

CAMBODIAN CHILDREN'S FUND
(A NONPROFIT PUBLIC BENEFIT CORPORATION)
REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)

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INDEPENDENT AUDITOR'S REPORT

May 13, 2022

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

Opinion

I have audited the financial statements of Cambodian Children's Fund (a nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Cambodian Children's Fund and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cambodian Children's Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a

material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Cambodian Children's Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cambodian Children's Fund's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Cambodian Children's Fund's 2020 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 7, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2020)

	December 31	
	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,556,659	\$ 3,050,862
Investments	4,500,064	4,000,000
Contributions receivable	194,009	240,662
Prepaid expenses	51,586	53,544
Other current assets	6,140	12,685
Total current assets	11,308,458	7,357,753
Fixed assets, net	15,279,140	12,357,676
Other receivables	59,956	66,309
Security deposits	80,716	88,066
In-kind goods on hand	392,213	423,061
TOTAL ASSETS	<u>\$ 27,120,483</u>	<u>\$ 20,292,865</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 76,202	\$ 112,998
Employee benefit payable	11,032	14,197
Total current liabilities	87,234	127,195
TOTAL LIABILITIES	<u>87,234</u>	<u>127,195</u>
Commitments and contingencies		
<u>NET ASSETS</u>		
Without donor restrictions	24,105,782	20,165,670
With donor restrictions	2,927,467	-
Total net assets	<u>27,033,249</u>	<u>20,165,670</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,120,483</u>	<u>\$ 20,292,865</u>

See Notes to Financial Statements

CAMBODIAN CHILDREN'S FUND

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<u>REVENUE AND SUPPORT</u>				
Contributions	\$ 8,565,258	\$ 6,448,963	\$ 15,014,221	\$ 8,002,032
In-kind supplies and services	166,889	-	166,889	271,739
Investment income	136,638	-	136,638	118,874
Other income	41,965	-	41,965	10,225
Program revenue	7,361	-	7,361	21,774
	<u>8,918,111</u>	<u>6,448,963</u>	<u>15,367,074</u>	<u>8,424,644</u>
Net assets released from restriction	<u>3,521,496</u>	<u>(3,521,496)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>12,439,607</u>	<u>2,927,467</u>	<u>15,367,074</u>	<u>8,424,644</u>
<u>EXPENSES</u>				
Program services	7,217,040	-	7,217,040	7,305,672
General and administrative	804,436	-	804,436	877,144
Fundraising	478,019	-	478,019	460,491
Total expenses	<u>8,499,495</u>	<u>-</u>	<u>8,499,495</u>	<u>8,643,307</u>
Change in net assets	3,940,112	2,927,467	6,867,579	(218,663)
NET ASSETS, beginning of year	<u>20,165,670</u>	<u>-</u>	<u>20,165,670</u>	<u>20,384,333</u>
NET ASSETS, end of year	<u>\$ 24,105,782</u>	<u>\$ 2,927,467</u>	<u>\$ 27,033,249</u>	<u>\$ 20,165,670</u>

CAMBODIAN CHILDREN'S FUND**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

<u>EXPENSES</u>	Program Services	General and Administrative	Fundraising	Total	
				2021	2020
Compensation	\$ 3,353,103	\$ 425,838	\$ 306,266	\$ 4,085,207	\$ 4,220,783
Direct program expenses	2,167,227	671	693	2,168,591	1,962,688
Depreciation	555,010	630	48,017	603,657	578,600
Occupancy	239,845	64,557	1,124	305,526	404,425
In-kind supplies and services	81,972	142,969	4,354	229,295	239,443
Insurance	183,339	-	-	183,339	224,954
Payroll taxes	134,569	41,047	6,347	181,963	171,353
Communication and software	134,496	3,163	21,757	159,416	140,832
Professional fees	119,592	29,898	3,450	152,940	165,436
Fundraising	-	-	77,622	77,622	115,929
Equipment rental and maintenance	72,804	256	2,862	75,922	96,296
Bank and management fees	16,409	56,238	296	72,943	71,744
Travel and transportation	71,143	-	290	71,433	138,498
Other expenses	26,117	25,347	4,817	56,281	54,878
Staff development	31,247	2,334	-	33,581	17,062
Postage and shipping	15,005	6,257	104	21,366	15,894
Supplies	11,017	4,264	20	15,301	17,790
Conference and meetings	3,572	967	-	4,539	6,463
Advertising and marketing	573	-	-	573	239
TOTAL EXPENSES	\$ 7,217,040	\$ 804,436	\$ 478,019	\$ 8,499,495	\$ 8,643,307

