

REPORT

OF THE INDEPENDENT AUDITOR

ON THE AUDIT

OF THE FINANCIAL STATEMENTS

OF THE PUBLIC ASSOCIATION

PARTNERSHIPS FOR EVERY CHILD

FOR THE PERIOD OF 2019

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INDEPENDENT AUDITOR'S REPORT

On the Financial Statements of the
Public Association "Partnerships for Every Child"
for the year of 2019

To the management of
PA "Partnerships for Every Child"

Mrs. Daniela Mamaliga

Opinion

We have audited the Financial statements of the Public Association "Partnerships for every child", which comprise the Balance Sheet for the year ended on the 31st of December 2019, as well as the corresponding Statement on the Profit and Loss, Financing Sources Modification Statement, related to the exercise closed on that date, and a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material aspects the financial position of the Association, as at 31st of December 2019 and its financial performance and its cash flows for the year then ended in accordance with the National Accounting Standards, developed based on the EU Directives and the General concept framework for Financial Statements, IAS 1 "Presentation of the Financial Statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA800). 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 Public Association "Partnerships for every child" within the meaning of the Code of Ethics for Professional Accountants (Code IESBA), issued by the International Ethics Standards Board for Accountants in conjunction with the ethical requirements relevant to the audit of the financial statements of the Republic of Moldova, and we have fulfilled our other ethical responsibilities under the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

These financial statements were prepared in conformity with the National Accounting Standards of the Republic of Moldova (NASs), which are a basis of accounting

principles accepted in the Republic of Moldova, developed based on the EU Directives and the General concept framework for Financial Statements and IAS, and in accordance with the Order of the Ministry of Finance of the RM No. 188 dated 30 December 2014 "On the approval of instrumental guidance concerning the accounting peculiarities for non-commercial organizations".

Financial Statements are drawn in conformity with the principle of *accrual accounting*. The accompanying supplementary information in Annex 1 "Explanatory financial report related to received and uses of the financing funds of projects", is drawn by the management of the Association, using the *cash method* – accounting basis, in conformity with which the accounting elements are recognised as collected or paid in cash, or compensated in another form. Our opinion is not modified with respect to the matter.

Other information

Our audits were conducted for the purpose of forming an opinion on the Financial Statements prepared in conformity with the NASs as a whole, and in accordance with the Order of the Ministry of Finance of the RM No. 188 dated 30 December 2014 "On the approval of instrumental guidance concerning the accounting peculiarities for non-commercial organizations"

The accompanying supplementary information in Annex 1 "Explanatory financial report related to received and uses of the financing funds of projects" are presented for purposes of additional analysis and is not a required part of the financial statements. Management is responsible for the preparation and fair presentation of these informations. Such information was derived using the cash method, and was used to prepare the financial statements prepared in accordance with the Agreements between the Public Association "Partnerships for every child" and Contracting Authorities. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and with other records used to prepare the financial statements themselves, and other additional procedures in accordance with International Auditing Standards accepted in the Republic of Moldova. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole and financial statements accepted by the Contracting Authorities.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with NASs, 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 Association'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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 ISAs 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.

The partner of audit mission from audit firm "Concept" S.R.L. is Certan Irina.

Auditor, Bolea Elena

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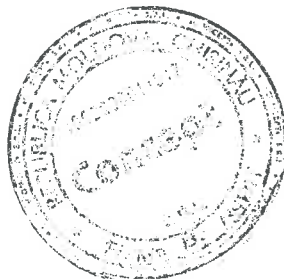
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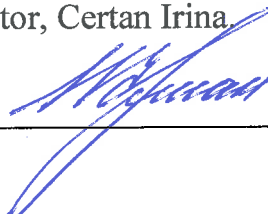
(Qualified from June 23, 2006,
Qualification Certificate Series AG
No. 000059 issued by the Ministry
of Finance of the Republic of
Moldova on June 5, 2018).


The partner of audit mission

Auditor, Certan Irina

June, 16, 2021





FINANCIAL STATEMENTS

BALANCE SHEET

On 31.12.2019

The official exchange rate on 31.12.2018 (1 EUR – 19,5212 MDL)

The official exchange rate on 31.12.2019 (1 EUR – 19,2605 MDL)

No.	ASSETS	Cod	Balance on			
			31.12.2018		31.12.2019	
			MDL	EURO	MDL	EURO
1	2	3	4	5	6	7
1.	Fixed assets					
	Intangible assets	010	66 585	3 411	5 544	288
	Tangible assets in execution	020				
	Land plots	030				
	Fixed assets	040	3 260 214	167 009	2 705 534	140 471
	Long term financial investments	050				
	Other fixed assets	060				
	Total fixed assets (rd.010 + rd.020 + rd.030 + rd.040 + rd.050 + rd.060)	070	3 326 799	170 420	2 711 078	140 758
	Current assets					
	Materials	080	1 948	100	36 069	1 873
	Small value and short term objects	090	47 701	2 444	47 701	2 477
	Production in progress and products	100				
	Trade receivables and advances provided	110	109 106	5 589	92 305	4 792
2.	Budget receivables	120	66 828	3 423	19 409	1 008
	Staff receivables	130				
	Other current receivables, of which	140				
	Receivables related to the special designation means	141				
	Cash	150	3 507 910	179 697	2 737 749	142 143
	Current financial investments	160				
	Other current assets	170	56 996	2 920	17 579	913
	Total current assets (rd.080 + rd.090 + rd.100 + rd.110 + rd.120 + rd.130 + rd.140 + rd.150 + rd.160 + rd.170)	180	3 790 489	194 173	2 950 812	153 205
	Total assets (rd.070 + rd.180)	190	7 117 288	364 593	5 661 890	293 964

