BUDDHISM FOR SOCIAL DEVELOPMENT ACTION

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

AND

REPORT OF THE INDEPENDENT AUDITORS

ORGANISATION INFORMATION

Organisation	:	Buddhism for Social Development Action	
Registration No.	:	826 ស.ជ.ណ	
Registered office	:	Street 7, Nokor Bachey Village, Ompel Commune Kampong Siem District, Kampong Cham Province Kingdom of Cambodia	
Board of Directors	:	Mr. Kurt Bredenberg	Chairman
		Mrs. Ty Ratana	Secretary
		Mr. Isac Lyne	Member
		Mr. Hour Sokrath	Member
		Mrs. Anheng Leakhena	Member
		Miss. Sok Vannary	Member
		Miss. Nara Sokhema	Member
Executive Committee	:	Mrs. Chhon Srors	Executive Director
		Mr. Aun Kimseng	Deputy Director
		Mr. Sok Vannra	Admin/HR Manager
		Mr. Bean Yim	Finance Manager
		Miss. Un Chanthy	Smile School Manager & Staff Representative
		Mrs. Chan Samnang	Project Manager
Auditors	:	REACHS & PARTNERS Co., Ltd.	

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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Buddhism for Social Development Action

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors ("the Directors") hereby present this report together with the audited financial report of Buddhism for Social Development Action ("the Organisation") for the year ended 31 December 2025.

RESPONSIBILITIES OF DIRECTORS IN RESPECT OF THE FINANCIAL REPORT

The Directors are responsible for ensuring that the financial report of the Organisation for the year ended 31 December 2025 is prepared, in all material respect, in accordance with the Cambodian Financial Reporting Standard for Not-for-profit Entities ("CFRS for NPFEs").

When preparing the financial report, the Directors are required to:

- adopt appropriate accounting policies and then apply them consistently;
- comply with the disclosure requirements of the CFRS for NFPEs,
- maintain adequate accounting records and an effective system of internal control;
- prepare the financial report on a going concern basis unless it is inappropriate to assume that the Organisation will continue its operations in the foreseeable future, and
- control and direct effectively the Organisation in all material decisions affecting its operations and performance and ascertain that such decisions have been properly reflected in the financial report.

The Directors are also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors assume the responsibility to provide and have provided, the auditors with all accounting records, supporting and other documents, minutes, and any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

The Directors confirm that the Organisation has complied with the above requirements in preparing the financial report.

STATEMENT BY THE BOARD OF DIRECTORS

I, on behalf of the Board of Directors of the Organisation, do hereby state that the accompanying financial report, together with the notes thereto, present fairly, in all material respects, the cash and bank balances of the Organisation as at 31 December 2025 and its fund receipts and payments for the year then ended, in accordance with the CFRS for NFPEs.

On behalf of the Board of Directors,

Ms. Chhon Srors
Executive Director

Kampong Cham, Kingdom of Cambodia
Date: 08 June 2026

REACHS
The Professional Stance

REPORT OF INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF BUDDHISM FOR SOCIAL DEVELOPMENT ACTION

Opinion

We have audited the financial report of Buddhism for Social Development Action ("the Organisation"), which comprise the statement of receipts and payments for the year ended 31 December 2025 and notes to the financial report, including significant accounting policies.

In our opinion, the accompanying financial report present fairly, in all material respects, the cash and bank balance of the Organisation as at 31 December 2025, and its fund receipts and payments for the year then ended in accordance with the Cambodian Financial Reporting Standard for Not-For-Profit Entities ("CFRS for NFPEs").

Basis of Opinion

We conducted our audit in accordance with the 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 Report* section of our report.

We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to audits of financial report in Cambodia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restriction on Distribution and Use

Our report is intended solely for the Organisation and for no other purposes and should not be distributed to or used by other parties. Our opinion is not modified in respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with CFRS for NFPEs, and for such internal control as management determines is necessary to enable the preparation of financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

REPORT OF INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF BUDDHISM FOR SOCIAL DEVELOPMENT ACTION (continued)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report 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 Organisation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charge with governance 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.

