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**RATANAK INTERNATIONAL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2025**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of RATANAK INTERNATIONAL

### Qualified Opinion

We have audited the financial statements of RATANAK INTERNATIONAL (the "Organization"), which comprise the statement of financial position as at May 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended May 31, 2025 and 2024, total assets as at May 31, 2025 and 2024, and net assets at the beginning and end of May 31, 2025 and 2024. Our audit opinion on the financial statements for the year ended May 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, 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 qualified audit opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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## INDEPENDENT AUDITORS' REPORT

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

### **Auditors' 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 auditors' 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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 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 identified, fraud or suspected fraud, and other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance that we identify during our audit.



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## INDEPENDENT AUDITORS' REPORT

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*Manning Elliott LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
October 8, 2025

**RATANAK INTERNATIONAL**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MAY 31, 2025**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 2,371,802	\$ 2,327,001
Investments (Note 3)	480,993	1,329,363
Accounts receivable	15,896	17,454
Unspent agency program funding (Note 4)	-	196,566
Prepaid expenses	8,366	14,088
	<b>2,877,057</b>	3,884,472
OTHER ASSET (Note 5)	48,281	45,019
TANGIBLE CAPITAL ASSETS (Note 6)	362,714	418,028
INTANGIBLE ASSETS (Note 1(e))	10,872	10,872
	<b>\$ 3,298,924</b>	<b>\$ 4,358,391</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 126,845	\$ 215,573

**NET ASSETS**

GENERAL	826,237	1,794,503
INVESTED IN TANGIBLE CAPITAL ASSETS	362,714	418,028
EXTERNALLY RESTRICTED DESIGNATED FUNDS (Note 8(a))	10,172	16,355
INTERNALLY RESTRICTED (Note 8(b))	1,972,956	1,913,932
	<b>3,172,079</b>	4,142,818
	<b>\$ 3,298,924</b>	<b>\$ 4,358,391</b>

COMMITMENTS (Note 10)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**RATANAK INTERNATIONAL**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MAY 31, 2025**

	General Funds	Designated Funds	Total 2025	Total 2024
<b>REVENUE</b>				
Donations	\$ 2,474,421	\$ 358,130	\$ 2,832,551	\$ 3,088,990
Investment and other income <i>(Note 3)</i>	100,374	-	100,374	93,196
	2,574,795	358,130	2,932,925	3,182,186
<b>EXPENSES</b>				
Charitable activities <i>(Note 11)</i>	377,306	2,587,410	2,964,716	2,356,338
Management and administration <i>(Note 11)</i>	358,329	-	358,329	356,939
Fundraising <i>(Note 11)</i>	580,619	-	580,619	577,311
Investment and other expenses <i>(Note 3)</i>	-	-	-	16,583
	1,316,254	2,587,410	3,903,664	3,307,171
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ 1,258,541	\$ (2,229,280)	\$ (970,739)	\$ (124,985)

**RATANAK INTERNATIONAL**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2025**

	General	Invested in tangible capital assets	Externally restricted	Internally restricted	<b>Total 2025</b>
Net assets, beginning of year	\$ 1,794,503	\$ 418,028	\$ 16,355	\$ 1,913,932	\$ <b>4,142,818</b>
Excess (deficiency) of revenue over expenses	1,349,010	(90,469)	(2,229,280)	-	<b>(970,739)</b>
Interfund transfers (Note 9)	(2,317,276)	35,155	2,223,097	59,024	-
<b>Net assets, end of year</b>	<b>\$ 826,237</b>	<b>\$ 362,714</b>	<b>\$ 10,172</b>	<b>\$ 1,972,956</b>	<b>\$ 3,172,079</b>

  

	General	Invested in tangible capital assets	Externally restricted	Internally restricted	Total 2024
Net assets, beginning of year	\$ 2,109,402	\$ 257,379	\$ 38,925	\$ 1,862,097	\$ 4,267,803
Excess (deficiency) of revenue over expenses	1,208,669	(82,274)	(1,251,380)	-	(124,985)
Interfund transfers (Note 9)	(1,523,568)	242,923	1,228,810	51,835	-
<b>Net assets, end of year</b>	<b>\$ 1,794,503</b>	<b>\$ 418,028</b>	<b>\$ 16,355</b>	<b>\$ 1,913,932</b>	<b>\$ 4,142,818</b>

