

H E A L Y A N D A S S O C I A T E S

C E R T I F I E D P U B L I C A C C O U N T A N T

CAMBODIAN CHILDREN'S FUND
(A NONPROFIT ORGANIZATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015)

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H E A L Y A N D A S S O C I A T E S
C E R T I F I E D P U B L I C A C C O U N T A N T

INDEPENDENT AUDITOR'S REPORT

May 9, 2017

Board of Directors
Cambodian Children's Fund
Santa Monica, California

I have audited the financial statements of Cambodian Children's Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Cambodian Children's Fund
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cambodian Children's Fund as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The Cambodian Children's Fund's 2015 financial statements were audited by me, and I expressed an unmodified audit opinion on those audited financial statements in my report dated April 20, 2016. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Healy and Associates
Concord, California

CAMBODIAN CHILDREN'S FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)

	December 31	
	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Notes B, C and E)	\$ 3,453,741	\$ 3,663,851
Loans receivable (Note B)	59,916	57,251
Prepaid expenses	95,825	50,013
Inventory of rice stock (Note B)	11,332	17,651
TOTAL CURRENT ASSETS	3,620,814	3,788,766
Investments (Note C)	1,761,824	2,587,970
Fixed assets, net of accumulated depreciation (Note D)	9,601,412	5,822,213
Other assets	196,140	216,574
TOTAL ASSETS	\$ 15,180,190	\$ 12,415,523
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 350,659	\$ 425,235
Employee benefit payable (Note F)	416,780	361,000
TOTAL CURRENT LIABILITIES	767,439	786,235
TOTAL LIABILITIES	767,439	786,235
Commitments and contingency (Notes G and H)		
NET ASSETS		
Unrestricted	14,201,696	11,256,197
Temporarily restricted (Note K)	211,055	373,091
TOTAL NET ASSETS	14,412,751	11,629,288
TOTAL LIABILITIES AND NET ASSETS	\$ 15,180,190	\$ 12,415,523

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND**STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2016****(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

			Total	
		Temporarily	Year Ended December 31	
	Unrestricted	Restricted	2016	2015
REVENUE AND SUPPORT				
Contributions	\$ 10,010,006	\$ 211,055	\$ 10,221,061	\$ 9,987,607
Program revenue	160,663		160,663	159,367
In-Kind supplies and services	1,123,315		1,123,315	425,193
Investment income	139,923		139,923	157,651
Ticket sales	14,000		14,000	-
Other income	23,690		23,690	31,673
	11,471,597	211,055	11,682,652	10,761,491
Net assets released from restriction	373,091	(373,091)	-	-
TOTAL REVENUE AND SUPPORT	11,844,688	(162,036)	11,682,652	10,761,491
EXPENSES				
Program services	7,663,066		7,663,066	9,433,318
General and administrative	873,645		873,645	968,992
Fundraising	362,478		362,478	320,199
TOTAL EXPENSES	8,899,189	-	8,899,189	10,722,509
CHANGE IN NET ASSETS	2,945,499	(162,036)	2,783,463	38,982
NET ASSETS, beginning of year	11,256,197	373,091	11,629,288	11,590,306
NET ASSETS, end of year	\$ 14,201,696	\$ 211,055	\$ 14,412,751	\$ 11,629,288