For **REACHS & PARTNERS Co., Ltd.**

E Bunthet
Partner

Phnom Penh, Kingdom of Cambodia
Date: 08 June 2026

BUDDHISM FOR SOCIAL DEVELOPMENT ACTION

STATEMENT OF FUND RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Operating receipts					
Donation received	4	573,840	2,301,672	674,620	2,746,378
Other operating receipts		8,994	36,075	31,383	127,760
Social Enterprises' receipts	5	215,849	865,770	206,548	840,857
Total operating receipts		**798,683**	**3,203,517**	**912,551**	**3,714,995**
Operating payments					
Administration payments	6	214,550	860,560	296,374	1,206,539
Project activities payments	7	220,311	883,667	340,104	1,384,563
Social Enterprises' payments	8	277,283	1,112,182	285,954	1,164,119
Total operating payments		**712,144**	**2,856,409**	**922,432**	**3,755,221**
Operating surplus/(deficit)		**86,539**	**347,108**	**(9,881)**	**(40,226)**
Capital payments					
Purchase of resources	9	48,417	194,201	18,768	76,405
Increase/(Decrease) in cash and bank balance		**38,122**	**152,907**	**(28,649)**	**(116,631)**
Cash and bank balance at the beginning of the year		215,971	869,283	244,620	999,273
Currency translation differences		-	(2,515)	-	(13,359)
Cash and bank balance at the end of the year		**254,093**	**1,019,675**	**215,971**	**869,283**
Represented by:					
Cash on hand	10	2,329	9,346	1,120	4,508
Cash at bank	11	251,764	1,010,329	214,851	864,775
Cash and bank balance		**254,093**	**1,019,675**	**215,971**	**869,283**

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

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

1.1 THE ORGANISATION

Buddhism for Social Development Action ("the Organisation") is registered in Cambodia as Non-Government Organisation (NGO) with the Ministry of Interior on 5 July 2005 under Registration No. 826 សជណ.

The Organisation was established on 5 January 2005 by seven monks foundered at Wat Nokor Bachey. It does not work for any political party or promote the religion of its members. The Organisation is a community-based organisation founded on the Buddhist principles of Metta to empower vulnerable people and to promote compassionate engagement in Social and Economic Development to contribute to the eradication of avoidable suffering.

Vision:

The Organisation envisions a society where people are empowered to live independently and have livelihood security.

Mission:

Organisation's mission is to empower and enhance the quality of life of vulnerable people, especially women, children and youth, through education, health and livelihood development initiatives, in partnership with others.

Core values:

Rooted in the Buddhist teachings of Metta practice, the Organisation adheres to and promotes the following values:

- Serving the poor: Improving the livelihoods of poor families.
- Unity: Building trust, honesty and respect for each other as a family.
- Democratic approach: Promoting collective voice from community members, stakeholders and all levels of staff and engaging them in decision-making processes.
- Collaboration: Working together and in partnership with others wherever possible to maximise our impact.
- Integrity and accountability: In the management and use of aid, being accountable and transparent to communities, donors and stakeholders.

Strategy:

- Develop cross-cutting programs that contribute to livelihood security, especially for women, young people and vulnerable groups.
- Grow social enterprise to address the needs of youth and potential migrants, and provide income to help the Organisation become more sustainable.
- Strengthen monitoring, evaluating and learning systems to demonstrate impact.
- Develop and implement a funding strategy to support sustainable impact.
- Strengthen organisational capacity to support program quality and learning.

The registered office of the Organisation is at Street 7, Nokor Bachey Village, Ompel Commune Kampong Cham District, Kampong Cham Province, Kingdom of Cambodia.

As at 31 December 2025, the Organisation had 47 employees (31 December 2024: 47 employees).