**RATANAK INTERNATIONAL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	\$ (970,739)	\$ (124,985)
Items not affecting cash:		
Accretion of charitable trust	(3,262)	(1,548)
Amortization of tangible capital assets	90,469	82,274
Change in fair value of investments	(14,119)	(21,083)
	<b>(897,651)</b>	<b>(65,342)</b>
Changes in non-cash working capital:		
Accounts receivable	1,558	7,561
Agency program funding spent (unspent)	196,566	(160,481)
Prepaid expenses	5,723	(2,875)
Accounts payable and accrued liabilities	(88,728)	68,460
	<b>115,119</b>	<b>(87,335)</b>
	<b>(782,532)</b>	<b>(152,677)</b>
<b>INVESTING ACTIVITIES</b>		
Sale of investments, net of purchases	862,488	471,806
Purchase of tangible capital assets	(35,155)	(242,923)
	<b>827,333</b>	<b>228,883</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		
<b>DURING THE YEAR</b>	<b>44,801</b>	<b>76,206</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,327,001</b>	<b>2,250,795</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,371,802</b>	<b>\$ 2,327,001</b>

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**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

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**PURPOSE OF THE ORGANIZATION**

Ratanak International (“Ratanak”) is a Christian charity that works collaboratively to be a catalyst for transformation in Cambodia through a focus on empowering exploited people and addressing the systems that exploit them. Inspired by Christian values, Ratanak’s vision is to see a Cambodia where every individual can live in dignity, achieve their full potential and experience the love and hope of Christ.

Ratanak accomplishes its mission through self-directed projects and agency agreements with other charitable organizations in Cambodia, managed by its field office in Phnom Penh. Ratanak’s project portfolio focuses on four key areas: equipping Cambodians to prevent exploitation, working collaboratively to protect the vulnerable, helping the trafficked return home, and persevering in love to restore survivors. These financial statements include Ratanak’s Canadian operations and Cambodian field operations.

On June 1, 1996, Ratanak was federally incorporated under the Canada Corporations Act as Ratanak Foundation. On April 24, 2014, Ratanak Foundation continued under the Canada Not-For Profit Corporations Act and legally changed its name to Ratanak International.

As a registered charitable organization with the Canada Revenue Agency, Ratanak is exempt from income taxes under the Income Tax Act (Canada) and can issue donation tax receipts for income tax purposes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) under Part III of the CPA Canada Handbook – Accounting. These financial statements have, in management’s opinion been prepared within reasonable limits of materiality using the following significant accounting policies:

**(a) Fund accounting**

In order to ensure observation of limitations placed on the use of available resources, Ratanak’s accounts are maintained in accordance with the principles of fund accounting.

The general fund consists of funds available for general purposes and reflects the transactions associated with Ratanak’s operating activities. This fund reports unrestricted resources.

The invested in tangible capital assets fund consists of assets, liabilities, revenue, and expenses related to Ratanak’s capital assets.

The designated funds report externally restricted resources that are used to carry out specific programs and activities of Ratanak.

The internally restricted fund includes amounts restricted by the Board of Directors for the purpose of future project development and innovation and for keeping an operating reserve fund.

**(b) Revenue recognition**

Ratanak follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue of the restricted fund to which they relate to, if a restricted fund is established, when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions for which no restricted fund is established are deferred in the general fund and recognized as revenue in the year in which the related expenses are incurred.

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**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

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1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Revenue recognition *(continued)*

Donations received by way of charitable remainder trusts that vest irrevocably with Ratanak are recorded as revenue at the estimated fair market value upon establishment of the trust. The difference between the fair market value and the capital value is amortized to revenue based on the assumptions made at the original valuation.

Unless otherwise restricted, investment income is recorded on the accrual basis to the general fund.

Contributions receivable are recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and high interest savings accounts considered to be highly liquid that may be disposed of for a known amount.

(d) Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Tangible capital assets are amortized using the straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 to 10 years
Motor vehicles	7 years
Leasehold improvements	Lesser of lease term and useful life of the asset

Assets under development are not amortized until they are completed and available for use.

When a tangible capital asset no longer contributes to Ratanak's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying value, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the statement of operations and are not reversed.

(e) Intangible assets

Intangible assets relate to trademarks. Trademarks acquired are initially recognized at cost and are subsequently carried at cost less accumulated impairment losses. Trademarks are not amortized. When conditions indicate that an intangible asset is impaired, the net carrying amount of the intangible asset shall be written down to the asset's fair value or replacement cost. A write-down shall not be reversed.

(f) Charitable program expenditures

Charitable program expenditures carried out directly or through agents under agency agreements are recorded as expenses in the statement of operations when the expenditures have been incurred towards the specific programs and activities. Any cash disbursements provided to the agents not yet spent on program expenditures are recorded as unspent agency program funding in the statement of financial position.

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**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

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1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) Financial instruments

*Initial measurement*

Ratanak's financial instruments consist of cash and cash equivalents, investments, accounts receivable, and accounts payable. Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Ratanak carries its investments at fair value, other than its guaranteed investment certificates which are held at amortized cost.

*Subsequent measurement*

Financial assets carried at cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Ratanak determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Ratanak expects to realize by exercising its right to any collateral.

