

REACH Siem Reap Organisation

Statement of management's responsibility
and
Audited financial statements

as at and for the year ended 31 December 2021



REACH Siem Reap Organisation

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The management of REACH Siem Reap Organisation (the "Organisation") is responsible for the statement of fund receipts, disbursements and fund balance for the year ended 31 December 2021 which are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

In preparing these financial statements, management is required to:

- select suitable accounting policies and then apply them consistently in accordance with the presentation and disclosure requirements as described in Note 2 to the financial statements;
- make judgements and estimates that are reasonable and prudent;
- maintain proper financial operations and controls;
- maintain adequacy of the management structure and general control environment;
- ensure that all non-expendable properties are used solely for and by the Association, and maintain proper control over those properties; and,

Management is responsible for ensuring that proper accounting records are kept which enable the financial statements to be prepared in compliance with the basis of accounting described in Note 2 to the financial statements. Management is also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Management has confirmed that it has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements of the Organisation, which are prepared, in all material respects, to present the Organisation's fund balance as at 31 December 2021, and its receipts and disbursements for the year then ended, in accordance with the accounting policies described in Note 2 to the financial statements.

On behalf of the Organisation's management:


Charlie Chalmers
Advisory Board
REACH Siem Reap Organisation


Emily Williamson
Founder & Director
REACH Siem Reap Organisation

Siem Reap, Kingdom of Cambodia
28 April 2022

'Alongside Cambodian families, in their fight against poverty.'

INDEPENDENT AUDITORS' REPORT

To: The Management of REACH Siem Reap Organisation

Opinion

We have audited the accompanying financial statements of REACH Siem Reap Organisation (the "Organisation") which comprise the statement of fund balance as at 31 December 2021, and its receipts and disbursements for the year ended 31 December 2021 and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Organisation as at 31 December 2021 and for the year then ended are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Organisation for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on those statements on 10 May 2021.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organisation in complying with the financial reporting provision of the Organisation and its applicability to donors. As a result, the financial statements may not be suitable for any other purpose. Our auditor's report is intended solely for the Organisation and donors and should not be distributed to or used by parties other than the Organisation or donors. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sopheak PEL
Partner



ECOVIS VSDK & Partners Co., Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia
28 April 2022

REACH Siem Reap Organisation

STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE as at and for the year ended 31 December 2021

	Notes	31 December 2021 USD	31 December 2020 USD
FUND RECEIPTS			
Fund received from donors	3	171,578	239,488
Other income		63	39
Total fund received		171,641	239,527
EXPENDITURES			
Program costs	4	96,942	54,825
Personnel costs	5	82,339	65,542
General administration and other expenses	6	33,723	96,314
Total expenditures		213,004	216,681
Excess (deficit) of source of fund over expenditures		(41,363)	22,846
Fund balance brought forward		63,402	40,556
Total fund balance as at 31 Dec 2021		22,039	63,402
Represented by			
Cash and cash equivalents	7	19,339	60,702
Other assets	8	2,700	2,700
Total fund balance as at 31 Dec 2021		22,039	63,402

The attached notes 1 to 9 form part of these financial statements.

REACH Siem Reap Organisation

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)
as at and for the year ended 31 December 2021

1. ORGANISATION BACKGROUND

REACH Siem Reap Organisation (“the Organisation”) is a non-government international organisation based in Siem Reap, funded by Reach Siem Reap Ltd. (in Australia), philanthropists, other individual donors and charitable foundations/organisations.

The organisation was initially registered as a local NGO with the Ministry of Interior and the Royal Government of Cambodia signed on November 29th, 2019 and is located in Thlok Andoung Village, Sla Kram Commune, Siem Reap town, Siem Reap Province. On the 21st of January 2020, a Memorandum of Understand in recognition of the organizations Education activities was also drawn up with the Ministry of Education.

The Organisation aims to provide intervention and support for children and their families to break out of the cycle of poverty and improve their living conditions. REACH supports more than 100 families in the community through 8 projects such as; Education, Health and Nutrition, Outreach, Rice Rewards, Youth Pathways, REACH Riders Club, REACH Repair Shop and Computer Literacy.

Education

- Free supplementary English, Sport, Art Ethics lessons to impoverished children and youth aged 5-18 years old.
- Ongoing monitoring of students’ public-school grades and personal development through workshops and mentoring.

Health and Nutrition

- Free daily nutritious meals, clean drinking water, multi-vitamins, toothbrushing station and soap supplies.
- Vegetables supplemented from REACH’s sustainable garden. Students are also encouraged to grow food at home.

Outreach

- Free crisis community outreach support (emergency medical treatment, dental treatments, food distribution, family planning, minor housing repairs & emergency provisions).
- Regular life-skills workshops hosted by REACH and local NGO partners to equip guardians with technical skills and coping mechanisms to overcome social challenges.

Rice Rewards

- All student enrolled are rewarded 10kg of rice & 10 eggs each month for maintaining high attendance rates at both REACH and their public school. Due to widespread unemployment, these provisions have been amplified through 2021, through our Outreach program.