No. ch.	OWNERS' EQUITY AND LIABILITIES		Balance on			
			31.12.2018		31.12.2019	
			MDL	EURO	MDL	EURO
1	2	3	4	5	6	7
3.	Own capital					
	Corrections of the results of the previous years	200				
	Net excess (net deficit) of the reporting period	210				
	Initial contribution of the founders	220				
	Fixed assets fund	230	3 326 799	170 420	2 711 078	140 758
	Self-financing fund	240	8 500	435	243 291	12 632
	Other funds	250				
	Total own capital (rd.200+rd.210+rd.220+rd.230+rd.240+rd.250)	260	3 335 299	170 855	2 954 369	153 390
4.	Long-term liabilities					
	Long-term purposeful financing and receipts	270	3 499 410	179 262	2 494 457	129 512
	Long-term financial liabilities	280				
	Other long-term liabilities	290				
	Total long-term liabilities (rd.270+rd.280+rd.290)	300	3 499 410	179 262	2 494 457	129 512
5.	Current liabilities					
	Current purposeful financing and receipts	310				
	Current financial liabilities	320				
	Trade liabilities and advances received	330	24 761	1 268	1 085	56
	Liabilities to staff	340				
	Liabilities for social and medical insurance	350				
	Liabilities to the budget	360	16 381	839	407	21
	Anticipated current proceeds	370	116 905	5 989	197 510	10 255
	Other current liabilities	380	124 532	6 379	14 062	730
	Total current liabilities (rd.310+rd.320+rd.330+rd.340+rd.350+rd.360+rd.370+rd.380)	390	282 579	14 475	213 064	11 062
	Total liabilities (rd.260+rd.300+rd.390)	400	7 117 288	364 593	5 661 890	293 964

PROFIT AND LOSS STATEMENT

From 01.01.2019 until 31.12.2019

The official exchange rate on 31.12.2018 (1 EUR – 19,5212 MDL)

Average official exchange rate of the National Bank of the RM for the 2019 year (1 EUR – 19,2605 MDL)

Indicators	Cod row.	Reporting period			
		01.01.2018-31.12.2018		01.01.2019-31.12.2019	
		MDL	EURO	MDL	EURO
1	2	3	4	5	6
Proceeds related to special designation means	010	12 609 527	645 940	8 073 686	419 184
Expenses related to special designation means	020	12 639 140	647 457	8 117 311	421 449
Excess (deficit) related to special designation means (rd.010 – rd.020)	030	(29 613)	(1 517)	(43 625)	(2 265)
Other proceeds (except proceeds from the economic activity)	040		-		
Other expenses (except expenses from the economic activity)	050		-		
Excess (deficit) related to other activities (rd.040-rd.050)	060		-		
Proceeds from the economic activity	070	29 613	1 517	43 625	2 265
Expenses from the economic activity	080				
Result: profit (loss) from the economic activity (rd.070-rd.080)	090	29 613	1 517	43 625	2 265
Expenses related to the income tax	100				
Net excess (net deficit) of the reporting period (rd.030+rd.060+rd.090-rd.100)	110	0	0	0	0

FINANCING SOURCES MODIFICATION STATEMENT

From 01.01.2019 until 31.12.2019

The official exchange rate on 31.12.2018 (1 EUR – 19,5212 MDL)

Average official exchange rate of the National Bank of the RM for the 2019 year (1 EUR – 19,6737 MDL)



The official exchange rate on 31.12.2019 (1 EUR – 19,2605 MDL)

No.	Indicators	Cod. rd.	Balance on 31.12.2018		Increases		Decreases		Corrections related to currency exchange rate fluctuations	Balance on 31.12.2019	
			MDL	EURO	MDL	EURO	MDL	EURO		MDL	EURO
1	2	3	4	5	6	7	8	9	10	11=4+6-8	12=5+7-9+10
1	Special designation means										
	Special designation financing from the national budget	010			19 560	994	0		21	19 560	1 016
	Special designation financing from the local budget	020									
	Grants	030	1 426 722	73 086	4 771 775	242 546	5 700 385	289 746	-23	498 112	25 862
	Financial and technical aid	040	2 072 688	106 176	2 788 703	141 748	3 204 803	162 898	983	1 656 588	86 010
	Other special designation financing and proceeds	050		0	1 153 083	58 610	832 886	42 335	349	320 197	16 625
	Total special designation means (rd.010 + rd.020 + rd.030 + rd.040 + rd.050)	060	3 499 410	179 262	8 733 121	443 898	9 738 074	494 979	1 331	2 494 457	129 512
2	Unassigned means										
	Donations	070									
	Financial aid	080									
	Other unassigned means	090									
	Total unassigned means (rd.070 + rd.080 + rd.090)	100									
3	Contributions of the founders and members										
	Membership fees and membership dues	110			400	20	400	20			
	Other contributions	120									
	Total contributions of the founders and members (rd.110+rd.120)	130			400	20	400	20			
4	Funds										
	Initial contribution of the founders	140									
	Fixed assets fund	150	3 326 799	170 420	62 352	3 169	678 073	34 466	1 635	2 711 078	140 758
	Self-financing fund	160	8 500	435	243 291	12 366	8 500	432	262	243 291	12 632
	Other funds	170									
	Total funds (rd.140 + rd.150 + rd.160 + rd.170)	180	3 335 299	170 855	305 643	15 536	686 573	34 898	1 897	2 954 369	153 390
5	Other sources of financing	190									
	Total sources of financing (rd.060 + rd.100 + rd.130 + rd.180+rd.190)	200	6 834 709	350 117	9 039 164	459 454	10 425 047	529 897	3 227	5 448 826	282 902

On behalf of the Association the „Financial Statements” were signed by:

The Director of the Organisation – Mamaliga Daniela

Chief-accountant - Caretnicova Angela

INTRODUCTION

General data

In conformity with the contract No. 0302/AFH/1 from the 03th of February 2020, signed between the Audit firm "Concept" SRL and PA "Partnerships for Every Child" we, the audit firm "Concept" SRL, were contracted to carry out an audit of the Financial Statements of the PA "Partnerships for Every Child" for the period 01st of January 2019 until the 31st of December 2019.

