GRANTS (continued)

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
FI/Fondation Juniclair/ATOZ	8,080	32,409	118,292	481,567
FI/Fondation Juniclair	61,842	248,049	126,170	513,638
FI/ Fondation Philanthropique NEXT&WISE	93,419	374,702	82,953	337,702
FI/Fondation Pierre Bellon	34,566	138,644	42,026	171,088
FI/RAJA Fondation	2,648	10,621	-	-
FI/FI Switzerland	1,083	4,344	-	-
FI/Friends Deutschland	1,478	5,930	30,828	125,501
FI/NCHADS/GFATM	183,720	736,901	167,826	683,220
FI/Credit Suisse APAC Foundation Limited	-	-	23,040	93,796
FI/Global Developments Award Competition	-	-	50,000	203,550
FI / UN Voluntary Trust Fund for Victims of Human Trafficking	-	-	14,706	59,868
FI/UNICEF Cambodia	-	-	8,784	35,760
FI/World Childhood Foundation	-	-	30,326	123,457
Subtotal	386,836	1,551,600	694,951	2,829,147
	966,935	3,878,376	1,249,722	5,087,618

13. PRIVATE DONATIONS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Other private/Individual donors	5,324	21,355	27,189	110,686

This represents donations from individuals, companies, organisations or institutes which are not covered by specific grant agreements.

14. OTHER INCOME

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Interest income	20,668	82,899	27,567	112,225
Others	782	3,137	336	1,368
	21,450	86,036	27,903	113,593

15. PERSONNEL COSTS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
National Staff	615,277	2,467,876	694,295	2,826,475
Health/Pensions	25,152	100,885	30,636	124,719
Stipend	3,438	13,790	4,261	17,347
Overtime	8,474	33,989	7,109	28,941
Consultancies/Professional fees	3,465	13,898	3,696	15,046
Recruitment Costs	-	-	223	907
Severance Pay/Seniority	31,072	124,630	32,983	134,274
	686,878	2,755,068	773,203	3,147,709

16. DIRECT COSTS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Hygiene Costs	4,850	19,453	3,393	13,813
Medical Costs	9,020	36,179	13,998	56,986
Information, Education, Communication Materials	96	385	1,087	4,425
Clothing for Beneficiaries	80	321	289	1,177
Non-Formal Education Materials	232	931	787	3,204
Food/Drink for Beneficiaries	52,142	209,142	78,882	321,129
Family Support	10,831	43,443	23,607	96,104
Harm Reduction Materials	2,168	8,696	2,962	12,058
Centre Supplies	8,003	32,100	8,662	35,263
Other Activity Costs	40	160	228	928
Case Manager Travel	291	1,167	2,665	10,849
Recreational Activity Support	13,500	54,149	3,879	15,791
Outreach Materials	2,341	9,390	1,912	7,784
School Reintegration Support	14,083	56,487	21,950	89,358
Vocational Training Materials	12,489	50,093	15,538	63,255
Employment Activities	15,753	63,185	43,237	176,018
ChildSafe Activities	4,201	16,850	1,791	7,291
Foster Care Families	3,706	14,865	16,708	68,018
Uniforms	1,785	7,160	2,396	9,754
Independent Living	5,587	22,409	7,897	32,149
Beneficiary Transport	21,549	86,433	31,601	128,648
Beneficiary Trainings/Meetings	5,736	23,007	3,077	12,526
Community Event Costs	951	3,815	896	3,648
	<u>189,434</u>	<u>759,820</u>	<u>287,442</u>	<u>1,170,176</u>

17. EQUIPMENT/ASSETS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Furniture/Fittings	-	-	269	1,095
Inventory	188	754	95	387
Depreciation of property and equipment	7,347	29,469	6,007	24,454
Vocational Training Equipment	1,448	5,808	-	-
IT/Computers	845	3,389	-	-
	<u>9,828</u>	<u>39,420</u>	<u>6,371</u>	<u>25,936</u>

18. INDIRECT COSTS

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
Communications	7,597	30,472	9,621	39,167
Transport/Gasoline/Maintenance	25,361	101,723	26,986	109,860
Maintenance/Renovations	3,470	13,918	6,364	25,908
Office Supplies	3,316	13,300	3,533	14,383
Office Rent	19,792	79,386	21,030	85,613
Utilities	21,611	86,682	26,367	107,340
Printing/Photocopying	544	2,182	582	2,369
Postage/Shipping	30	120	28	114
Bank Charges	260	1,043	353	1,437
External Audits	-	-	7,700	31,347
Vehicle/Building Insurance	2,928	11,744	3,366	13,703
Advertising/Marketing	-	-	277	1,128
Subscriptions	105	421	644	2,622
Donor/Staff/Authority relations	755	3,028	644	2,622
Other Expenses	4,528	18,162	4,795	19,520
	<u>90,297</u>	<u>362,181</u>	<u>112,290</u>	<u>457,133</u>

19. TRAVEL AND TRAINING

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
National Travel	30	121	-	-
Staff Training	204	818	374	1,523
Workshops/Meetings	1,541	6,181	2,618	10,658
BoD/Adcom Meetings	54	217	-	-
Exchanges/Exposure Trips	863	3,461	208	846
	<u>2,692</u>	<u>10,798</u>	<u>3,200</u>	<u>13,027</u>

20. SUB-GRANT TO FRIENDS ALLIANCE

This represents sub-grant to other Friends Alliance partners, and Program Support by Friends-International - Phnom Penh for its technical support, fundraising support and core management. The amount ranges from 10 % to 15% of the approved donor budgets.

21. 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.

22. OPERATING LEASE COMMITMENTS

The Organisation as lessee

The Organisation had entered into lease agreements for house rental 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	-	-	13,860	55,787
Later than one year and not later than five years	-	-	26,565	106,924
	-	-	40,425	162,711

23. RELATED PARTY DISCLOSURES

- (a) The Organisation had the following transactions with related parties during the financial period.

	2025		2024	
	US\$	KHR'000	US\$	KHR'000
<u>Common control</u>				
Friends International				
Grant/Donation paid to programs	34,811	139,627	75,694	308,150
Fund received from	973,949	3,906,509	1,109,026	4,514,845

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	129,740	520,387	36,140	147,126

24. 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.

25. COMPARATIVE FIGURES

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

	As restated US\$	As previously stated US\$
Statement of cash flows		
Net cash used in operating activities	(44,952)	(13,869)
Net cash used in investing activities	<u>(8,965)</u>	<u>(40,048)</u>