

Clear Cambodia

Report of management
and
Audited financial statements

as at 31 December 2020 and for the year then ended



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REPORT OF MANAGEMENT

The management of Clear Cambodia ("the Organisation") presents its report and the Organisation's audited financial statements as at 31 December 2020 and for the year then ended.

THE ORGANISATION

Clear Cambodia is a local Christian non-governmental organisation that received official registration from the Ministry of Interior of the Royal Government of Cambodia on 15 October 2010.

The Organisation implements the Water Filter Project ("the Project") which was initiated by Hagar, an international NGO, in October 1999. On 1 January 2010, the Board of Directors of Hagar handed over the financial and accounting management of the Project to Clear Cambodia. The mission of the Project is to help the rural Cambodian people in collaborating with community leaders and local authorities to sustainably improve their health through increased access to clean potable water, sanitation facilities, and to a healthy environment.

The Organisation's main source of funding is from Charity: Water ("the Grantor") which is an independent, grassroots organisation based in New York City, United States of America, working to bring clean and safe drinking water to people in developing countries. The Grantor is committed to ensuring that all of the money that it raised for water projects is used on water project and strives to be completely transparent in how its money is used and accounted for.

The Organisation often enters into grant agreements with Grantors for implementing the Project. The Project involves establishment of household BioSant filters, community BioSan filter, wells and latrines, water dams, community ponds, and other activities within the conditions of each agreement. The details of grant information are described in note 3 to the financial statement.

The Project has been implemented in fourteen provinces to date (Kampong Chhnang, Kompot, Battambang, Siem Reap, Kampong Thom, Kampong Cham, Kandal, Prey Veng, Svay Rieng, Preah Vihear, Kep, Tboung Khmum, Uddar Meachey and Kampong Speu) to install more than 289,706 Household BioSand filters, 1,158 School BioSand filters, 1,237 hand washing stations, 295 school latrines and 296 garbage kiln (incinerator) that served about 1,560,377 beneficiaries and 471,624 students in the selected rural areas.

The Organisation's registered office is at No. 86, Street 608, Sangkat Boeung Kak II, Khan Toul Kork, Phnom Penh, Cambodia.

The Organisation has 103 employees as at 31 December 2020 (2019: 94 employees).

RESULTS

The Organisation prepares an annual budget for its expenditures based on available fund in each year. The actual excess for the year is accumulated in fund balance.

Excess of income over expenses for the year ended 31 December 2020 was US\$209,671 (2019: Deficit of US\$2,536).

EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

REPORT OF MANAGEMENT (continued)

THE MANAGEMENT

Members of the management during the year and at the date of this report are:

Mr. Yim Viriya	Executive Director
Mr. Chan Monty	Fundraising Manager
Ms. Ko Sokmean	Operations Manager
Mr. Mao Savath	Program Manager
Mr. Ket Chanto	Admin and Human Resource Manager
Mrs. Vann Chhorvy Vanny	School WASH Project Manager
Mr. Ky Ka	Water Partnering Service Manager
Mr. Ly Sok Hun	Finance Manager
Mrs. Pann Mala	Monitoring and Evaluation Manager

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Organisation.

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

Management is responsible for the financial statements which are prepared, in all material respects, to present the financial position of the Organisation as at 31 December 2020, and its financial performance and cash flows for the year then ended 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;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Organisation will continue operations in the foreseeable future; and,
- set overall policies for the Organisation, ratify all decisions and actions that have a material effect on the operations and performance of the Organisation, and ensure they have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Organisation and to ensure that the accounting records comply with the applicable accounting system. It 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 the Organisation has complied with the above requirements in preparing the accompanying financial statements.

REPORT OF MANAGEMENT (continued)

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which are prepared, in all material respects, to present the financial position of the Organisation as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

On behalf of the Management:



Yim Viriya
Executive Director

Phnom Penh, Kingdom of Cambodia

28 May 2021

Reference: 61097399-22342818

INDEPENDENT AUDITORS' REPORT

To: The Management of Clear Cambodia

Opinion

We have audited the financial statements of Clear Cambodia ("the Organisation"), which comprise the balance sheet as at 31 December 2020, and the statement of income and expenses, statement of changes in fund balance and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with Note 2 to the financial statements.