The auditor's objective is to formulate an opinion on the submitted Financial Statements of the PA "Partnerships for Every Child", based on the evaluation of the conclusions, drawn following the obtained audit evidence.

Information on the auditor

The Audit firm "Concept" SRL operates on the audit market starting with the year 1995 (from 07.04.1995 – the Audit Firm "Concept-Audit" SA, reorganized from 16.01.1997 into the Audit firm "Concept" S.R.L.), registered with the State Registration Chamber of the Republic of Moldova on the 16th of January 1997, under the registration number 1002600011317, registration certificate series MD, number 0006422. The firm has a valid license for the auditing of the companies (general audit), series A MMII, No. 054427 from 27.03.2007, issued by the Licensing Chamber of the Republic of Moldova, is a Member of the Association of Auditors and Audit Companies from the Republic of Moldova (AFAM) from April 1997.

Methodology of the audit

The audit was done based on the following normative documents:

- International Standards on Audit (ISAs) adopted also in the Republic of Moldova (ISA 800);
- International Standard on Quality Control (ISQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements"
- The International Code of Ethics for Professional Accountants (IESBA).

In conformity with the International Standards on Auditing, the audit presumes the testing of evidence confirming the sums and information from the statements. The audit includes also the evaluation of the accounting principles used and of estimations, made by the management of the organization. During the audit mission, we have reviewed the internal control, exclusively to find the amount of works necessary to express the audit opinion on the accuracy of the financial report, for the period January - December 2019.

The audit was carried out by the following qualified specialists from the audit firm "Concept" SRL:

Nr.	Name, surname of the specialist	Position	Date on qualification
1.	Bolea Elena	Auditor	Qualified from June 23, 2006, Qualification Certificate Series AG No. 000059 issued by the Ministry of Finance of the Republic of Moldova on June 5, 2018
2.	Dodi Svetlana	Expert-accountant	University Diploma ASEM

Information on the audited subject

AO "Partnerships for Every Child" (hereinafter called Association) (IDNO 1010620002091) in conformity with Registration Certificate MD 002286, from the 30th of March 2010, issued by the Ministry of Justice of the Republic of Moldova, was constituted on the 26th of March 2010. The Association is constituted in a public, non-governmental, independent, non-profit organisational form, which follows the public interest and operates in conformity with the provisions of the Constitution of the Republic of Moldova, Law of the Republic of Moldova no. 837-XIII and of the Statutes.

Vision

A world in which every child enjoys the right to childhood in a safe and caring family, protected from poverty, violence and exploitation.

Mission

The aim of the Association is to provide a safe and protected environment to children who are or risk being separated from the family and community. The Association empowers, children, their families, the communities and authorities to create opportunities for a better life.

The Association is constituted by the free manifestation of will, of the associated persons, in order to realize together the following aims:

- Promotion and protection of the rights and interests of children in difficulty of any nature;
- Awareness raising in the society on problems of children and families in difficulty;
- Reduction of poverty, vulnerability to physical and mental illnesses among children and parents;
- Promotion of training for various groups of beneficiaries: children, families, practitioners, service providers, decision makers, NGOs, etc.
- Safety and Health Protection children and their families;
- Implementation of charity activities;

- Capacity building for various constituents in the development, implementation, monitoring and evaluation of social policies designated for children and families in difficulty as well as in the development of the social services for children and families;
- Development and provisions of social services for various groups of children and families in need;
- Consolidation of the civil society in the provision of the social services and undertaking of the advocacy actions;
- Development of social services designated for children and families at risk, promoting the care of families in family environment.

In order to realize the set goals, the Association undertakes the following activities:

- Studies and researches, development of concepts and ideas on the social protection of children and families and promotion of the fundamental rights and freedoms of the child;
- Organization and participation to seminars, conferences, gatherings, lessons, etc., in order to realise the Statutes' aims, involving qualified specialists, in the priority areas of operation of the Association;
- Development of training programs for various groups of constituents, from the area of social protection of the child and family;
- Editing scientific publications, other publications, on the topic of children and families in need;
- Provision of assistance to the socially-vulnerable persons, especially children, in the form of social services, humanitarian aid, charity and other activities;
- Sets up, supports and promotes various social services: schools, day placement centres for children, etc.;
- Trains various groups of social services' providers, social workers and assistants, pedagogues, etc.;
- Supplies food, clothing, books and other products;
- Initiates the drawing, publishing, reproduction or broadcasting of some newspapers, magazines, books, leaflets or other documents, films or printings;
- Organizes (by own means or together with third parties) exhibitions, gatherings, lecturing, seminars and courses;
- etc.

The financial means of the AO "Partnerships for every child" are:

- fees and dues of the members;
- sponsorships and voluntary donations made by individuals and companies, from the country and from abroad;
- state subventions, proceeds obtained from securities, cash deposits;
- proceeds realized from own economic activity;
- proceeds obtained following the use or sale of property;

- other sources not prohibited by law.

The organisational structure of the Association includes the following bodies:

- General Assembly;
- Administrative Council;
- President;
- Censor.

The office of the organization: 75 Mihai Cogalniceanu str., municipality of Chisinau.

The Director of the Organisation: Mrs. Mamaliga Daniela.

Chief-accountant: Mrs. Caretnicova Angela.

Number of employees: the number of employees on the 31st of December 2019 is of 19 persons, including the administrative staff - 5 persons.