1. GENERAL INFORMATION (continued)

1.2 OPERATIONS OF SOCIAL ENTERPRISES

(i) Smile Restaurant

Smile Restaurant is a canteen operated under the direction of the Organisation to support the activities of the organisation. On 12 October 2024, the enterprise registered and obtained a patent for the operation of Canteen activities, Smile Restaurant, from the General Department of Taxation as part of business activities under Buddhism for Social Development Action. To comply with the requirement for tax declaration purposes, the accounting records for Smile Restaurant have been maintained separately from the not-for-profit activities of the Organisation's account. However, in preparation of the Organisation's financial report, transactions of the Smile Restaurant are included in their respective lines of receipts and payments.

(ii) Hanchey Bamboo Resort

Hanchey Bamboo is a resort operated under the direction of the Organisation to support the social enterprise. On 23 December 2024, the enterprise registered and obtained a patent for the operation of resort activities, Hanchey Bamboo Resort, from the General Department of Taxation as part of business activities under Buddhism for Social Development Action. To comply with the requirement for tax declaration purposes, the accounting records for Hanchey Bamboo Resort have been maintained separately from the not-for-profit activities of Organisation's account. However, in preparation of the Organisation's financial report, transactions of the Hanchey Bamboo Resort are included in their respective lines of receipts and payments.

2. BASIS OF PREPARATION

The financial report is prepared under the historical cost convention and in accordance with Cambodian Financial Reporting Standard for Not-For-Profit Entities ("CFRS For NFPEs"), which follow a pure cash basis of accounting.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Organisation transacts its operation essentially in United State Dollars ("US$), and maintain its accounting record primarily in US$, management has determined the US$ be Organisation's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Organisation.

Transactions in foreign currencies are translated to US$ at market exchange rates prevailing on the date of transactions. All exchange difference arising on the settlement of such transactions or on translation of cash and bank balance at year-end exchange rates are recognised in the statement of receipts and payments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Presentation in Khmer Riel (KHR)

The translation of US$ amounts into KHR is presented to comply with the presentation requirements pursuant to the Law on Accounting and Auditing. The statements of receipts and payments is translated in KHR the average exchange rate for the year. Monetary sources and commitments are translated at the closing exchange rate as at the year-end. Exchange differences arising from the translation are recognised in the statement of receipts and payments.

The Organisation has used the following official rates of exchange:

Reporting date	*Closing rate*	*Average rate*
31 December 2025	US$1 = KHR4,013	US$1 = KHR4,011
31 December 2024	US$1 = KHR4,025	US$1 = KHR4,071

These translations are for compliance purposes only and should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into US$ at this or any other rate of exchange.

Amount in the financial report has been rounded off to the nearest dollar and nearest thousand ("KHR'000") for the US$ and KHR amounts, respectively.

3.3 Receipts and payments

Receipts comprise all money received, gross of bank charges, during the year. Fund received by Organisation from donors, social enterprises' receipts and other income are recognised as operating receipts.

Payment comprises all money paid during the year with respect to Organisation's objectives and social enterprises operations. Payments related to Organisation's activities and social enterprises operations are recognised as operating payments while payments related to purchase of physical assets are recognised as capital payments. For control and management purposes, the Organisation maintains a register of physical assets.

3.4 Cash and bank balance

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

3.5 Employment benefits

(i) Provident fund

The Organisation has accrued for its provident fund for all staff. Provident fund is calculated at the rate of 5% of the employee's monthly salary. The fund will be paid out at the day of staff resignation together with their final salaries' payment.

(ii) Seniority indemnity payment

Staff who are employed under the Unspecified Duration Contract (UDC) shall receive a seniority indemnity payment equivalent to 15 days of her/his total earned each year. These payments are made to be made every six months, on 30 June and 31 December. Seniority indemnity payment is not applicable for staff members who are dismissed as a result of disciplinary or serious miss conduct. Seniority indemnity payment is recognised as expenses when the payment is made to the staff in June and December along with monthly salary payment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Employment benefits (continued)

(i) Pension fund

According to the Sub-Decree No. 32 dated 04 March 2021 and Prakas No. 170/22 MLVT dated 05 July 2022, the payment of pension fund is compulsory for all employers and employees. For the first five years, pension contribution is set at four percent (4%) of the employee's current monthly salary, of which two percent (2%) is the obligation of the employer, with employees obligated to pay the remainder. The minimum obligated wage is set at 400,000 riel and the highest obligated wage is 1.2 million riels. This pension contribution will increase to eight percent in the next 5 years.