In our opinion, the accompanying financial statements of the Organisation for the year ended 31 December 2020 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 Organisation in accordance with the Prakas on the Code of Ethics for Professional Accountants and Auditors issued by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction of Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to meet the Organisation's financial reporting requirements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Organisation and should not be used by parties other than the Organisation.

Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Organisation for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 3 April 2020.

Information Other than the Financial Statements and Auditor's Report Thereon

The other information obtained at the date of the auditor's report comprises the Report of the Management and APPENDIX: Schedule of fund balance. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Information Other than the Financial Statements and Auditor's Report Thereon (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

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

In preparing the financial statements, 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 liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Organisation's financial reporting process.

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 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 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 Organisation to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged 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.



Sinratana Lan
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

28 May 2021

Clear Cambodia

STATEMENT OF INCOME AND EXPENSES for the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$ (As reclassified - Note 28)
Income			
Grant income	3	3,230,979	2,511,892
Contributions by beneficiaries	4	127,968	129,471
Earned income	5	90,659	88,825
Donation from partners	6	50,450	119,021
Other income	7	286	28,807
		3,500,342	2,878,016
Expenses			
Personnel expenses	8	937,731	803,439
Household BioSand filters	9	680,290	667,556
Community BioSand filters	10	556,665	504,277
Well and latrine construction costs	11	405,360	376,248
Water Dam	12	195,933	56,238
Transportation costs	13	162,186	161,681
Office running costs	14	142,183	127,095
Non-expendable items	15	86,770	59,010
Community pond	16	69,872	3,813
General activities	17	44,228	104,585
Professional fees	18	6,800	12,700
Research and Development		2,653	3,910
		3,290,671	2,880,552
Excess (Deficit) of Income over Expenses		209,671	(2,536)

Clear Cambodia

BALANCE SHEET as at 31 December 2020

	Notes	2020 US\$	2019 US\$ (As reclassified - Note 28)
ASSETS			
Cash and cash equivalents	19	847,765	547,127
Term deposits	20	164,522	100,000
Inventories	21	113,751	130,548
Deposits	22	12,024	7,376
Prepayments		2,503	2,168
Other receivables	23	5,857	24,166
TOTAL ASSETS		1,146,422	811,385
LIABILITIES AND FUND BALANCE			
Liabilities			
Provident fund	24	98,718	71,766
Provision for life insurance	25	62,844	54,644
13th month salary payable		42,073	35,086
Withholding tax payable		2,168	1,832
Payables and accruals	26	140,611	57,720
		346,414	221,048
Fund balance			
Beginning fund balance		590,337	592,873
(Deficit) excess of income over expenses		209,671	(2,536)
		800,008	590,337
TOTAL LIABILITIES AND FUND BALANCE		1,146,422	811,385

Clear Cambodia

STATEMENT OF CHANGES IN FUND BALANCE for the year ended 31 December 2020

	<i>Accumulated surplus</i>	<i>Fund for short- term staffing needs</i>	<i>Major capital expenditure fund</i>	<i>National Emergency fund</i>	<i>Reserved fund</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
As at 1 January 2020	426,403	3,591	7,671	7,000	145,672	590,337
Excess of income over expenses	209,671	-	-	-	-	209,671
Use of reserve (<i>Note 15</i>)	11,400	-	(11,400)	-	-	-
Allocations	(45,017)	6,409	10,954	-	27,654	-
As at 31 December 2020	602,457	10,000	7,225	7,000	173,326	800,008
As at 1 January 2019	469,547	1,779	(3,346)	7,000	117,893	592,873
Deficit of income over expenses	(2,536)	-	-	-	-	(2,536)
Use of reserve	5,900	(5,900)	-	-	-	-
Allocations	(46,508)	7,712	11,017	-	27,779	-
As at 31 December 2019	426,403	3,591	7,671	7,000	145,672	590,337