Accounting principles. Basis of the Financial Statements

In the period of 2019 the Association held the accounting records on foot of the Law on accounting of the Republic of Moldova, no.287, from 15.12.2017, National Accounting Standards, developed based on the EU Directives and the General concept framework for Financial Statements and IAS, General chart of accounts, Methodical guidelines on the particularities of accounting in the non-commercial organizations, approved by the Order of the Ministry of Finance of the Republic of Moldova, No. 188 ,from the 30th of December 2014, developed with the goal to regulate the specifics of accounting in non-commercial organizations, in correspondence with the provisions of the National Accounting Standards.

The financial year of the Association starts on the 01st of January and ends on the 31st of December.

The indicators of the Financial Statements were found, based on methods and proceedings, foreseen in the accounting policies, approved by the order of the Director of the Association, from the 30nd of December 2018. During the reporting period weren't done any modifications in the accounting policies of the entity.

Financial Statements are drawn in conformity with the following main principles:

- 1) Continuity of the activity;
- 2) Accrual accounting;
- 3) Separation of the patrimony and debts;
- 4) Non-compensation;
- 5) Consistency of presentation.

The principle of **accrual accounting** imposes the recognition of the elements of Financial Statements, except the elements of the cash flow statements, as they accrue, regardless the moment of collection/cash payment or compensation in another form.

The Financial Statements of the Association for the period from 01.01.2019 to 31.12.2019, include:

- 1) the Balance Sheet;
- 2) the Profit and Loss Statement;
- 3) the Statements on the modification of the financing sources;
- 4) Explanatory note to the Financial Statements.

We draw attention to the fact that **"The explanatory Financial report on the receipt and use of financing sources for projects"**, annexed to the present Auditor's Report (**Annex 1**), is drawn by the management of the Association, using the **cash method** – accounting basis, in conformity with which the accounting elements are recognised as collected or paid in cash, or compensated in another form.

Functional currency of the Financial Statements, presented by the Association:

The information reflected in the Financial Statements of the Association is presented, in conformity with the current legislation of the Republic of Moldova, in national currency MDL (Moldovan lei).

The currency of presentation of the Financial Statements annexed to the Auditor's Report:

In order to be presented in a manner to be understood by creditors and donors of the Association, the information from the Financial Statements presented in the present Auditor's Report is reflected in Moldovan lei and in EURO (euro):

- The Balance Sheet Items were converted at the official exchange rate of the National Bank of the RM on the date of the 31st of December of the closing period of the respective balance;
- The profits and losses were converted at the average official exchange rate of the National Bank of the RM for the respective finance year;
- The balances from the financing sources modification statement were converted at the official exchange rate of the National Bank of the RM on the date of the 31st of December of the closing period of the respective Balance Sheet, the modifications registered during the reporting period at the average official exchange rate of the National Bank of the RM for the year of 2019.

For the periods included into the Report, the exchange rates for MDL to the EURO, taken as basis for the presentation of the Report, are the following:

Indicators	Year 2018	Year 2019
Official course of NBM on the 31 st of December	19,5212	19,2605
Average annual rate	19,8442	19,6737

Accounting policies

The modality for the presentation of classification of elements for the Financial Statements was done taking into account the methods and proceedings of the accounting policies, developed by the Association.

Fixed assets

In the Financial Statements, tangible and intangible assets are evaluated at the accounting value (value at which an asset is recognised in the balance sheet, after deducting the amortization and losses of the cumulated depreciations).

Tangible and intangible assets are recognised by registered items.

The durations of use of the intangible assets are set depending on the type and modality of their use. The durations of use of the intangible assets constitute:

- the 1C software – 5 years;
- website – 5 years;
- antivirus – 1 year;
- Lingvo – 3 years.

The fixed assets comprise tangible assets, the unit value of which exceeds the threshold of 6 000 MDL, provided by the current legislation.

The durations of use of the tangible assets constitutes:

- buildings and premises – 50 years;
- cars – 4-7 years;
- IT equipment and various facilities – 3-5 years;
- furniture – 3-5 years;
- computers – 3-5 years.

The amortization of the intangible and fixed assets is calculated using the linear method.

- Depreciation of assets

The Association tests annually for depreciation the intangible assets and tangible assets, by comparing their accounting values with the fair value, minus the selling costs. This test for depreciation is done at the end of the reporting period. The decision on the

depreciation of assets is approved by the management of the Association, based on various external and internal information sources, on the fair value of assets (for example, stock newsletters, internal reports, own forecasts, documents confirming the exceptional event).

The loss from depreciation is recognised in the sum, in which the accounting value of the asset exceeds its fair value, minus selling costs. The loss from depreciation of an asset is registered as an accumulation of losses from depreciation, on a separate account.

The resumption of the loss from depreciation of an asset is recognised within the limits of the accounting value (after the deduction of amortization). The resumption of the loss from depreciation is registered as a correction of the asset value and as a diminishing of the losses from depreciation, accounted on a separate account.

In the reporting period of the year 2019, weren't found any losses from assets' depreciation.

Current assets

✓ Stocks

The accounting of stocks is held in quantitative and value expression. The outgoing stocks are evaluated using the weighted average cost method. On the reporting date the stocks are evaluated at cost of entry.

The small value and short-term objects are evaluated at the accounting value – value which remains after the deduction of depreciation.

The small value and short-term objects comprise goods, the unit value of which doesn't exceed the value threshold, set by the current legislation – 6000 MDL. The small value and short-term objects are settled at current expenses, in conformity with the entry sources, in the moment of launch into operation, in the amount of 100%, if their cost doesn't exceed 1 000 MDL, if it exceeds the threshold of 1 000 lei, expenses are recognised at 50% of their cost on the moment of launch into operation, 50% - when scrapping.