Staff pension fund is recognised as an expense when the payment is made to the NSSF.

3.6 Taxation

Income tax

The Organisation is registered as a non-profit organisation with the Ministry of Interior and is exempt from income tax under Article 9 of the Law on Taxation in Cambodia in respect of its not-for-profit activities. However, the operations of its two social enterprises are subject to income tax as they are considered profit-generating activities.

Value Added Tax (VAT)

The Organisation is registered for VAT. For its not-for-profit activities, the amounts recorded in the financial report are inclusive of VAT, as input VAT paid is not refundable. However, VAT is accounted for separately on amounts paid and received under the operations of the two social enterprises, which are considered profit-generating activities.

Other tax expenses are recognised when paid. Any tax payable balances as at the reporting date are disclosed in the note under the schedule of available resources and commitments.

3.7 Elimination of inter-transactions

Inter-transactions between the Organisation and its social enterprise operations have been eliminated for the purpose of preparing the Organisation's financial report. Accordingly, the related amounts have been presented on a net basis in the financial report.

3.8 Related parties

Related parties are individuals or entities that has the ability, directly or indirectly, to control the Organisation or exercise significant influence over the Organisation in making financial and operating decision.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

4. DONATIONS RECEIVED

	2025		2024	
	US$	KHR'000	US$	KHR'000
EcoSolidar	338,600	1,358,125	303,603	1,235,968
EcoSolidar - Hanchey Bamboo Resort	110,000	441,210	100,027	407,210
WVI TRUST FUND	103,512	415,186	177,532	722,733
La Maison Des Enfants	13,773	55,244	38,399	156,322
ChildFund D-EYE Grants	7,955	31,907	-	-
AEA-EU-COSAVED	-	-	55,059	224,145
	573,840	2,301,672	674,620	2,746,378

5. SOCIAL ENTERPRISES' RECEIPTS

This represents the money received from the operations of the two social enterprises which are Smile Restaurant and Hanchey Bamboo Resort.

	2025		2024	
	US$	KHR'000	US$	KHR'000
Smile Restaurant	105,426	422,864	110,368	449,308
Hanchey Bamboo Resort	110,423	442,906	96,180	391,549
	215,849	865,770	206,548	840,857

6. ADMINISTRATION PAYMENTS

	2025		2024	
	US$	KHR'000	US$	KHR'000
Personnel costs	114,571	459,544	148,687	605,305
Administrative costs	98,395	394,663	143,767	585,275
Rental expenses	1,584	6,353	3,920	15,959
	214,550	860,560	296,374	1,206,539

7. PROJECT ACTIVITIES PAYMENTS

	2025		2024	
	US$	KHR'000	US$	KHR'000
Project implementation	219,591	880,780	312,912	1,273,864
Program costs (*)	720	2,887	27,192	110,699
	220,311	883,667	340,104	1,384,563

(*) This expense represents the money paid for the construction of buildings at Hanchey Bamboo Resort. The construction is funded by EcoSolidar.