Clear Cambodia

STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$ (As reclassified - Note 28)
Cash from operating activities			
Excess (deficit) of income over expenses		209,671	(2,536)
<i>(Increase) decrease in assets</i>			
Deposits		(4,648)	(1,220)
Term deposits		(64,522)	(100,000)
Inventories		16,797	(16,333)
Prepayments		(335)	908
Other receivables		18,309	11,929
<i>Increase (decrease) in liabilities</i>			
Provident fund		26,952	34,804
Provision for life insurance		8,200	3,179
13 th salary payable		6,987	(849)
Withholding taxes payable		336	139
Payables and accruals		82,891	11,443
Net increase (decrease) in cash from operating activities		300,638	(58,536)
Cash and cash equivalents at beginning of year		547,127	605,663
Cash and cash equivalents at end of year	19	847,765	547,127

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2020 and for the year then ended

1. THE ORGANISATION'S BACKGROUND

Clear Cambodia is a local Christian non-governmental organisation that received official registration from the Ministry of Interior of the Royal Government of Cambodia on 15 October 2010.

The Organisation implements the Water Filter Project ("the Project") which was initiated by Hagar, an international NGO, in October 1999. On 1 January 2010, the Board of Directors of Hagar handed over the financial and accounting management of the Project to Clear Cambodia. The mission of the Project is to help the rural Cambodian people in collaboration with community leaders and local authorities to sustainably improve their health through increased access to clean potable water, sanitation facilities, and to a healthy environment.

The Organisation's main source of funding is from Charity: Water ("the Grantor") which is an independent, grassroots organisation based in New York City, United States of America, working to bring clean and safe drinking water to people in developing countries. The Grantor is committed to ensuring that all of the money that it raised for water projects is used on water project and strives to be completely transparent in how its money is used and accounted for.

The Project has been implemented in fourteen provinces to date (Kampong Chhnang, Kompot, Battambang, Siem Reap, Kampong Thom, Kampong Cham, Kandal, Prey Veng, Svay Rieng, Preah Vihear, Kep, Tboung Khmum, Uddar Meachey and Kampong Speu) to install more than 289,706 Household BioSand filters, 1,158 School BioSand filters, 1,237 hand washing stations, 295 school latrines and 296 garbage kiln (incinerator) that served about 1,560,377 beneficiaries and 471,624 students in the selected rural areas.

The Organisation's registered office is at No. 86, Street 608, Sangkat Boeung Kak II, Khan Tuol Kork, Phnom Penh, Cambodia.

The Organisation has 103 employees as at 31 December 2020 (2019: 94 employees).

The financial statements were approved for issue by management on 28 May 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organisation, expressed in United States dollar ("US\$"), have been prepared based on the historical cost convention under the modified cash basis of accounting. Under this basis:

- ▶ Income is recognized when received rather than when earned, and
- ▶ Expenditure is recognized when paid rather than when incurred, except for:
 - ▶ deposits
 - ▶ term deposits
 - ▶ prepayments
 - ▶ other receivables
 - ▶ inventories
 - ▶ staff compensation-related accruals
 - ▶ withholding tax for services and tax on salary; and
 - ▶ payables and accruals

Those items are initially recognized as an asset or liabilities.

The accounting policies set out below have been consistently applied by the Organisation during the year.

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiscal year

The Organisation's fiscal year starts on 1 January and ends on 31 December.

Accounting currency

The Organisation maintains its accounting records in US\$. Monetary assets and liabilities in currencies other than US\$ are translated into US\$ at the rates of exchange ruling at the balance sheet date and transactions in currencies other than US\$ are translated into US\$ at the rates of exchange prevailing on the transaction date. Exchange differences are dealt within the statement of income, expenses and fund balance.

Recognition of revenue

The Organisation classifies its income into five categories: grant income, donations, contributions by beneficiaries, earned income and other income. Income is recognised when cash is actually received.

Grant income

This represents fund received from the Grantor according to the grant agreement entered between the Organisation and the Grantor.

Donations

Donations are funds received from visitors or individuals interested in supporting general and specific activities of the Organisation.