CAMBODIAN CHILDREN'S FUND

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Total	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,867,579	\$ (218,663)
Adjustment to reconcile excess change in net assets to cash provided (used) by operating activities:		
Depreciation	603,657	578,600
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:		
Contributions receivable	46,653	38,128
Inventory	6,545	(289)
Prepaid expenses	1,958	11,786
Security deposits	7,350	6,671
In-kind goods on hand	30,848	(32,296)
Accounts payable and accrued expenses	(36,796)	(542,654)
Employee benefit payable	(3,165)	4,736
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>7,524,629</u>	<u>(153,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investment	(64)	1,618,248
Acquisition of certificates of deposits	(3,000,000)	(2,200,000)
Certificates of deposit matured and returned to cash	3,000,000	2,500,000
Acquisition of investments	(500,000)	-
Acquisition of fixed assets	(3,525,121)	(472,102)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(4,025,185)</u>	<u>1,446,146</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in other receivables	<u>6,353</u>	<u>(1,654)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>6,353</u>	<u>(1,654)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,505,797	1,290,511
CASH AND CASH EQUIVALENTS, beginning of period	3,050,862	1,760,351
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 6,556,659</u>	<u>\$ 3,050,862</u>

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE A – NATURE OF ACTIVITIES

Cambodian Children's Fund (Organization or CCF) is a California nonprofit public benefit corporation founded in 2004 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 change agents 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 15 years, the Organization has grown with community-oriented facilities and education centers, a community center in the heart of Steung Meanchey Community (SMC), satellite schools, and a free medical center.

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.

Through the 7 core program areas: Education, Leadership, Community Outreach, Healthcare, Child Care, Career and Life Skills, and Child Protection Unit, CCF takes a holistic, on-the-ground approach to developing integrated yet adapted solutions to the complex issues of poverty. The Organization's program services are further described as follows:

Education – CCF provides a quality education program in the center of the impoverished communities they serve. CCF enables children access to both formal and informal education from pre-school to university to improve their cognitive development and nurture their skills. As well as operating education facilities and satellite schools, CCF provides students with child-centered learning methodology, school uniforms, study materials, STEM facilities, university fees, and transportation. CCF works closely and directly with public schools, teachers, and directors at primary and lower secondary levels to ensure high attendance rates and academic results. At the secondary level, CCF provides full-time education in their facilities with co-curricular activities. CCF programs provide a pathway to education for thousands of children once deemed "unreachable."

CAMBODIAN CHILDREN'S FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE A – NATURE OF ACTIVITIES (Continued)

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.

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 community services ranging from food, shelter, fresh water, loans, healthcare, childcare, counseling and advocacy, social bonding events, and other necessary provisions.

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.

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 provides foster care and kinship care opportunities for children and also ensures as many children as possible visit family at holiday time and have as much contact as possible with their families.

Career and Life Skills – The Career and Life Skills Program provides career counseling, university scholarships, vocational training, internships, and job placement to the students in their care. It is designed to enable young adults to complete tertiary education or vocational education and earn the skills they need to obtain and maintain gainful employment and independence.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE A – NATURE OF ACTIVITIES (Continued)

Career and Life Skills (Continued) – CCF aims to provide all students with a university education, but university isn't for everyone. For students who do not want to study at university and those who do not qualify, including students who arrived at CCF too late to make the grade for the university, they offer vocational training pathways through partnerships with local organizations and corporations.

Child Protection Unit (CPU) – Crimes against children including homicide, sexual assault, child trafficking, internet crimes against children, 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 coordination to detect offences and prosecute those that commit these horrific crimes against children. CPU's priority is the protection and care of the most vulnerable of victims: Children.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of CCF are maintained on the accrual basis of accounting. The financial statements of CCF have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Functional Currency, Cash and Cash Equivalents

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

Contributions and Other Receivables

Contributions and other receivable consist of contributions transacted or post-marked in 2021 which did not clear the payment systems until January 2022.

In addition, 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 evaluates the collectability of its receivables on an ongoing basis and records a provision for potential uncollectible receivables when appropriate. Management did not consider an allowance for doubtful accounts necessary as of December 31, 2021.

Other Current Assets

Other current assets are comprised of rice stock for programs and other supplies on hand. Management evaluates the condition of these assets and does not consider an allowance for obsolescence necessary.

Fixed Assets

Fixed assets additions of \$5,000 or more are recorded at cost or fair value if contributed, less accumulated depreciation. Depreciation is recorded using straight-line methods over the useful life of three to twenty years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Goods on Hand

CCF receives donated goods which they distribute to the community in Cambodia. The goods are primarily comprised of medical supplies, clothing, educational materials and shoes and are reflected based on fair value at the time of donation. At December 31, 2021 and 2020, CCF has \$392,213 and \$423,061 of in-kind goods on hand, respectively.