*Transaction costs*

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

*Impairment*

For financial assets measured at cost or amortized cost, Ratanak determines whether there are indications of possible impairment. When there are, and Ratanak determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

(h) Donated materials and services

Donated materials are recorded in the financial statements as gifts-in-kind at fair value when fair value can be reasonably estimated and the materials are used in the normal course of operations and would otherwise have been purchased.

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

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**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

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1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Translation of foreign currencies

The financial statements are presented in Canadian dollars, the principal currency of Ratanak's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the year-end date. Gains and losses on translation or settlement are included in the determination of excess of revenue over expenses for the current period.

(j) Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results may differ from these estimates. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of useful lives of tangible capital assets for calculating amortization, and amounts recorded as accrued liabilities.

(k) Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of the property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value at the beginning of such lease. Capital assets recorded under leases as leasehold improvements are amortized as described in Note 1(d).

2. FINANCIAL INSTRUMENTS RISKS

Ratanak's financial instruments are described in Note 1(g). In management's opinion, Ratanak is not exposed to significant credit, liquidity, market, currency, interest rate, or other price risks arising from these financial instruments, except as described below. In addition, Ratanak is not exposed to any concentration risks and there has been no significant change in risk exposures.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligation resulting in a financial loss. Ratanak is exposed to credit risk with respect to its cash deposits, accounts receivable, and investments. Ratanak reduces its exposure to credit risk by maintaining its cash deposits and investments with reputable financial institutions in Canada and Cambodia. Management also believes the risk of loss due to bad debts are minimal. Ratanak therefore does not maintain any provisions for doubtful accounts as it is not deemed necessary.

Liquidity risk

Liquidity risk is the risk that Ratanak will be unable to fulfil its obligations on a timely basis or at a reasonable cost. Ratanak manages its liquidity risk by monitoring its operating requirements. Ratanak prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations.

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**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

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2. FINANCIAL INSTRUMENTS RISKS *(continued)*

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Ratanak is exposed to market risk as a result of market price and interest rate fluctuations, resulting in volatility of these prices. Ratanak is exposed to market price risk with respect to its investments. Ratanak reduces this exposure by investing a large portion of its portfolio in fixed income funds and bonds, not subject to volatility in market rates. Investments in mutual funds are closely monitored and fluctuations in market prices are reported as unrealized gains and losses in the statement of operations (Note 3).

Currency risk

Currency risk is the risk to Ratanak's operating cash flows that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. Ratanak is exposed to currency risk as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, Ratanak receives contributions and incurs expenses denominated in foreign currencies, primarily the United States dollar. As at May 31, 2025, Ratanak holds US\$465,691 (2024 - US\$615,017) in cash balances, US\$156,422 (2024 - US\$144,407) in investments, and US\$58,473 (2024 - US\$58,881) of accounts payable. Ratanak mitigates its exposure to currency risk by carefully monitoring foreign exchange rate movement. Ratanak did not use derivative instruments to reduce its exposure to currency risk.

Interest rate risk

Interest rate risk refers to the financial risk that results from interest rate fluctuations and the volatility of these rates. Fixed rate instruments are subject to fair value risk and floating rate instruments are subject to cash flow risk. Ratanak is primarily exposed to fair value risks with respect to its cash deposits and guaranteed investment certificates held with reputable financial institutions in Canada and Cambodia. Management believes there is risk exposure due to the current interest rate environment. Ratanak mitigates this risk by monitoring fluctuations in interest rates and monitoring cash balances and ensuring it has sufficient balances to cover any changes in future cash outflows due to a change in interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Ratanak is not exposed to other price risk.

**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

3. INVESTMENTS AND INVESTMENT INCOME

	2025	Cost	Carrying value
United States fixed income fund, at fair value		\$ 136,916	\$ 130,685
Canadian securities, at fair value		4,992	5,788
United States mutual funds, at fair value		64,278	84,520
Guaranteed investment certificates, at amortized cost (a)		260,000	260,000
		<b>\$ 466,186</b>	<b>\$ 480,993</b>

(a) As at May 31, 2025, the guaranteed investment certificates have maturity dates on August 11, 2025 and August 22, 2025, and interest rate yields of 5.40% and 5.42%.

	2024	Cost	Carrying value
United States fixed income fund, at fair value		\$ 126,997	\$ 120,429
Canadian securities, at fair value		2,822	2,815
United States mutual funds, at fair value		63,712	76,499
Guaranteed investment certificates, at amortized cost (b)		1,129,620	1,129,620
		<b>\$ 1,323,151</b>	<b>\$ 1,329,363</b>

(b) As at May 31, 2024, the guaranteed investment certificates have maturity dates from June 10, 2024 to August 25, 2025, and interest rate yields ranging from 4.00% to 5.42%.