Contributions by beneficiaries

This represents contributions by beneficiaries for the construction cost of BioSand filters, latrines, wells and hand washing tools. Amounts to be contributed by beneficiaries are defined in the agreement with the Grantor, as follows:

- 20,000 Cambodian Riel or US\$5 per BioSand filter
- 120,000 Cambodian Riel or US\$30 per latrine
- 160,000 Cambodian Riel or US\$40 per well

Portion of contributions by beneficiaries for the construction of BioSand filter in the previous year is allocated to Reserved fund, Disaster relief fund/National emergency fund, Major capital expenditure fund and Social venture fund accounts in the following year based on specific percentages approved by the Grantor.

Earned income

This represents income generated from sale of Media Sand and Gravel and School WASH products (Community BioSand filters, latrines), management fees, and income generated from other activities.

Other income

Other income includes bank interest, gains from foreign exchange and disposal of assets.

Recognition of expenditure

Expenditure is recognised in the statement of income, expenses and fund balance when cash is paid rather than when incurred, except for the following:

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of expenditure (continued)

- Inventories;
- Staff benefits which include 13th month salary, seniority indemnity, and provident fund;
- Contracted supplies which include rental, BioSand filter construction materials, and fuel;
- Taxes which include tax on salary and withholding tax on office rental.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Receivables

Deposits

Deposits represent amounts deposited or advanced to contractors for services to be rendered in the future, such as rental and electricity.

Prepayments

Prepayments represent amounts prepaid to contractors, but services and goods are not yet received.

Employee benefits

Provident fund

Provident fund comprises accumulated fund and interest set aside in a separate bank account in form of time deposit, for the staff in the event of job termination or retirement (*Note 20*). The fund is accrued monthly at 6% of employees' salary for employees less than 3 years of service, 7% for 3 - 7 years, 8% for 7 - 11 years, 9% for 11-15 years and 10% for 15 - 20 years. The fund is also used to provide advances up to 50% of the balance to support the needs of employees such as death of a family member, medical expenses or natural disaster.

Seniority payments

With regard to the seniority payment described in the Prakas No. 443 issued by the Ministry of Labour and Vocational Training, the Organisation did not determine the amount to be paid to its employees for the services completed in 2019 and the years before 2019. Management has communicated to the employees about the challenge that would not allow the Organisation to fulfil this obligation for the seniority payment in 2019 and years before 2019. Management believes that there would be no material difference between the seniority back payment and the existing employee benefit, being the provident fund.

The Organisation has paid seniority payment starting from 2020 under personnel expense (*Note 8*).

Provision for life insurance

This is a private life insurance fund established by the Organisation internally in the event of staff member's death with a sum assured amounting to US\$5,000 to be paid by the Organisation. The Organisation contributes US\$70 annually for each staff member into the fund which is separately maintained in a separate bank account in form of time deposit (*Note 20*).

Payables and accruals

Payables and accruals are recognized for amounts to be paid in the future for goods and services received from contracted suppliers.

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

The cost of fixed assets is expensed in the statement of income, expenses and fund balance in the year of purchase. The Organisation maintains a fixed asset register for control and monitoring purposes, which includes land, vehicles, furniture and fittings, computers and office equipment.

Inventories

Inventories represent sawyer filters, stainless steel filters and NUF filters. Inventories are stated at cost. Cost is determined on a first-in, first-out basis.

Funding management

The Organisation categorizes its funds into three major types, which are Restricted fund, General fund and Reserved fund.

Restricted fund

Restricted fund is fund received from the Grantor based on grant agreement and general donations to support specific projects or activities of the Organisation.

General fund

General fund is established using income generated from contributions by beneficiaries for latrines and wells, project management fees, surplus from income generating activities, general donations, and other income. At discretion of management, the Organisation established other funds through allocation from the General fund as follows:

- National emergency fund/ Disaster relief fund shall be used when there are requests from the Government of Cambodia for national emergency support
- Major capital expenditure fund shall be used to acquire necessary major assets which are not funded or partly funded by the Grantor.
- Social venture fund shall be used for income generating activities to raise more funds or income for sustainability of the Organisation.
- Fund for short-term staffing needs is established by the Organisation at discretion of management for staff's future trainings/activities.