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments measured using Level 1 and 2 inputs. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

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

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets 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 cannot be corroborated by observable market data.

Contributions and Revenue

The Organization is supported primarily through contributions.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at December 31, 2021, contributions of approximating \$3,936,108, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend have not yet been met.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, and are provided by individuals possessing those skills, which would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on time spent in the functional area or space used.

Tax Exemption Status

Cambodian Children's Fund has received tax 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. CCF is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. CCF has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. CCF is currently evaluating the impact of adopting this new guidance on its financial statements.

CAMBODIAN CHILDREN'S FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Comparative Financial Information and Reclassifications

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. Certain reclassifications have been made in the 2020 comparative totals to conform to the classifications used in 2021. The reclassifications had no impact on previously reported net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE C – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 6,556,659
Investments	4,500,064
Contributions receivable	194,009
	<u>11,250,732</u>
Less amounts not available to be used within one year:	
Net assets with restrictions to be met in one year	<u>(2,927,467)</u>
	<u>\$8,323,265</u>

CCF's investments contain fixed deposits and certificates of deposit in foreign financial institutions and cash held in an US financial institution. All of the investment assets mature in 2021. Although they do not intend to cash out their financial instruments prior to maturity, they could be made available, less a fee for early withdrawal, if necessary.

As part of CCF's liquidity management plan, they invest cash in excess of daily requirements in fixed deposits, certificates of deposit, and US treasury bills with financial institutions.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE D – FIXED ASSETS

As of December 31, fixed assets consists of the following:

	<u>2021</u>	<u>2020</u>
Long term leases and rights (Note K)	\$ 10,088,658	\$ 6,913,658
Leasehold improvements (Note K)	5,905,632	5,925,053
Work in progress	96,164	-
Furniture and equipment	951,665	815,453
Vehicles	675,685	632,635
	<u>17,717,804</u>	<u>14,286,799</u>
Less: Accumulated depreciation	<u>(2,438,664)</u>	<u>(1,929,124)</u>
Total fixed assets, net	<u>\$ 15,279,140</u>	<u>\$ 12,357,675</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$603,657 and \$578,600, respectively.

As a foreign corporation operating in Cambodia, CCF is not able to legally own land. Therefore, CCF has entered 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 lives of the leases (See Note L).

NOTE E – INVESTMENTS

Investments are stated at fair value and consist of the following as of December 31, 2021:

	<u>Fair Value Measurements Using:</u>	
	<u>Level 1</u>	<u>Level 2</u>
Fixed deposits and certificates of deposit held in Cambodian financial institutions, bearing interest from 5%-7.25%.	\$ -	\$ 3,000,000
U.S. Treasury Bills – due 2022 at 0.005%-0.051%	1,499,960	-
Cash held in a cash sweep fund in a US institution bearing interest at 0.01%.	104	-
	<u>\$1,500,064</u>	<u>\$3,000,000</u>

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE E – INVESTMENTS (Continued)

CCF holds funds in multiple financial institutions in Cambodia, which carry no deposit insurance or other protection for the investor (See Note F). Activity in investments for the year ended December 31, 2021 is as follows:

Beginning Balance, December 31, 2020	\$ 4,000,000
Interest income	134,476
Deposit	500,000
Purchases	3,000,000
Maturities	(3,000,000)
Cash withdrawn	(134,412)
Ending Balance, December 31, 2021	<u>\$ 4,500,064</u>

NOTE F – 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 is \$2,687,640 and \$2,243,399 at December 31, 2021 and 2020, respectively. The U.S. financial institutions include Wells Fargo Bank, Wells Fargo Advisors, and PayPal (which carries no FDIC coverage).

CCF maintains operating cash balances, fixed deposits, and certificates of deposit in multiple Cambodian financial institutions, which carry no deposit insurance. The deposits exposed to risk are \$6,460,139 and \$3,571,779 at December 31, 2021 and 2020, respectively. The Cambodian financial institutions holding these deposits are ACLEDA Bank, PRASAC, and ABA Bank.

In total, CCF has uninsured balances of \$9,147,779 and \$5,815,178 at December 31, 2021 and 2020, respectively, in all accounts, foreign and domestic, combined. The Board of Directors monitors the credit worthiness of the financial institutions where deposits are located. Management has determined that the liquidity of the referenced financial institutions is not of concern at this time.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE F – CONCENTRATIONS AND RISKS (Continued)

Revenue

CCF received approximately 49% of its total revenue from one donor during the year ended December 31, 2021.

