

**CAMBODIAN CHILDREN'S FUND**  
**(A NONPROFIT PUBLIC BENEFIT CORPORATION)**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022)**

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Schedule of Functional Expenses .....	5
Statement of Cash Flows.....	6
NOTES TO FINANCIAL STATEMENTS .....	7-19

INDEPENDENT AUDITOR'S REPORT

July 16, 2024

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, 2023, 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, 2023, 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 2022 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 18, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

	December 31	
	2023	2022
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,840,760	\$ 2,849,351
Investments	6,390,384	8,039,442
Contributions receivable	401,495	205,111
Prepaid expenses	78,266	54,463
Other current assets	25,965	11,809
Total current assets	9,736,870	11,160,176
Right of use assets, operating leases	595,147	488,523
Fixed assets, net	16,655,865	15,399,135
Other receivables	26,182	61,122
Security deposits	102,318	94,091
In-kind goods on hand	75,365	219,048
<b>TOTAL ASSETS</b>	<b>\$ 27,191,747</b>	<b>\$ 27,422,095</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 194,066	\$ 79,629
Employee wages and taxes payable	199,738	178,443
Employee benefits payable	21,356	21,171
Paid time off liability	53,492	47,167
Lease liabilities - operating leases, current portion	163,860	144,156
Total current liabilities	632,512	470,566
Lease liabilities - operating leases, long-term portion	439,111	350,751
<b>TOTAL LIABILITIES</b>	<b>1,071,623</b>	<b>821,317</b>
<b>COMMITMENTS</b>		
<b><u>NET ASSETS</u></b>		
Without donor restrictions	23,952,631	23,856,840
With donor restrictions	2,167,493	2,743,938
Total net assets	26,120,124	26,600,778
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 27,191,747</b>	<b>\$ 27,422,095</b>

See Notes to Financial Statements

**CAMBODIAN CHILDREN'S FUND**

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b><u>REVENUE AND SUPPORT</u></b>				
Contributions	\$ 9,210,451	\$ 1,663,018	\$ 10,873,469	\$ 8,657,589
Investment income, net	337,127	-	337,127	190,471
In-kind supplies and services	210,218	-	210,218	209,747
Other income	108,701	-	108,701	29,594
Interest income	21,756	-	21,756	23,486
	<u>9,888,253</u>	<u>1,663,018</u>	<u>11,551,271</u>	<u>9,110,887</u>
Net assets released from restriction	<u>2,239,463</u>	<u>(2,239,463)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>12,127,716</u>	<u>(576,445)</u>	<u>11,551,271</u>	<u>9,110,887</u>
<b><u>EXPENSES</u></b>				
Program services	10,532,617	-	10,532,617	8,063,651
General and administrative	864,803	-	864,803	876,954
Fundraising	634,505	-	634,505	602,753
Total expenses	<u>12,031,925</u>	<u>-</u>	<u>12,031,925</u>	<u>9,543,358</u>
Change in net assets	95,791	(576,445)	(480,654)	(432,471)
NET ASSETS, beginning of year	<u>23,856,840</u>	<u>2,743,938</u>	<u>26,600,778</u>	<u>27,033,249</u>
NET ASSETS, end of year	<u>\$ 23,952,631</u>	<u>\$ 2,167,493</u>	<u>\$ 26,120,124</u>	<u>\$ 26,600,778</u>