Reserved fund

The reserved fund is established through allocation from the General fund for emergency needs such as fund shortages or curtailment of fund by the Grantor for the Organisation to continue its operations. Reserve fund shall be kept at a maximum amount of US\$250,000 for 2-month staff costs and program operations.

Events after the end of the reporting period

Post year-end events that provide additional information about the Organisation's position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. GRANT INCOME

Grant income represents fund received from the following:

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Charity: Water	2,246,085	1,958,170
Neverthirst INC	182,638	151,952
Other donors	802,256	401,770
	<u>3,230,979</u>	<u>2,511,892</u>

4. CONTRIBUTIONS BY BENEFICIARIES

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
		<i>(As reclassified - Note 28)</i>
<i>Restricted fund</i>		
Contribution from BioSand filters	114,701	113,588
Contribution from household latrines	-	788
	<u>114,701</u>	<u>114,376</u>
<i>Non-restricted fund</i>		
Contribution from plastic tap	4,096	7,786
Contribution from BioSand filters	9,171	7,309
	<u>13,267</u>	<u>15,095</u>
	<u>127,968</u>	<u>129,471</u>

Portion of beneficiary contributions from BioSand filters was allocated to reserved fund, reserve for staff short-term needs and major capital expenditure fund amounting to US\$27,654, US\$10,954, and US\$6,409, respectively.

5. EARNED INCOME

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Sales of water filters	10,229	13,938
Sales of media sand and gravel	80,430	74,887
	<u>90,659</u>	<u>88,825</u>

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

6. DONATION FROM PARTNERS

	<i>2020</i>	<i>2019</i>
	<i>US\$</i>	<i>US\$</i>
WERNER HELBIG	10,820	9,880
NPO Aozora	10,335	-
Save the Children	8,980	-
Good Hands	6,100	-
Sustainable School International	5,090	-
Mass/ Cambodia	3,160	-
10 Days Mission	3,150	6,270
Transform asia	2,815	-
Sustainable Cambodia	-	25,046
PNKS	-	36,710
Embassy of Republic of Poland	-	10,650
Chip Mong Insee Cement Corporation	-	8,140
Child Care Plus	-	7,980
Community Generation	-	4,522
Stichting Waterworks	-	3,383
MASSACHUSETTS	-	3,160
HD&S Group Co.,Ltd	-	2,690
The Rotary Club of Calgary	-	590
	50,450	119,021

7. OTHER INCOME

Other income includes bank interest, gains from foreign exchange and gain on disposal of fixed assets.

8. PERSONNEL EXPENSES

	<i>2020</i>	<i>2019</i>
	<i>US\$</i>	<i>US\$</i>
Salaries	777,176	696,802
Staff benefits/award	63,513	49,192
Insurance	44,714	40,453
Workshop and staff training	7,364	16,992
Seniority payments	44,964	-
	937,731	803,439

Clear Cambodia

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

9. HOUSEHOLD BIOSAND FILTERS

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Training activities	181,307	164,120
Media sand and gravel	112,285	99,001
Construction cement	92,271	96,299
Diffuser plate	70,100	77,921
Water storage container	49,920	47,929
Lid	35,169	32,976
Fabrication and small tools	29,342	28,200
Pipe components	26,769	28,129
Construction gravel	20,048	23,732
Construction sand	18,446	18,439
Monitoring system	17,233	12,691
Printed materials	15,647	17,153
Water sampling test kits	6,817	1,742
Lubricant	3,273	2,987
Audio and visual equipment	1,663	989
Map evaluation	-	15,248
	<u>680,290</u>	<u>667,556</u>

Costs of monitoring system included in Note 9, 10,11, and 17 totalling US\$21,010 comprise of:

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Mobile phones and related devices and mobile services	12,107	7,100
Subscription and annual licence fee for iForm	8,903	8,480
	<u>21,010</u>	<u>15,580</u>

10. COMMUNITY BIOSAND FILTERS

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Concrete support frame	137,615	116,332
Hand washing station	114,377	95,522
Water tanks	105,775	102,103
Training activities	115,383	105,491
Media sand and gravel	39,124	34,670
Fabrication and small tools	24,874	24,132
Water sampling test kits	6,490	9,454
Pipe components	9,136	7,999
Printed materials	1,065	4,546
Monitoring system (Note 9)	2,826	1,995
Map evaluation	-	2,033
	<u>556,665</u>	<u>504,277</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