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, however, is subject to the risk of possible civil unrest in the future that would disrupt their programs or put CCF's 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.

NOTE G – EMPLOYEE BENEFITS

In compliance with the country's labor laws, Cambodian employees of CCF are entitled to indemnity pay. During the year ended December 31, 2021, CCF paid approximately \$127,695 to employees through the indemnity program. The accumulated indemnity payable at December 31, 2021 and 2020 was \$11,032 and \$14,197, respectively.

CCF offers participation in a 401(k) salary deferral plan (Plan) to its US staff. The Plan has voluntary employer contributions. Employer contributions to the Plan for the year ended December 31, 2021 is \$0.

NOTE H – DONATED GOODS AND SERVICES

During the year ended December 31, 2021, CCF received the following donated items:

<u>Goods Received and Allocation</u>	<u>Basis for Valuation</u>	<u>Total</u>
Food, clothing, shoes, medical supplies, and educational supplies (Program in Cambodia)	Based on FMV of services	\$ 152,489
Computers (Admin in Cambodia)	Based on FMV of goods	<u>14,400</u>
Total		<u>\$ 166,889</u>

CAMBODIAN CHILDREN’S FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE I – 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. CCF 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. CCF’s management believes the Organization has complied with the terms of all contributions.

NOTE J – COVID-19 CONTINGENCY

The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of non-essential businesses in the United States and Cambodia. The related financial impact and duration cannot be reasonably estimated at this time.

During the fiscal year ended December 31, 2021, CCF operations in Cambodia actively responded to the COVID-19 pandemic which was happening in the target communities across their programs. CCF followed COVID-19 protocols in each program and worked closely with the local authorities and health officers to support the communities’ members and children. Their strategic responses adapted to the needs of their communities while following the guidelines from the Ministry of Health and Ministry of Education Youth and Sport as well as the announcement of the Royal Government of Cambodia and Phnom Penh City hall. During the multiple lockdowns, CCF provided basic needs such as foods, hygiene materials, and other necessary supports to the communities. In addition, IT devices and internet connection were made available to students so they could continue their learning through online classes.

NOTE K – COMMITMENTS

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

<u>Year Ended December 31</u>	
2022	\$ 286,219
2023	\$ 178,765
2024	\$ 69,139
2025	\$ 40,260
2026 and beyond	\$ 190,960

Total rental expense for the years ended December 31, 2021 and 2020 was approximately \$372,655 and \$387,079, respectively.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE L – RELATED PARTY TRANSACTIONS

Long Term Leases and Rights

As discussed in Note D – Fixed Assets, CCF is prohibited from owning 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 facilities on this leased land. CCF holds the interest as the owner of the facilities, but not the land, during the lease term.

CCF owns a 49% equity interest in Latopp Holding Ltd, a Cambodian registered company that holds a direct interest in the property and assets leased by CCF. As Executive Director and CCF's nominated representative, Scott Neeson holds a 51% equity interest in Latopp Holdings Ltd. Scott Neeson holds Cambodian citizenship and is entitled under Cambodian law to own property and assets. There are appropriate restrictions on the transfer of Scott Neeson's equity interest in Latopp Holdings Ltd in the shareholders agreement. Scott Neeson is also a voting member of the Board of Directors.

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 using 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 gross investment in property paid by CCF is approximately \$16,000,000 and is reflected in fixed assets.

NOTE M – FOREIGN TRANSACTIONS

In addition to 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 were approximately \$8,556,597 and \$1,837,927 for the years ended December 31, 2021 and 2020, respectively. This amount reflects the gross distributions to the United States and Cambodia from other countries. Total funds spent in Cambodia for the years ended December 31, 2021 and 2020 were approximately \$7,965,000 and \$8,100,000, respectively.

CAMBODIAN CHILDREN'S FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

NOTE N – NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions for the year ended December 31, 2021 is comprised of the following and reflects releases that are reflected in net assets without donor restrictions in the statement of activities:

Restricted Purpose:	<u>12/31/20</u>	<u>Revenue</u>	<u>Releases</u>	<u>12/31/21</u>
CASA	\$ -	\$5,840,952	(\$3,272,209)	\$2,568,743
Healthcare initiatives	-	608,011	(249,287)	358,724
	<u>\$ -</u>	<u>\$6,448,963</u>	<u>(\$3,521,496)</u>	<u>\$2,927,467</u>

NOTE O – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for recognition and disclosure through May 13, 2022, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2021, that required recognition or disclosure in the financial statements.