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

EXPENSES	Program	General and Administrative	Fundraising	Total	
				Year Ended December 31	
				2016	2015
Compensation	\$ 3,258,665	\$ 350,332	\$ 245,765	\$ 3,854,762	\$ 4,422,563
Direct program expenses	1,967,572	2,832	3,754	1,974,158	2,773,213
Occupancy	569,367	89,145	11,528	670,040	661,543
In-kind supplies	557,037	73,500	-	630,537	544,229
Equipment rental and maintenance	212,229	1,373	638	214,240	413,435
Travel and transportation	244,651	13,163	27,303	285,117	340,546
Depreciation	243,621	-	-	243,621	229,776
Payroll taxes	168,354	57,647	10,028	236,029	232,767
Professional fees	94,372	101,691	-	196,063	284,578
Insurance	44,837	109,618	3,289	157,744	130,226
Communication and software	89,918	18,198	9,919	118,035	251,485
Other expenses	45,602	20,856	15,879	82,337	93,518
Postage and shipping	55,494	5,545	4,971	66,010	57,249
Supplies	34,621	1,773	1,096	37,490	64,828
Bank and management fees	17,295	19,854	56	37,205	127,455
Conference and meetings	33,385	963	370	34,718	57,295
Fundraising	69	5,364	27,650	33,083	-
Advertising and marketing	17,800	383	232	18,415	13,953
Staff development	8,177	1,408	-	9,585	21,599
Bad debt	-	-	-	-	2,251
TOTAL EXPENSES	\$ 7,663,066	\$ 873,645	\$ 362,478	\$ 8,899,189	\$ 10,722,509

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND**STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2016****(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

	Total	
	Year Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,783,463	\$ 38,982
Adjustment to reconcile excess (deficiency) of revenue over expenses to cash provided by operating activities:		
Depreciation	243,621	229,776
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
(Increase) decrease in:		
Accounts receivable	-	101
Other assets	20,434	107,634
Inventory	6,319	(13,308)
Prepaid expenses	(45,812)	28,438
Increase (decrease) in:		
Accounts payable and accrued expenses	(74,576)	183,969
Employee benefit payable	55,780	361,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,989,229	936,592
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned and retained in certificates of deposit	(11,814)	(33,970)
Acquisition of certificates of deposit	(2,000,000)	(2,050,000)
Certificates of deposit matured and returned to cash	2,837,960	2,000,000
Acquisition of fixed assets	(4,022,820)	(1,362,835)
NET CASH USED BY INVESTING ACTIVITIES	(3,196,674)	(1,446,805)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in loans receivable	(2,665)	(25,284)
NET CASH USED BY FINANCING ACTIVITIES	(2,665)	(25,284)
NET DECREASE IN CASH	(210,110)	(535,497)
CASH, beginning of period	3,663,851	4,199,348
CASH, end of period	\$ 3,453,741	\$ 3,663,851

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE A – GENERAL AND NATURE OF ACTIVITIES

General

Cambodian Children's Fund (the Organization or CCF) is a California not-for-profit corporation and was founded to provide charitable relief to the people of Cambodia and to aid the most impoverished of Cambodia's children. CCF transforms the country's most impoverished kids into tomorrow's leaders, by delivering education, family support and community development programs into the heart of Cambodia's most impoverished communities.

CCF believes that with the right education and support, one child has the potential to lift an entire family out of poverty and that a generation of educated children has the power to change a whole society. Through intensive, long-term investments in children, CCF is helping students build the skills, confidence and integrity they need to become progressive spokespeople and leaders of change in their community.

CCF's Phnom Penh facilities were initially established as a safe house for Cambodia's at risk, abandoned or abused children, providing secure shelter and nutritional meals with a caring environment. The goal was to house and feed 45 children. In the past 12 years, the organization has grown with a number of facilities and education centers, a community center in the heart of Steung Meanchey Community (SMC), satellite schools and a free medical center.

Through the 6 core program areas - Education, Leadership, Community Outreach, Healthcare, Child Care and Career and Life Skills - CCF takes a holistic, on-the-ground approach to developing integrated yet simple solutions to the complex issues of poverty.

CCF obtains its funding from the donations of global partners, individuals, corporations and foundations. The yearly cost of caring for a CCF child is partially supported through a sponsorship program where regular correspondence is encouraged. Some of the products produced by the vocational training program are sold and subsidized sales of rice and meals offset costs of the community nutrition program.

Education

CCF provides access to both formal and informal education to all children ranging from pre-school to university. As well as operating education facilities and satellite schools, CCF provides students with school uniforms, study materials and university fees, as well as transportation. CCF works closely and directly with public schools, teachers and directors to ensure high attendance rates and academic results. With the construction of satellite schools, located in the heart of the community, CCF is providing a pathway to education for thousands of children once deemed "unreachable."