✓ Receivables

On the date of reporting receivables are evaluated at nominal value.

The Association accounts receivables within the following groups:

- provided advances;
- budget receivables;
- staff receivables;
- other receivables.

✓ Cash

On the date of reporting cash is evaluated at the nominal value.

Cash includes all money and their equivalents, and covers money of petty cash of the Association and from all bank accounts.

✓ *Differences in the currency exchange rates*

When receiving and using the special designation means in foreign currency, as well as on the date of reporting, the differences in the currency exchange rates, favourable or unfavourable, which appear, are registered as and increase or decrease of the financing and proceeds with special designation.

These differences refer to the cash balances, in the cash register and in the current accounts, in foreign currency, on the deposit accounts, for receivables and debts in foreign currency, related to the special designation means and are accounted on the date of the transaction and on the date of reporting.

✓ *Other current assets*

In the composition of other current assets, the Association includes the expenses foreseen, supported in the current period, but which refer to the future reporting periods. These comprise costs of insurance, subscription, research, evaluation and development works, designated for the implementation of the programs of the Association, as well as other costs supported in the current period, but which refer to future periods. The expenses foreseen are accounted as current expenses, using the linear method. The expenses foreseen comprise also the value of tires, procured separately from the transportation means, in the current period, but which refer to future periods. The expenses foreseen, related to tires are accounted at current expenses, depending on the actual mileage of the transportation mean.

✓ *Fixed assets fund*

In the composition of the fixed assets fund is registered the sum of financing and proceeds with special designation and of the unassigned means, used for the procurement/creation of fixed assets (tangible and intangible assets, etc.), further costs capitalised in the value of the intangible assets.

In the accounts, the recognition of the fixed assets fund takes place when launching into operation of tangible and intangible assets received/procured from the account of special designation means and is accounted as decrease of financing and proceeds with special designation and increase of the fixed assets fund.

The decrease of the fixed assets fund takes place while calculating the amortisation of the entered intangible assets, on the account of special designation means and of the unassigned ones and is accounted as decrease of the fixed assets fund and increase in the value of amortisation of the fixed assets.

✓ *Special purpose financing and proceeds*

The initial recognition of the special purpose (designation) means is done based on accrual accounting. Special designation means are recognised in case of existence of a grounded certainty that:

- means shall be received by the Association;
- the conditions related to the use of these shall be fulfilled;
- the value of the means may be found in a credible manner.

The special designation means, used to cover/compensate current expenses, are registered simultaneously as increase of the expenses, related to the special designation means and of the liabilities, and decrease of the financing and proceeds with special designation and increase of the proceeds related to the special designation means.

The special designation means, received in the form of fixed assets or used for the procurement/creation of such assets, are registered as decrease of the financing and proceeds with special designation and increase of the fixed assets fund.

Expenses and proceeds, related to the special designation means, are recognised and registered simultaneously, in the same period and in the same amount.

✓ *Contributions of founders of the Association*

The contributions of the founders represent the membership dues. The membership dues are received in a monetary form and are evaluated at their nominal value.

The dues and other contributions of the founders (donations, sponsorships, etc.) are accounted depending on their designation, similar to the special designation financing.

✓ *Foreseen Proceeds*

The foreseen proceeds account is used to reflect the use of special designation means for the procurement of stocks and other current assets, as well as to provide advances to suppliers, entrepreneurs, etc. The value of the unused stocks and advances, provided at the end of the period, is registered as decrease of the financing and proceeds with special designation and increase of the foreseen proceeds. While using stocks and settling provided advances, the foreseen proceeds are settled at current proceeds.

✓ *Proceeds from financing*

Proceeds from financing are reflected in the accounting by registering the decrease of the financing sources by each budget line. Proceeds, related to the special designation means, are recognised and registered simultaneously with the related supported expenses, in the same period and in the same amount.

✓ *Other proceeds and expenses, except those from the economic activity*

Other proceeds and expenses of the Association comprise:

- excesses and lacks (losses) of assets, identified following the inventory;
- debts and liabilities, settled in relation with the expiry of the limitation period;

- proceeds and expenses, following the sale of unused assets;
- proceeds from lease on irregular bases of the assets of the non-commercial organisation;
- proceeds from the recovery of material damages;
- other proceeds and expenses, which are not related to the special missions or specific statutes economic activities.

Other proceeds are accounted as increase of the fixed and current assets and increase in the current proceeds.

Other expenses are accounted as simultaneous increase of the current expenses and debts and/or decrease of the fixed and current assets.

✓ *Proceeds and expenses of the economic activity*

Besides the special designation missions, the Association also carries out economic activity. The proceeds from the economic activity of the Association comprise proceeds from the provision of lease services.

The expenses for the economic activity comprise expenses, related to obtaining proceeds from the economic activity.

The resulting from the economic activity profit (loss) is found at the end of the reporting period and is settled at the increase or decrease of the self-financing fund of the Association.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**EXPLANATORY NOTES TO THE BALANCE SHEET**

Row.010

The balance value of the intangible assets represents:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	WEB service	61 382	3 144	5 116	266
2.	1C software	5 148	264	428	22
3.	Digital signature package	55	3	-	-
Total		66 585	3 411	5 544	288

Row.040

Balance value of the fixed assets:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Estate	2 138 088	109 526	2 079 058	107 944
2.	Computers and office equipment	166 247	8 516	72 743	3 777
3.	Furniture	26 942	1 380	7 867	408
4.	Transportation means	876 390	44 895	528 805	27 455
5.	Air conditioners, parking systems, phones, etc.	52 548	2 692	17 062	886
Total		3 260 214	167 009	2 705 534	140 471

20

Average official exchange rate of the National Bank of the RM for the 2019 year (1 EUR = 19,6737 MDL)