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

8. SOCIAL ENTERPRISES' PAYMENTS

	2025		2024	
	US$	KHR'000	US$	KHR'000
Smile Restaurant:				
Administrative costs	47,242	189,488	48,867	198,938
Personnel costs	24,699	99,068	26,783	109,034
Rental expenses	12,000	48,132	11,900	48,445
Utilities expense	4,671	18,735	4,516	18,385
Other tax expense	-	-	3,241	13,194
Repair and maintenance	989	3,967	1,276	5,195
Marketing and related costs	1,664	6,674	531	2,162
Income tax expense	977	3,919	2,771	11,281
	92,242	369,983	99,885	406,634
Hanchey Bamboo Resort:				
Administrative costs	62,286	249,829	49,604	201,938
Personnel costs	87,716	351,829	97,146	395,481
Utilities expense	14,039	56,310	13,804	56,196
Other tax expense	38	152	4,524	18,417
Repair and maintenance	1,047	4,200	15,191	61,843
Marketing and related costs	14,841	59,527	2,229	9,074
Income tax expense	3,793	15,214	932	3,794
Other expense	1,281	5,138	2,639	10,742
	185,041	742,199	186,069	757,485
	277,283	1,112,182	285,954	1,164,119

9. PURCHASE OF RESOURCES

	2025		2024	
	US$	KHR'000	US$	KHR'000
Computer and IT equipment	14,017	56,223	10,765	43,825
Motors vehicles	34,400	137,978	-	-
Office equipment	-	-	8,003	32,580
	48,417	194,201	18,768	76,405

10. CASH ON HAND

	2025		2024	
	US$	KHR'000	US$	KHR'000
Buddhism for Social Development Action	620	2,488	527	2,121
Social enterprises:				
Smile Restaurant	857	3,439	284	1,143
Hanchey Bamboo Resort	852	3,419	309	1,244
	2,329	9,346	1,120	4,508

11. CASH AT BANK

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Buddhism for Social Development Action	216,175	867,510	183,341	737,948
Social enterprises:				
Smile Restaurant	29,594	118,761	21,335	85,954
Hanchey Bamboo Resort	5,995	24,058	10,155	40,873
	251,764	1,010,329	214,851	864,775

Cash at bank represents bank saving accounts maintained with local banks. The saving accounts earn interest at rates ranging from 0.50% to 2% per annum (2024: 0.50% to 2% per annum).

12. RELATED PARTY TRANSACTIONS

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Key management personnel				
Salaries and benefits	76,501	306,846	85,664	348,738
	76,501	306,846	85,664	348,738

13. SCHEDULE OF AVAILBLE RESOURCE AND COMMITMENTS

	Note	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Cash and bank balance	10,11	254,093	1,019,675	215,971	869,283
Less: Commitment	(i)	(1,584)	(1,584)	(3,949)	(15,895)
Other payables	(ii)	(43,430)	(174,284)	(39,098)	(157,369)
Available resources		209,079	843,807	172,924	696,019

(i) Commitment

The Organisation has commitment for its office rental as follows:

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Within one year	1,584	6,357	3,949	15,895
	1,584	6,357	3,949	15,895

(ii) Other payables

	2025 US$	2025 KHR'000	2024 US$	2024 KHR'000
Provident fund payable	41,342	165,905	37,915	152,608
Other tax payable	1,927	7,733	933	3,755
Other payables	161	646	250	1,006
	43,430	174,284	39,098	157,369

14. TAX CONTINGENCIES

Taxes are subject to examination and assessment by tax authorities of the General Department of Taxation (GDT). Due to varying interpretations of tax laws and regulations, certain transactions may be subject to challenge by the tax authorities, potentially resulting in additional tax liabilities, retrospective tax assessments, and penalties.

Management believes that it has appropriately recorded and paid taxes based on its interpretation of the applicable tax legislation. However, if particular treatment is challenged by the tax authorities, the Organisation may be subject to tax assessment, penalties, and interest. Tax years remain open for review by the GDT for three years, with a possible extension of up to ten years in cases of the suspected non-compliance.

15. EVENT AFTER THE REPORTING PERIOD

The Organisation has evaluated events after the end of the reporting period until the date of authorisation of the financial report. The Directors affirm that no significant events require adjustments or disclosures in the financial report.

16. AUTHORISATION OF FINANCIAL REPORT

The financial report of the year ended 31 December 2025 was approved for issue by the Board of Directors on 08 June 2026.