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE A – GENERAL AND NATURE OF ACTIVITIES (Continued)

Nature of Activities

The Organization's program services are as follows:

Leadership

An understanding of governance, human rights, gender issues, empathy, community building, communication and the key qualities of leadership are essential factors for generational change. CCF prepares students for their future as leaders in Cambodian society and equips them with the tools, training and knowledge to make a meaningful, positive impact on their community. CCF offers a range of activities within the Leadership Program to help build its young leaders, including trips to rural communities, annual intensive three-day Youth Leadership Camps, and community support activities such as caring for senior citizens, volunteering as classroom assistants or visiting families to advocate hygienic practices within the home.

Child Care

CCF cares for children from early ages up until 18 years old. Main activities include provision of a safe environment, nutritious food, clothes, decent and safe accommodation, household supplies, counseling services, social education and other necessary life maintenance materials. CCF ensures that the children are safe and happy by providing them with a secure and caring environment, protecting them from foreseeable hazards and abuse. CCF ensures as many children as possible visit family at holiday time and have as much contact as possible with their families.

Healthcare

CCF provides free healthcare to the most impoverished people in the Steung Meanchey area ranging from common ailments to chronic illnesses, through the CCF Medical Clinic. CCF arranges hospital referrals as needed and treatment fees are provided accordingly. Support costs such as food and transportation are also provided during hospital stays as well as other relevant fees. CCF provides targeted groups with materials necessary for disease prevention, with a focus on child nutrition and maternal care.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE A – GENERAL AND NATURE OF ACTIVITIES (Continued)

Nature of Activities (Continued)

Community Outreach

The CCF Community Centre was established to provide reliable care services and support within and for the Steung Meanchey community (SMC). Impoverished people living in the SMC are provided access to our community services ranging from food, shelter, fresh water, loans, healthcare, childcare, counseling and advocacy, social bonding events, and other necessary provisions.

Career and Life Skills

Age-appropriate students and disadvantaged community members are offered a range of vocational pursuits, including baking, and restaurant services, IT services including graphic and web design, administration and social work. In tandem with skills training, CCF also offers general educational courses in English and Khmer.

Child Protection Unit (CPU)

Crimes against children including homicide, sexual assault, child trafficking and all forms of serious abuse require a specialized and coordinated response from investigative and support agencies. The CPU is a CCF affiliated program set up to provide the highest level of service to child victims of abuse or assault regardless of gender, cultural background or impairment. Working in partnership with the Cambodian National Police and supporting organizations, the CPU provides investigative resources and support, aftercare, judiciary support, and major crime co-ordination to detect offences and prosecute those that commit these horrific crimes against children. The CPU's priority is the protection and care of the most vulnerable of victims: Children.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The financial statements of Cambodian Children's Fund have been prepared on the accrual basis and presented in accordance with accounting principles generally accepted in the United States of America.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

Financial statement presentation follows the guidance of the Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under this standard, CCF is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. CCF does not have any permanently restricted net assets at December 31, 2016 or 2015.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Functional Currency

CCF transacts its business and maintains its books and records in United States Dollars.

Loans Receivable

CCF provides micro loans to external parties on an on-going basis. The loans are designed to aid external parties to find permanent housing and aid families to become self-sustaining. They are non-interest bearing, unsecured and repaid over periods ranging from three months to five years. CCF has not experienced any significant loss, and thus has no allowance for doubtful accounts.

Fixed Assets

Fixed assets are reported at cost or fair value if contributed. Depreciation of furniture and equipment is recorded using straight-line and accelerated methods over the useful life of five to seven years applied to individual items. Leasehold improvements are depreciated using the straight-line method over 39 years. Fixed asset items costing more than \$1,000 with a useful life of five years or more are capitalized.

CAMBODIAN CHILDREN'S FUND**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2016****(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Functional Allocation of Expenses**

The cost of providing the organizations's programs has been summarized on a functional basis in these financial statements. Based on management's estimates, costs have been allocated between programs and supporting services as they related to those functions.