11. WELL AND LATRINE CONSTRUCTION COSTS

	<i>2020</i>	<i>2019</i>
	<i>US\$</i>	<i>US\$</i>
School latrines	340,627	329,885
Garbage kiln	58,196	41,796
Training activities	3,778	-
Plastic filter	1,200	-
Monitoring system (Note 9)	577	373
Water sampling test kits	470	-
Printed materials	285	-
Media sand and gravel	132	-
Fabrication and small tools	95	-
Household latrines	-	3,350
Map evaluation	-	844
	405,360	376,248

12. WATER DAM

	<i>2020</i>	<i>2019</i>
	<i>US\$</i>	<i>US\$</i>
Water dam	192,022	55,288
Training activities	3,911	950
	195,933	56,238

13. TRANSPORTATION COSTS

	<i>2020</i>	<i>2019</i>
	<i>US\$</i>	<i>US\$</i>
Fuel and maintenance	106,829	102,959
Meal and lodging	46,621	48,420
Project site travel	5,544	7,140
Vehicle insurance	3,192	3,162
	162,186	161,681

14. OFFICE RUNNING COSTS

	<i>2020</i>	<i>2019</i>
	<i>US\$</i>	<i>US\$</i>
Occupancy	60,641	57,253
Logistic operations	21,149	23,791
Communication	17,801	16,969
Computer maintenance	14,144	5,345
Utilities	13,125	12,041
Stationeries	7,310	5,796
Bank charges	6,097	5,900
Printed materials	1,916	-
	142,183	127,095

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

15. NON-EXPENDABLE ITEMS

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Vehicles	65,411	49,980
Stainless Steel filters	11,340	252
Sawyer filters	2,159	361
NUF filters	3,297	-
Computers and printers	2,679	5,840
Office equipment	1,884	2,577
	<u>86,770</u>	<u>59,010</u>

Included in vehicles, the Organisation purchased a van amounting to US\$48,500 in which US\$11,400 was funded by major capital expenditure fund.

16. COMMUNITY POND

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Community pond	68,576	3,385
Training activities	675	428
Media sand and gravel	621	-
	<u>69,872</u>	<u>3,813</u>

17. GENERAL ACTIVITIES

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Water storage container	15,656	13,784
Media sand and gravel	8,481	40,702
Concrete support frame	5,763	11,857
Fabrication and small tools	5,204	6,422
Hand washing station	4,294	7,080
Training activities	2,812	6,688
Pipe components	940	893
Household latrines	514	603
Monitoring system (Note 9)	374	521
Printed materials	190	192
Arsenic sampling test	-	14,210
Garbage Kiln	-	555
Water sampling test kits	-	448
Assessment for School WASH program	-	516
Lid	-	29
Diffuser plate	-	85
	<u>44,228</u>	<u>104,585</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

18. PROFESSIONAL FEES

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Internal and external audit fees	6,800	6,800
Technical consultancy	-	5,900
	<u>6,800</u>	<u>12,700</u>

19. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
		(As reclassified - Note 28)
Cash in banks:		
Current accounts	623,683	336,066
Savings deposits	224,082	211,061
	<u>847,765</u>	<u>547,127</u>

20. TERM DEPOSITS

These represent term deposit placed solely at Prasac Microfinance Institution with the original maturity 12 months and earinging interest at rates 8% per annum (2019: 8% per annum).

21. INVENTORIES

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Stainless steel filters	72,260	83,600
NUF filters	35,866	39,163
Sawyer filters	5,625	7,785
	<u>113,751</u>	<u>130,548</u>

22. DEPOSITS

This account represents deposits for office rental and electricity supply.

23. OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	<u>US\$</u>	<u>US\$</u>
Cash advance for project implementation	4,950	23,169
Cash advance for office use	907	997
	<u>5,857</u>	<u>24,166</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

24. PROVIDENT FUND

Movements of provident fund are as follows:

	2020	2019
	US\$	US\$
As at 1 January	71,766	36,962
Additional contribution	56,082	44,621
Interest	7,125	60
Payments	(36,255)	(9,877)
As at 31 December	98,718	71,766

The fund is maintained and invested on term deposits (*Note 20*).