See Notes to Financial Statements

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

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

<u>EXPENSES</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2023</u>	<u>2022</u>
Compensation	\$ 3,916,320	\$ 420,621	\$ 433,826	\$ 4,770,767	\$ 4,554,500
Direct program expenses	2,507,062	4,081	10,601	2,521,744	2,449,395
Grants to others	2,000,000	-	-	2,000,000	-
Depreciation	580,533	604	48,775	629,912	599,366
In-kind supplies and services	348,900	5,000	-	353,900	383,174
Occupancy	269,626	82,307	909	352,842	322,201
Payroll taxes	189,936	45,856	10,682	246,474	206,177
Insurance	79,745	143,389	5,311	228,445	210,104
Travel and transportation	184,970	5,453	3,809	194,232	128,427
Communication and software	91,101	30,523	29,291	150,915	153,966
Professional fees	73,647	61,553	6,538	141,738	152,640
Equipment rental and maintenance	96,932	499	8,858	106,289	111,193
Other expenses	58,986	17	16,904	75,907	92,818
Conference and meetings	58,041	1,233	847	60,121	8,202
Staff development	53,003	3,960	999	57,962	39,889
Fundraising	-	-	56,772	56,772	37,633
Bank and transaction fees	1,072	50,382	-	51,454	52,515
Supplies	19,281	5,864	341	25,486	30,865
Postage and shipping	3,324	3,461	42	6,827	9,946
Advertising and marketing	138	-	-	138	347
<b>TOTAL EXPENSES</b>	<b>\$ 10,532,617</b>	<b>\$ 864,803</b>	<b>\$ 634,505</b>	<b>\$ 12,031,925</b>	<b>\$ 9,543,358</b>

**CAMBODIAN CHILDREN'S FUND**

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	Total	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (480,654)	\$ (432,471)
Adjustment to reconcile excess change in net assets to cash provided by operating activities:		
Depreciation	629,912	599,366
Unrealized gain	32,244	(22,546)
<b>CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES:</b>		
Contributions receivable	(196,384)	(11,102)
Other current assets	(14,156)	(5,669)
Prepaid expenses	(23,803)	(2,877)
Right of use assets	(106,624)	(488,523)
Security deposits	(8,227)	(13,375)
In-kind goods on hand	143,683	173,165
Accounts payable and accrued expenses	(41,949)	19,827
Employee wages and taxes payable	21,295	162,043
Employee benefit payable	185	10,139
Paid time off liability	6,325	47,167
Lease liabilities	108,064	494,907
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>69,911</b>	<b>530,051</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in investment	(64,509)	(3,516,832)
Acquisition of certificates of deposits	(2,750,000)	(3,000,000)
Certificates of deposit matured and returned to cash	3,000,000	3,000,000
Sales of investments and returned to cash	5,860,000	-
Acquisition of investments	(4,428,677)	-
Acquisition of fixed assets	(1,730,256)	(719,361)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(113,442)</b>	<b>(4,236,193)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in other receivables	34,940	(1,166)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>34,940</b>	<b>(1,166)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(8,591)</b>	<b>(3,707,308)</b>
CASH AND CASH EQUIVALENTS, beginning of period	2,849,351	6,556,659
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,840,760</u>	<u>\$ 2,849,351</u>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Right of use asset - new	<u>\$ 272,976</u>	<u>\$ 606,799</u>
Operating lease liability for right of use asset - new	<u>\$ 272,976</u>	<u>\$ 606,799</u>
Construction in progress purchases included in payables at year end	<u>\$ 156,386</u>	

See Notes to Financial Statements



**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

---

**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, 2023**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

---

#### 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, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

---

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, 2023**

**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

---

#### **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**

Contribution receivables consist of unconditional promises to give and are reflected at their net realizable value. Amounts due beyond one year, if any, are discounted to the present value of future cash flows. Management has determined no allowance for doubtful accounts is necessary at December 31, 2023.

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. The micro loans are included in other receivables in the accompanying financial statements.

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, 2023.

##### **Other Current Assets**

Other current assets are comprised of rice stock for programs and other supplies on hand. Management manages other current assets on a first in first out basis, 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, 2023**

**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

---

#### **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, 2023 and 2022, CCF has \$75,365 and \$219,048 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, 2023, contributions of approximately \$5,402,000, have not been recognized in the accompanying statement of activities because the metrics on which they depend have not yet been met or the expenses have not been incurred.

## **CAMBODIAN CHILDREN'S FUND**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

---

#### **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.

##### **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 2022 comparative totals to conform to the classifications used in 2022. 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, 2022, from which the summarized information was derived.