Average official exchange rate of the National Bank of the RM for the 2019 year (1 EUR = 19,6737 MDL)

The official exchange rate on 31.12.2019 (1 EUR – 19,2605 MDL)

Groups of fixed assets		Data on 31.12.2018						In the period of 2019				Exchange fluctuations		Data on 31.12.2019					
		Initial value		Amortisation		Balance value		Modification of the initial value		Modification of amortisation		Balance value		Initial value		Amortisation		Balance value	
MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO	MDL	EURO
Estate, including:		3014032	154398	875945	44871	2138087	109526			59030	3000	-1418		3014032	156488	934975	48544	2079057	107944
Social Apartment Office		1147263	58770	308356	15796	838907	42974			22174	1127	-557		1147263	59566	330530	17161	816733	42405
		1866769	95628	567389	29076	1299180	66552			36856	1873	-861		1866769	96922	604445	31383	1262324	65540
Computers and office equipment, including:		768434	39364	602187	30848	166247	8516	-26372		67132	3412	-13		742062	38528	669319	34751	72743	3777
Comp.IBM SYSTEM 3400 M3 server		97884	5014	88563	4537	9321	477			9320	474	4		97884	5082	97883	5082	1	0
Computer ASUS 150B-Sams/dm EU Stela		32495	1665	12998	666	19497	999			6499	330	-6		32495	1687	19497	1012	12998	675
Laptop ACER Aspire A515-51G Black i3-8130U		21258	1089	591	30	20668	1059			7086	360	-7		21258	1104	7677	399	13582	705
File Server		36683	1879	1019	52	35664	1827			12228	622	-11		36683	1905	13247	688	23436	1217
Furniture		211256	10822	184314	9442	26942	1380	-21159	-1075	-2083	-106	2		190097	9870	182231	9461	7867	408
Transportation means, including:		2292763	117450	1416373	72556	876390	44894			347585	17667	-229		2292763	119040	1763958	91584	528805	27455
Car MERCEDES VITO CRK 612		323667	16580	215778	11054	107889	5527			46238	2350	-24		323667	16805	262016	13604	61651	3201
Car TOYOTA AVENSIS 1.8 A/T		298031	15267	298031	15267	0	0			0	0	0		298031	15474	298031	15474	0	0
Car TOYOTA RAV-4 LIVE 2.0 CVT JYL168		490759	25140	245380	12570	245379	12570			70108	3564	-94		490759	25480	315488	16380	175271	9100
Car FORD Tourneo Custom		595824	30522	255353	13081	340471	17441			85118	4326	-143		595824	30935	340471	17677	255353	13258
Car MERCEDES VITO IEW 895		582006	29814	401831	20584	180175	9230			146120	7427	34		582006	30218	547951	28449	34035	1768
Air conditioners, parking systems, phones, etc., including:		362540	18572	309992	15880	52548	2692	-27607		7879	400	2		334933	17390	317871	16504	17062	886
Bizhub C454		119965	6145	101970	5224	17995	922	-1403		17995	915	7		119965	6229	119965	6229	0	0
Total:		6649025	340605	3388811	173596	3360214	167009	-75138	-3819	479543	24375	-1656		6573887	341314	2868354	200844	2705533	140471

Row.080

Balance value of the material stocks:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Fuel	1 948	100	1 814	94
2.	Packages	0	0	33 020	1 714
3.	Other	0	0	1 235	64
Total		1 948	100	36 069	1 873

Row.090

Balance value of the small value and short duration objects (OMVSD):

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	OMVSD at the warehouse	0	0	0	0
2.	OMVSD in use	124 235	6 364	124 235	6 450
3.	Wear OMVSD	76 534	3 920	76 534	3 974
Total		47 701	2 444	47 701	2 477

Row.110

Balance value of the trade liabilities and advances provided:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Advance payments which have been given inside the country, including:	109 106	5 589	92 305	4 792
	<i>Apa Canal SA Chisinau</i>	1 119	57		
	<i>LAGUNA' Hotel</i>	0	0		
	<i>Metro Cash & Carry Moldova SRL</i>	13 117	672	4 855	252
	<i>Tirex-Petrol' SA</i>	1 248	64		
	<i>Orange Moldova SA</i>	650	33		
	<i>SC CERNICA COM SRL</i>	0	0	66 300	3 442
	<i>MAXIMUM ELECTRONIC SRL</i>	0	0	9 599	498
	<i>CONCEPT SRL</i>	87 636	4 490		
	<i>Others</i>	5 336	273	11 551	600
2.	Advance payments which have been given outside the country	0	0	0	0
Total		109 106	5 589	92 305	4 792

Row120

Balance value of the budget liabilities:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Income tax from salary	23 650	1 212	6 113	317
2.	Stamp duty for legal actions	3 642	186	3 642	189
3.	Tax for water	60	3		
4.	Tax for road use	669	34	779	40
5.	Estate tax	327	17	2 100	109
6.	Income tax retained at the source of payment	3 402	174	-	-
7.	Value added tax VAT	0	0	-	-
8.	Contributions to medical insurances on the account of the employees	4 331	222	1 286	67
9.	Contributions to medical insurances on the account of the Association	4 331	222	1 286	67
10.	Social Fund	22 109	1 132	3 442	180
11.	Pension Fund	4 307	221	761	39
Total		66 828	3 423	19 409	1 008

Row150

Balance value of cash:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Cash money	55 202	2 828	-	-
2.	Current accounts in national currency	399 490	20 464	88 879	4 615
3.	Current accounts in foreign currency	3 033 624	155 401	2 618 610	135 958
4.	Other accounts (business-cards)	19 594	1 004	30 260	1 571
Total		3 507 910	179 697	2 737 749	142 143