REACH Siem Reap Organisation

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)
as at and for the year ended 31 December 2021

1. ORGANISATION BACKGROUND (continued)

Youth Pathways

- Supporting teenagers during their critical years of development to succeed in vocational training or to graduate high school.
- Stipends provided to support selected youth with the basic costs associated with their public-school education including lesson fees, uniforms and stationery.
- REACH Role Models club with give-back program for youths to learn leadership skills, gain experience and volunteer within the school and local community.

REACH Riders Club

- Reach Riders Club regular mountain bike rides for youth, to promote safety on the roads, teamwork, physical and mental wellbeing.
- Selected youths from this elective physical education program are selected to ride 200kms in 2 days every January for their community in the Side by Side ride.

REACH Repair Shop

Reach Repair Shop training program for youths to learn to repair, maintain, refurbish and distribute bicycles for REACH beneficiaries in urgent need.

Computer Literacy

- Computer literacy courses for children and youth enrolled in our Education Program. This program is under development and will be launched in 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Organisation's financial statements, expressed in United States Dollar (USD), are prepared on a modified cash basis of accounting. This is the basis of accounting that is designed to meet the requirements of the Organisation; it is not designed to produce financial statements that are compatible with any generally accepted accounting principles.

The significant policies adopted in the preparation of these financial statements are set out below.

Recognition of fund receipt

Source of fund is the grant received from various donors including bank interests received on these funds.

Funds are recognised as a source when cash is recorded in the Organisation's designated account rather than when committed or budgeted.

Recognition of expenditures

Expenditure under each component is recognised when incurred and when the documents substantiating the Organisation's transactions are approved.

REACH Siem Reap Organisation

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)
as at and for the year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances held at banks that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Other assets

Other assets comprise deposit which is stated at transaction price and included in the fund balance in the statement of fund receipts, disbursements and fund balance. It is recognised as expenditures upon liquidation.

Foreign exchange differences

Disbursements and withdrawals in foreign currencies are converted into USD at the prevailing exchange rates at the date of transactions. Monetary items denominated in foreign currencies are translated into USD for reporting purposes at the closing exchange rate prevailing at the reporting date.

3. FUND RECEIVED FROM DONORS

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
General	31,659	12,991
Philanthropist	-	129,887
REACH Siem Reap Limited	139,919	96,610
	<u>171,578</u>	<u>239,488</u>

4. PROGRAM COSTS

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
Computer literacy program	5,488	811
Education program	7,465	1,865
Fundraising	10,455	3,738
Nutrition program	4,792	4,955
Outreach program	34,515	22,172
REACH Riders Club	3,457	1,551
Youth employment pathways	5,952	2,199
Rice rewards	3,688	1,946
Operating expense	21,130	15,588
	<u>96,942</u>	<u>54,825</u>

REACH Siem Reap Organisation

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)
as at and for the year ended 31 December 2021

5. PERSONNEL COSTS

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
Admin staff	4,800	9,700
Program staff		
Computer literacy program staff	491	-
Education program staff	25,123	15,908
Fundraising staff	16,832	10,910
Nutrition program staff	6,275	4,455
Outreach program staff	6,286	3,998
Reach rider club staff	7,798	1,298
Volunteer program staff	4,755	11,450
Youth employment pathways staff	4,854	2,850
Other operating staff	5,125	4,973
	<u>82,339</u>	<u>65,542</u>

6. GENERAL ADMINISTRATION AND OTHER EXPENSES

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
Bank charges	183	240
Professional fee	2,783	1,404
Tax and compliance	5,169	1,650
Visas / Permits / Registrations	1,850	2,292
Others costs/ Volunteer program	291	220
Construction cost	21,926	90,092
Others	1,521	416
	<u>33,723</u>	<u>96,314</u>

7. CASH AND CASH EQUIVALENTS

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
Cash on hand	949	1,022
Cash at banks	18,390	59,680
	<u>19,339</u>	<u>60,702</u>

REACH Siem Reap Organisation

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)
as at and for the year ended 31 December 2021

8. OTHER ASSETS

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>USD</i>	<i>USD</i>
Land rental deposit	<u>2,700</u>	<u>2,700</u>
	<u>2,700</u>	<u>2,700</u>

Deposit to third parties amounting to USD 2,700 for 10 years land rental agreement from 01 January 2020 to 31 December 2029. Pursuant to the agreement which issue on 7th August 2019, the deposit will be returned to the lessee upon expiration of the agreement.

9. SUBSEQUENT EVENTS

The outbreak of coronavirus disease 2019 (COVID-19) caused the World Health Organisation (WHO) to declare it as a public health emergency on 30 January 2020. This outbreak has caused serious business interruptions and blocked organisations implementing their programs in most countries and regions, including Cambodia. This global pandemic has adversely impacted the values of businesses and other organisation activities around the world.

The management has assessed the impact of COVID-19 on the financial statements of REACH Siem Reap Organisation and concluded that these are non-adjusting events and there is minimal impact to the Organisation's financial statements given the size of the related activities for the year ended.



REACH Siem Reap Organisation

Statement of management's responsibility
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Audited financial statements

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