**CAMBODIAN CHILDREN'S FUND**

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

**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	\$ 2,840,760
Investments	6,390,384
Contributions receivable	401,495
	<u>9,632,639</u>
Less amounts not available to be used within one year:	
Net assets with restrictions to be met in one year	<u>(2,167,493)</u>
	<u>\$ 7,465,146</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 2024. 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.

**NOTE D – INVESTMENTS**

Investments are stated at fair value and consist of the following as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>
Fixed deposits and certificates of deposit held in Cambodian financial institutions, bearing interest from 6.0%-8.25%.	\$ -	\$ 2,750,000
Mutual funds	3,640,363	-
Cash held in investment account	21	
	<u>\$ 3,640,384</u>	<u>\$ 2,750,000</u>

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

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

**NOTE D – INVESTMENTS (Continued)**

Activity in investments for the year ended December 31, 2023 is as follows:

Beginning Balance, December 31, 2022	\$ 8,039,442
Interest and other income	316,478
Deposit	745,000
Purchases	2,750,000
Maturities	(3,000,000)
Cash withdrawn	(2,481,185)
Unrealized gain	32,244
Taxes	(11,565)
Investment fees	(30)
Ending Balance, December 31, 2023	<u>\$ 6,390,384</u>

**NOTE E – FIXED ASSETS**

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

	<u>2023</u>	<u>2022</u>
Land use rights (Note K)	\$ 10,463,709	\$ 10,463,709
Leasehold improvements (Note K)	6,190,935	6,125,023
Work in progress	1,920,209	168,665
Furniture and equipment	996,970	987,083
Vehicles	751,985	692,685
	<u>20,323,808</u>	<u>18,437,165</u>
Less: Accumulated depreciation	<u>(3,667,943)</u>	<u>(3,038,030)</u>
Total fixed assets, net	<u>\$ 16,655,865</u>	<u>\$ 15,399,135</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$629,912 and \$599,366, 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 K).



**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

---

**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 per institution. The U.S. financial institutions include Wells Fargo Bank, Wells Fargo Advisors, and PayPal (which carries no FDIC coverage). The amounts in excess of the federally insured limits held in U.S. financial institutions is \$4,451 and \$965 at December 31, 2023 and 2022, respectively.

CCF maintains operating cash balances, fixed deposits, and certificates of deposit in multiple financial institutions in Cambodia, which carry no deposit insurance. The deposits exposed to risk are \$5,340,699 and \$5,789,593 at December 31, 2023 and 2022, respectively. The Cambodian financial institutions holding these deposits are ACLEDA Bank, KB PRASAC Bank, Woori Bank, Prince Bank PLC, and ABA Bank.

In total, CCF has uninsured balances of \$5,345,150 and \$5,790,558 at December 31, 2023 and 2022, respectively, in all accounts, foreign and domestic, combined. The Board of Directors monitors the creditworthiness 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.

**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.

**Revenue**

CCF received approximately 40% of its total revenue for the year ended December 31, 2023 in contributions from their international affiliates.

**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, 2023, CCF paid approximately \$155,464 to employees through the indemnity program. The accumulated indemnity payable at December 31, 2023 and 2022 was \$16,465 and \$16,356, 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, 2023 is \$3,618.

**CAMBODIAN CHILDREN’S FUND**

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

**NOTE G – EMPLOYEE BENEFITS (Continued)**

The Organization’s employees are entitled to paid time off based upon length of service and other factors. As of December 31, 2023, the respective accrued vacation liability was \$53,492. This amount is reflected in the accompanying statement of financial position.

In October 2022, CCF implemented the individual retirement plan accounts required under the laws of Cambodia, whereby employees who make \$300 or more per month have 2% of their salary withheld and the employer must match. CCF expensed \$28,095 for their contributions to the accounts for the year ended December 31, 2023, with a pension payable liability of \$4,891 at December 31, 2023.