Row.170

Balance value of other current assets:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Foreseen expenses, including:	47 892	2 453	5 561	289
	<i>Insurance</i>	<i>1 961</i>	<i>100</i>	<i>1 598</i>	<i>83</i>
	<i>Subscriptions</i>	<i>1 800</i>	<i>92</i>	<i>2 016</i>	<i>105</i>
	<i>Research and evaluation expenses</i>	<i>43 333</i>	<i>2 220</i>	-	-
	<i>advertising services</i>	<i>0</i>	<i>0</i>	-	-
	<i>other</i>	<i>798</i>	<i>41</i>	<i>1 947</i>	<i>101</i>
2.	Tires, car batteries	9 104	467	12 018	624
Total		56 996	2 920	17 579	913

Row.230

Balance value of the equity (own capital):

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Tangible assets fund	3 260 214	167 009	2 705 534	140 471
2.	Intangible assets fund	66 585	3 411	5 544	288
Total		3 326 799	170 420	2 711 078	140 759

Row.240

Balance value of the self-financing fund:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Self-financing fund	8 500	435	243 291	12 632
Total		8 500	435	243 291	12 632

Row.270

Balance value of the special purpose finance:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1	KMOP/Comisia Europeana / Kosovo, Greece	0	0	(19 155)	(955)
2	Childhood Foundation	300 876	15 413	113 092	5 872
3	Core Funds	0	0	339 756	17 640
4	OPM	0	0	(137 383)	(7 133)
5	Kyrgyzstan (CRDL)-EU	2 072 688	106 176	1 675 743	87 004
6	Siol	1 125 846	57 673	522 403	27 123
Total		3 499 410	179 262	2 494 457	129 512

Row.330

Balance value of the current financial debts:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Current trade debts in the country, inclusive:	20 549	1 053	1 085	56
	<i>Alimer-Comert' SRL</i>	<i>13 660</i>	<i>700</i>		
	<i>Axinia-Chitan II</i>	<i>2 960</i>	<i>152</i>		
	<i>Angelus Moldova' FFMS</i>	<i>2 930</i>	<i>150</i>		
	<i>Stronghold SRL</i>	<i>0</i>	<i>0</i>	<i>1 085</i>	<i>56</i>
	<i>other</i>	<i>999</i>	<i>51</i>		
2.	Current trade debts abroad, inclusive:	4 212	216	0	0
	<i>Mellow Parenting Ltd</i>	<i>4 212</i>	<i>216</i>		
Total		24 761	1 268	1 085	56

Row.360

Balance value of the liability to the budget

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Value added tax for importing services	16 381	839	-	-
2.	Other tax	-	-	407	21
Total		16 381	839	407	21

Row.370

Balance value of the anticipated proceeds:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Anticipated proceeds, related to settlements with legal entities	(40 187)	(2 059)	77 158	4 006
2.	Anticipated proceeds, related to advances provided	1 948	100	36 069	1 873
3.	Anticipated proceeds, related to OMVSD	47 701	2 444	47 701	2 477
4.	Anticipated proceeds, related to anticipated expenses	47 892	2 453	5 561	289
5.	Anticipated proceeds, related to contributions to social and medical insurance	58 727	3 008	12 888	669
6.	Anticipated proceeds, related to taxes	(8 280)	(424)	6 114	317
7.	Anticipated proceeds, related to tires and car batteries	9 104	467	12 018	624
Total		116 905	5 989	197 510	10 255

In the component of anticipated proceeds are included special purpose financing and proceeds, used by the Association to procure stocks of goods and materials, provide advances, and support current anticipated expenses.

Row.380

Balance value of other current liabilities:

no.	Name	Balance on 31.12.18		Balance on 31.12.19	
		MDL	EURO	MDL	EURO
1.	Patision-Lux SRL	114 453	5 863	-	-
2.	Moldovagaz' SRL	4 441	227	3 685	191
3.	TERMOELECTRICA SA	2 717	139	2 527	131
4.	ICS Premier Energy SRL	-	-	2 366	123
5.	UPS Moldova SRL	-	-	2 209	115
6.	Other	2 921	150	3 275	170
Total		124 532	6 379	14 062	730

At 31.12.2018 in the component of other current liabilities was registered the debt to Patision – Lux SRL amounting to 5 863 Euro (114 453 MDL), for reconstruction works of the boarding school, from the city of Cahul. The debt is untouched, because of the non-ensuring, by the executor, of the quality and deadlines of works, which had to be done, in conformity with the contracts, signed with the entrepreneur. In 2013 PA "Partnerships for Every Child" did submit a request for summons against Patision - Lux SRL, on the cancellation of contracts and collection of penalties. On the date of 20.01.2014, an enforcement order was issued on the matter, moved by the Association, by which it was decided to collect from SRL Patision- Lux the sum of 5 653 Euro (121 413 MDL) as penalty and 170 Euro (3 642 MDL) as stamp duty, paid when moving the action. During 2019, the enforcement order was executed.