Investment and other income and expenses:

	2025	2024
<u>Income</u>		
Change in fair value of investments	\$ 14,119	\$ 21,083
Interest income	72,267	67,597
Gain on sale of tangible capital assets	-	4,516
Foreign exchange gain	13,988	-
	<b>\$ 100,374</b>	<b>\$ 93,196</b>
<u>Expenses</u>		
Foreign exchange loss	\$ -	\$ (16,583)

4. UNSPENT AGENCY PROGRAM FUNDING

During the year ended May 31, 2025, Ratanak disbursed \$457,983 (2024 - \$467,131) to its agents in Cambodia to carry out charitable program activities under agency agreements; \$Nil (2024 - \$196,566) of this disbursement was unspent by the agents as at May 31, 2025. Under its agency agreements with the various charitable organizations in Cambodia, Ratanak is entitled to all unspent funds and the balance is recorded as a current asset in the statement of financial position.

**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

5. OTHER ASSET

Ratanak is named the residual beneficiary in an irrevocable charitable remainder trust. Ratanak expects to receive \$50,000 upon the death of the income beneficiary. At the time the donation was made, the asset was recorded at its present value of \$30,640 based on a discount rate of 3.56%. The carrying amount is being accreted to its face value of \$50,000. During the year ended May 31, 2025, accretion of \$3,262 (2024 - \$1,548) was recorded, resulting in a current present value of \$48,281 (2024 - \$45,019).

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Assets located in Canada:				
Furniture and equipment	\$ 45,165	\$ 34,328	\$ 10,837	\$ 9,198
Leasehold improvements	62,768	62,509	259	410
	107,933	96,837	11,096	9,608
Assets located in Cambodia:				
Furniture and equipment	344,303	238,730	105,573	126,693
Leasehold improvements	98,153	3,266	94,887	89,770
Motor vehicles	333,150	181,992	151,158	191,957
	775,606	423,988	351,618	408,420
	\$ 883,539	\$ 520,825	\$ 362,714	\$ 418,028

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$20,744 (2024 - \$22,788).

8. NET ASSETS

(a) Externally restricted - designated funds:

	2025	2024
Services for the Vulnerable & Exploited (i)	\$ -	\$ -
Ratanak Centre Building (ii)	10,172	16,355
	\$ 10,172	\$ 16,355

(i) The Services for the Vulnerable & Exploited designated fund comprises of funds restricted for use in programs that support individuals who are at risk of exploitation or are being exploited in Cambodia.

(ii) The Ratanak Centre Building designated fund comprises of funds restricted for the construction of the Ratanak Centre and future building improvements and maintenance.

**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

8. NET ASSETS *(continued)*

(b) Internally restricted:

	2025	2024
Future Project Development and Innovation (a)	\$ 1,000,000	\$ 1,000,000
Operating Reserve (b)	972,956	913,932
	<b>\$ 1,972,956</b>	<b>\$ 1,913,932</b>

(a) The Future Project Development and Innovation Fund was established for the purposes of developing future projects and innovations that support those who are at risk of exploitation or are being exploited in Cambodia.

(b) The Operating Reserve Fund was established as a reserve equal to three months of anticipated operating expenses.

9. INTERFUND TRANSFERS

Interfund transfers between the General Fund and the Externally and Internally Restricted Funds mainly pertain to general fund transfers to cover program expenses for Ratanak Centre and Cambodia Field Operations, as well as investment income transferred between accounts for amounts restricted by the Board of Directors, as described in Note 1(a).

10. COMMITMENTS

Ratanak is committed to minimum annual lease payments for premises in Canada as follows:

2026	\$ 28,811
2027	28,930
2028	30,140
2029	2,521
	<u>\$ 90,402</u>

**RATANAK INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2025**

11. ALLOCATION OF EXPENSES

	Charitable Activities	Management and Administration	Fundraising	2025	2024
Salaries and benefits	\$ 1,737,643	\$ 192,401	\$ 347,842	\$ <b>2,277,886</b>	\$ 2,098,222
Services for the vulnerable and exploited	1,039,890	-	-	<b>1,039,890</b>	603,274
Marketing and fundraising	-	-	230,560	<b>230,560</b>	251,198
Office	16,489	87,092	-	<b>103,581</b>	86,823
Amortization of tangible capital assets	86,873	3,596	-	<b>90,469</b>	82,274
Cambodia field office	65,906	-	-	<b>65,906</b>	55,779
Bank charges and merchant fees	-	43,266	-	<b>43,266</b>	39,899
Professional fees	-	31,974	-	<b>31,974</b>	50,049
Travel	17,915	-	2,217	<b>20,132</b>	23,070
	\$ 2,964,716	\$ 358,329	\$ 580,619	\$ <b>3,903,664</b>	\$ 3,290,588

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation. Such reclassification does not have any effect on the total assets, total net assets or excess (deficiency) of revenue over expenses previously reported.