Income Tax Status

Cambodian Children's Fund has received exempt status under section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The Organization has no unrelated business income. Management has analyzed tax positions taken by the Organization and has concluded that, as of December 31, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization's returns are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Most contributions received by the Organization are considered unrestricted. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as unrestricted.

Donated Items and Services

Donated property and equipment are recorded as support at the estimated fair value at the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Contributions of services are recognized if the services received create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2016, the Organization received donated contributions of supplies, skills, nutritional supplements medical supplies and medicines. The value of the items received was \$537,271. In addition, during the year ended December 31, 2016, CCF recognized \$512,544 and \$73,500 for inkind architectural services received in connection with the Neeson Cripps Academy construction and inkind accounting services, respectively.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made in the 2015 comparative totals to conform to the classifications used in 2016.

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents and investments. The carrying amount of the financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. ASC 820-10, *Fair Value Measurement*, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets and liabilities in active markets.

Level 2—Observable inputs other than Level 1, which quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

The Organization measured the fair value of investments using Level 2 inputs (See Note C).

Rice Stock

CCF maintains a stock of rice for their programs, the value of which has been reflected on the first-in first-out basis of accounting for inventory.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE C – INVESTMENTS

Investments, cash and cash equivalents are stated at fair value, before reconciling items, and consist of the following as of December 31, 2016:

		Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	Fair Value		
Fixed Deposits - Held in multiple Cambodian Financial Institutions. Bearing interest between 4.25% and 5.75%.	\$1,761,824	\$ 0	\$1,761,824
	<u>\$1,761,824</u>	<u>\$ 0</u>	<u>\$1,761,824</u>

CCF holds funds in multiple financial institutions in Cambodia, which carry no deposit insurance or other protection for the investor (See Note E).

NOTE D – FIXED ASSETS

As of December 31, property and equipment consists of the following:

	2016	2015
Long term leases and rights (Note H)	\$4,461,468	\$4,461,468
Leasehold improvements	926,253	903,637
Furniture and equipment	178,521	162,293
Vehicles	509,957	526,510
Construction in progress	4,298,643	341,731
	<u>10,374,842</u>	<u>6,395,639</u>
Less: accumulated depreciation	<u>(773,430)</u>	<u>(573,426)</u>
	<u>\$9,601,412</u>	<u>\$5,822,213</u>

Construction in progress represents the Neeson Cripps Academy (Academy) facility expenditures and donated architectural services. The Academy was completed and opened in February 2017.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE D – FIXED ASSETS (Continued)

Total depreciation expense for the years ended December 31, 2016 and 2015 was \$243,621 and \$229,776, respectively.

As a foreign corporation operating in Cambodia, CCF is not able to own land. CCF enters into long-term leases and rights for the use of land and buildings. CCF constructs facilities on these lands and depreciates the improvements over the life of the lease (See Note I).

NOTE E – CONCENTRATIONS AND RISKS

Financial Institution Balances

CCF maintains operating cash balances at banks in the U.S., which are in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The amounts in excess of the federally insured limits held in U.S. financial institutions are \$569,929 and \$1,491,360 at December 31, 2016 and 2015, respectively. The U.S. financial institutions are Wells Fargo Bank, Chase, Bank of America, and PayPal.

CCF maintains operating cash balances and Certificates of Deposits in multiple Cambodian financial institutions, which carry no deposit insurance. The operating cash balances exposed to risk are \$1,165,051 and \$1,108,646 at December 31, 2016 and 2015, respectively. The Certificates of Deposit exposed to risk are \$1,761,824 and \$2,587,970 at December 31, 2016 and 2015, respectively. The Cambodian financial institutions are ACLEDA Bank and ABA Bank.

In total, CCF has uninsured balances of \$5,187,976 and \$5,584,504 at December 31, 2016 and 2015, respectively, in all accounts, foreign and domestic, combined. The Board of Directors monitors the credit worthiness of the financial institutions where deposits are located. It is the opinion of management that the liquidity of the referenced financial institutions is not of particular concern at this time.