**NOTE H – DONATED GOODS AND SERVICES**

During the year ended December 31, 2023, 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 – used in Cambodia for programming	Based on FMV of goods	<u>\$ 210,218</u>
Total		<u>\$ 210,218</u>

**NOTE I – 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 \$4,584,194 and \$2,361,132 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 were approximately \$9,260,899 and \$8,596,011, respectively.

**CAMBODIAN CHILDREN'S FUND**

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

**NOTE J – LEASES**

CCF adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, Leases, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization elected the 'package of practical expedients', which permitted the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; and all of the new standard's available transition practical expedients. In addition, the Organization adopted the practical expedients of using the risk-free interest rate and the short-term lease definition.

CCF's lessee commitments predominantly consist of operating leases for facilities and equipment. Right-of-use assets were \$595,147 and lease liabilities were \$602,971 as of December 31, 2023. The weighted-average discount rate used to calculate the present value of future minimum lease payments was 2.55% and is based on the risk-free interest rate.

None of the leases in Cambodia contain renewal, extension options, or early termination features. The lease in the United States does not contain renewal or extension features. The weighted-average lease term was 5.33 years at December 31, 2023.

Lease expenses consist of the following as of December 31, 2023:

Operating lease expenses (cost resulting from lease payments)	\$179,890
Short-term lease expense	220,655
Total lease expense	<u>\$400,545</u>

The total cash amount paid for operating leases was \$178,505, and noncash component of \$1,385, for the fiscal year ended December 31, 2023.

Maturity analysis of future minimum lease payments for all operating leases are shown as follows as of December 31:

	Operating Leases	Short-term Leases	Total Commitments
2024	\$ 179,456	\$ 119,672	\$ 299,128
2025	143,224	27,190	170,414
2026	100,511	11,100	111,611
2027	61,840	2,250	64,090
2028	54,880	-	54,880
2029 and thereafter	115,950	-	115,950
Total minimum lease payment	<u>655,861</u>	<u>160,212</u>	<u>816,073</u>
Less: net present value adjustment	<u>(52,890)</u>	<u>-</u>	<u>(52,890)</u>
Present value of minimum lease payments	<u>\$ 602,971</u>	<u>\$ 160,212</u>	<u>\$ 763,183</u>

**CAMBODIAN CHILDREN'S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

---

**NOTE K – COMMITMENTS**

CCF has commitments related to construction contracts as of December 31, 2023. CCF has approximately \$1,068,000 remaining on three construction contracts, for two construction projects, not yet billed or completed as of December 31, 2023.

**NOTE L – RELATED PARTY TRANSACTIONS**

**Land Purchase and Use**

As discussed in Note E – 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 land use arrangement, CCF is entitled to erect facilities on this land. CCF holds the interest as the owner of the facilities, but not the land, during the agreement 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 land. 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.

In February 2023, the Board of Directors of CCF approved and remitted \$2,000,000 to Cambodian Children's Fund Endowment (CCFE), a separate legal U.S. nonprofit corporation, created at the end of 2022 for the benefit of Cambodian Children's Fund. The remittance is intended to be part of an informal five-year pledge of \$10,000,000 by CCF to CCFE. The specific purpose of CCFE is to exclusively support the activities of Cambodian Children's Fund.

**CAMBODIAN CHILDREN’S FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

**NOTE M – NET ASSETS WITH DONOR RESTRICTIONS**

Activity for net assets with donor restrictions for the year ended December 31, 2023 is comprised of the following:

Restricted Purpose:	<u>12/31/22</u>	<u>Revenue</u>	<u>Releases</u>	<u>12/31/23</u>
CASA	\$2,367,803	\$ 950,000	(\$1,554,387)	\$1,763,416
Healthcare initiatives	376,135	713,018	(685,076)	404,077
	<u>\$2,743,938</u>	<u>\$1,663,018</u>	<u>(\$2,239,463)</u>	<u>\$2,167,493</u>

**NOTE N – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events for recognition and disclosure through July 16, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023, that required recognition or disclosure in the financial statements.