25. PROVISION FOR LIFE INSURANCE

Movements of provision for life insurance are as follows:

	2020	2019
	US\$	US\$
As at 1 January	54,644	51,465
Contributions	8,190	8,121
Interest	10	67
Payments	-	(5,009)
As at 31 December	62,844	54,644

The fund is maintained and invested on term deposits (*Note 20*).

26. PAYABLES AND ACCRUALS

	2020	2019
	US\$	US\$
Accrued expenses	97,692	44,026
Amounts withheld as warranty for construction	42,919	13,694
	140,611	57,720

Accrued expenses represent amounts owed to contractors, suppliers of construction materials, printing houses and others for services and goods received.

27. TAX CONTINGENCY

According to Article 6 of Prakas 464 MEF. Prk dated 12 April 2018, income is exempted from tax for any organisations which are organised and operated exclusively for religious, charitable, scientific, literacy, or education purposes and of which the property or income are not used for any private interest.

The exemption includes legal funds or donations from individuals and other donors, resources or assets of the Organisation, contributions from members, and other sources of income. For other income generated from separate principal objectives, the Organisation is obliged:

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

27. TAX CONTINGENCY (continued)

- ▶ to register at the tax administration as a taxpayer in compliance with Prakas No. 025 MEF. Prk dated 21 January 2018 which is subsequently replaced by Prakas No. 009 MEF. Prk dated 12 January 2021;
- ▶ to pay patent tax in accordance with Prakas No. 198 MEF. Prk dated 26 February 2018 which was subsequently replaced by Prakas No. 193 MEF. Prk dated 26 March 2021.

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Organisation could be significant.

28. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain accounts in the balance sheet and statement of income and expenses for the year ended 31 December 2019 have been reclassified to conform to the current year's presentation as summarized below:

	<i>As previously presented US\$</i>	<i>Reclassification US\$</i>	<i>As reclassified US\$</i>
<i>Balance Sheet</i>			
Cash and cash equivalents	647,127	(100,000)	547,127
Term deposits	-	100,000	100,000
<i>Statement of income and expenses</i>			
Contributions by beneficiaries	128,486	985	129,471
Other income	29,792	(985)	28,807

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APPENDIX: Schedule of fund balance (Unaudited)

	<i>Charity: water</i>	<i>Neverthirst Inc</i>	<i>Other Donors</i>	<i>General fund</i>	<i>Beneficiary contributions</i>	<i>Fund for short-term staffing needs</i>	<i>Major capital expenditure fund</i>	<i>National Emergency fund</i>	<i>Reserved fund</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
As at 1 January 2020	7,174	12,844	(16,876)	378,289	44,972	3,591	7,671	7,000	145,672	590,337
Fund receipts	2,246,085	182,638	802,256	154,662	114,701	-	-	-	-	3,500,342
Fund used during the year	(2,196,198)	(187,857)	(695,453)	(136,773)	(74,390)	-	-	-	-	(3,290,671)
Use of reserve	-	-	-	11,400	-	-	(11,400)	-	-	-
Allocations	-	-	-	-	(45,017)	6,409	10,954	-	27,654	-
As at 31 December 2020	57,061	7,625	89,927	407,578	40,266	10,000	7,225	7,000	173,326	800,008
As at 1 January 2019	39,459	11,432	42,796	340,583	35,277	1,779	(3,346)	7,000	117,893	592,873
Fund receipts	1,958,170	151,952	401,770	252,536	113,588	-	-	-	-	2,878,016
Fund used during the year	(1,990,455)	(150,540)	(461,442)	(220,730)	(57,385)	-	-	-	-	(2,880,552)
Use of reserve	-	-	-	5,900	-	(5,900)	-	-	-	-
Allocations	-	-	-	-	(46,508)	7,712	11,017	-	27,779	-
As at 31 December 2019	7,174	12,844	(16,876)	378,289	44,972	3,591	7,671	7,000	145,672	590,337