Contributions

CCF received approximately 52% and 50% of its total contributions from its top three donor groups globally during the years ended December 31, 2016 and 2015, respectively.

Country Risk

CCF operates its programs in Cambodia, a country that has experienced civil unrest in the past. Cambodia continues to emerge from this past unrest, and as a result, CCF is subject to the risk of possible civil unrest in the future that would disrupt their programs or put their financial instruments at risk. CCF's management and Board evaluates the risk related to financial instruments held in Cambodian financial institutions and the overall political climate on an on-going basis.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE F – EMPLOYEE BENEFITS

In compliance with Cambodian labor laws, employees of CCF in Cambodia are entitled to severance pay based on length of service and other factors. Employees gain a vested right to the accumulated wages. The balance of accumulated indemnity severance payable at December 31, 2016 and 2015 was \$416,780 and \$361,000, respectively, and is reflected in the accompanying financial statements.

NOTE G – COMMITMENTS

The Organization currently leases a number of facilities in Cambodia for educational, childcare and administrative purposes. These future commitments for these facilities are summarized as follows:

<u>Year Ended December 31</u>	
2017	\$346,042
2018	\$230,299
2019	\$161,799
2020	\$108,276
2021	\$87,036

Total rental expense for the years ended December 31, 2016 and 2015 was approximately \$434,239 and \$388,775, respectively.

NOTE H – CONTINGENCY

Restricted contributions require the fulfillment of certain conditions as set forth by the donor. Failure to fulfill the conditions could result in the return of the funds to the donors. The Organization deems this contingency remote since by accepting the contributions and their terms it has accommodated the objectives of the organization to the provisions of the contributions. The Organization's management is of the opinion that the organization has complied with the terms of all contributions.

NOTE I – RELATED PARTY TRANSACTIONS

Long Term Leases and Rights

As discussed in Note D – Fixed Assets, CCF cannot own land in Cambodia. To allow the construction of certain facilities for program operations, and in accordance with usual commercial practices in Cambodia, through a lease arrangement, CCF is entitled to erect any facilities on the leased land. CCF holds the interest as the owner of the facilities, but not the land, during the lease term. As representatives of CCF, a number of employees hold the direct interest in these assets and property.

CAMBODIAN CHILDREN'S FUND**NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2016**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

NOTE I – RELATED PARTY TRANSACTIONS (Continued)**Long Term Leases and Rights (Continued)**

CCF has security and control over the property and assets attached to the lands. The agreements surrounding property ownership, among other things, secure the properties with hypothec for securing the funds provided by CCF or without prior consent of CCF. Thus, the properties cannot be sold or conveyed without recovery of the invested funds by CCF.

CCF reflects the investments in facility assets and property as leasehold improvements for the purpose of financial statements reporting, as the properties are used for the sole purpose of CCF's activities. The investment in property paid by CCF is approximately \$4,460,000 as reflected in Fixed Assets (Note D).

NOTE J – FOREIGN TRANSACTIONS

In addition to the support raised in the United States, the Organization is supported by Cambodian Children's Fund aligned organizations that exist in Australia, Hong Kong and the United Kingdom. These entities are not under common control and are separate legal entities that share a common goal of supporting the Cambodian operations of Cambodian Children's Fund. These funds are remitted to the CCF office in Cambodia.

The funds received from the other Cambodian Children's Fund aligned organizations was approximately \$1,540,000 for the year ended December 31, 2016. This amount reflects the gross distributions to the United States and Cambodia from other countries.

Total funds spent in Cambodia for the year ended December 31, 2016 was approximately \$8,400,000.

NOTE K – TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016, in the amount of \$211,055, consist of funds for the construction of the Neeson Cripps Academy (Academy). The Academy was completed and opened in February 2017.

NOTE L – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, Cambodian Children's Fund has evaluated subsequent events through May 9, 2017, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2016, have been incorporated into these financial statements herein.