EXPLANATORY NOTE TO THE PROFIT AND LOSS STATEMENT

The official exchange rate on 31.12.2018 (1 EUR – 19,5212 MDL)

Average official exchange rate of the National Bank of the RM for the 2019 year (1 EUR – 19,2605 MDL)

Indicators	La 31.12.2018		La 31.12.2019	
	MDL	EURO	MDL	EURO
Total proceeds, including:	12 639 140	647 457	8 117 311	421 449
Proceeds from special purpose financing	12 609 527	645 940	8 073 686	419 184
Proceeds from rent	29 613	1 517	43 625	2 265
Total expenses	12 639 140	647 457	8 117 311	421 449
General and administrative expenses, including:	4 547 682	232 961	2 980 294	154 736
Expenses related to salary and social and medical contributions	3 326 490	170 404	2 126 710	110 418
Expenses related to repairing and maintenance of tangible assets	85 253	4 367	10 815	562
Travelling costs	461 577	23 645	328 554	17 058
Banking expenses	68 600	3 514	40 251	2 090
Utility bills	70 624	3 618	57 339	2 977
Audit Services	170 046	8 711	164 089	8 519
Expenses for staff training	2 280	117	2 412	125
Fuel expenses	150 198	7 694	82 870	4 303
Material expenses	28 675	1 469	12 103	628
Prepaid expenses	23 990	1 229	0	0
Expenses for telecommunications	47 379	2 427	24 250	1 259
Taxes and fees	53 325	2 732	48 422	2 514
Other expenses	59 245	3 035	82 479	4 282
Expenses for charity, including:	8 091 344	414 490	5 137 017	266 713
Expenses related to salary and social and medical insurance contributions	4 702 622	240 898	3 432 629	178 221
Expenses of assessment, research, insurance	178 944	9 167	43 333	2 250
Activities	2 669 683	136 758	1 530 160	79 445
Utility bills	16 794	860	17 033	884
Other charity expenses		0	0	0
Financial assistance	6 062	311	445	23
Consulting	512 994	26 279	113 417	5 889
Taxes and fees	4 245	217	0	0

EXPLANATORY NOTE TO THE ANNEX 1

“Explanatory financial report related to received and uses of the financing funds of projects”

In conformity with the agreements, signed between the Association and the donors, the donors assume the obligation, related to the full or partial financing of the social projects. The Association received from financing sources, with designation stipulated in the budgets, approved by the donors. By contractual clauses, the Association assumes the obligation to use the financing, exclusively in the modality and for the purposes, which are stipulated in the budget of the financing agreements.

We did verify the accuracy and eligibility of the evidence of the sources received, as well as the use of the means received, in conformity with conditions of the financing agreements. We did review the original documents, the sums and disclosures, qualified as contributions to the projects' costs. The projects' expenses were supported in MDL. In the narrative reports, related to the projects' implementation, the sums spent in MDL are reflected in currency, by applying the exchange rate, corresponding to the last date when currency sale operations were done within the project.

The deciphering of the sources, received from donors and their use in the currency of the financing contracts, is presented in **Annex 1** to the present Auditor's Report. This Report is prepared using the **cash method**, and reflects sources received from the donors, in the currency of the finance agreements and sources used by expense lines in the process of implementation of the social projects during the reporting period 01.01.2019-31.12.2019.

As result of the audit of the evidence of collection and use of the financing sources was found that, in the period of 2019, the Association did comply, under all significant aspects, with the use of the financing sources, provided by donors, exclusively in the manner and for the designations, which are stipulated in the budgets of the financing agreements of the projects, no deviations were found.

ANNEX 1

Explanatory financial report related to received and uses of the financing funds of projects

Data	Received funds 2019			Uses of received funds in 2019					
	Amount			Approved Budget			Amount spent		
	MDL	USD	EUR	MDL	USD	EUR	MDL	USD	EUR
TOTAL			60 225,00			71 417,90			69 836,83
27.03.2019			28 400,00			27 236,69			26 299,31
03.10.2019			31 825,00			21 219,67			21 469,13
						778,86			778,86
						604,93			604,93
						3 725,00			3 846,25
						11 466,81			12 890,22
						6 385,95			3 948,13
TOTAL			43 838,00			33 619,74			24 216,68
18.06.2019			43 838,00			11 327,74			2 746,45
						22 292,00			21 470,23
TOTAL			78 840,00			109 230,00			102 802,65
23.12.2019			78 840,00			52 260,00			53 366,96
						8 000,00			8 085,12
						540,00			255,21
						47 430,00			40 619,60
						1 000,00			475,76
TOTAL			132 450,00			170 000,00			165 647,14
19.03.2019			34 970,00			69 678,00			70 388,12
29.05.2019			19 970,00			4 080,00			3 204,05
15.08.2019			5 970,00			4 440,00			4 058,71
15.08.2019			59 970,00			88 500,00			85 070,96
25.11.2019			11 570,00			3 302,00			2 925,30
TOTAL	559 777,34				31 711,00		559 777,34		
06.03.2019	108 734,63				18 619,00		326 727,39		
17.04.2019	152 230,99				1 545,00		25 661,16		

Financial statements PA "Partnerships for Every Child"

29.07.2019	280 054,01				Stationery	515,00		9 400,39	
15.10.2019	18 757,71				Local transportation	2 950,00		52 647,47	
					Direct costs, services	6 008,00		108 720,00	
					Support/Administration Costs	2 074,00		36 620,93	
TOTAL					OPM	13 857,30	5 450,00	9 427,89	3 999,01
28.01.2019		15 351,65			Consultancy fees	8 125,16	4 000,00	5 903,46	1 902,38
					Travel costs	3 482,14	1 450,00	1 293,57	2 096,63
					Indirect costs	2 250,00		2 230,87	
TOTAL			7 376,24		KMOP		9 208,00	6 057,83	
23.01.2019			1 411,77		Human Resources		8 758,00	5 587,97	
17.05.2019			1 849,56		Local office		450,00	469,86	
21.06.2019			1 240,25						
04.07.2019			578,88						
30.08.2019			571,55						
26.09.2019			558,18						
12.11.2019			1 166,05						
	11 060,14				2%				
	59 120,00				Local Fundraising			1 039,75	
	43 625,00				Rent			36 299,13	
TOTAL	400,00	2 230,87	21 470,23		Core Funds	465 199,84		465 199,84	

On behalf of the Association
 „Explanatory Report related to receipt and use of the financing sources of projects”
 was signed by:

The Director of the Organisation – Mamaliga Daniela

Chief Accountant - Caretnicova Angela