



**REPORT**

**OF THE INDEPENDENT AUDITOR**

**ON THE AUDIT**

**OF THE FINANCIAL STATEMENTS**

**OF THE PUBLIC ASSOCIATION**

**PARTNERSHIPS FOR EVERY CHILD**

**FOR THE PERIOD OF 2021**

---

***Audit Firm «Concept» S.R.L.***  
*Of.2B, 21/1 N. Dimo str., m. Chisinau, Moldova*  
*Individual number in the Public Register of audit entities 1903037*  
*Tel. 22-447-319, 22-438-108, 22-448-664*  
*e-mail: [audit@concept.md](mailto:audit@concept.md), web: [www.concept.md](http://www.concept.md)*

SUMMARY:

INDEPENDENT AUDITOR'S REPORT .....	2
FINANCIAL STATEMENTS .....	5
BALANCE SHEET .....	5
PROFIT AND LOSS STATEMENT .....	7
FINANCING SOURCES MODIFICATION STATEMENT .....	8
INTRODUCTION .....	10
GENERAL DATA .....	10
INFORMATION ON THE AUDITOR .....	10
INFORMATION ON THE AUDITED SUBJECT .....	11
ACCOUNTING PRINCIPLES, BASIS OF THE FINANCIAL STATEMENTS.....	13
ACCOUNTING POLICIES .....	15
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS .....	20
EXPLANATORY NOTES TO THE BALANCE SHEET .....	20
EXPLANATORY NOTE TO THE PROFIT AND LOSS STATEMENT .....	26
EXPLANATORY NOTE TO THE ANNEX 1 .....	27
ANNEX 1 .....	28

## **INDEPENDENT AUDITOR'S REPORT**

On the Financial Statements of the  
Public Association "Partnerships for Every Child"  
for the year of 2021

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 31<sup>st</sup> of December 2021, 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 31<sup>st</sup> of December 2021 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 this information. 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.

**Legal address:** of. 2B, 21/1 N. Dimo str.,  
Chisinau, Republic of Moldova

**License:** Series A MMII No. 054427 from  
27.03.2007 valid until 27.03.2022, issued by  
State Licensing Chamber of RM

**Phone:** +373-22-448-664

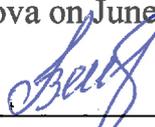
**Fax:** +373-22-438-108

**e-mail:** [audit@concept.md](mailto:audit@concept.md)

**web:** [www.concept.md](http://www.concept.md)

Auditor, Bolea Elena

(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

03 April 2023



  
The partner of audit mission

## FINANCIAL STATEMENTS

## BALANCE SHEET

On 31.12.2021

The official exchange rate on 31.12.2020 (1 EUR – 21,1266 MDL)

The official exchange rate on 31.12.2021 (1 EUR – 20,0938 MDL)

No.	ASSETS	Cod	Balance on			
			31.12.2020		31.12.2021	
			MDL	EURO	MDL	EURO
1	2	3	6	7	4	5
1.	<b>Fixed assets</b>					
	Intangible assets	010	5 182	245	5 723	285
	Tangible assets in execution	020				
	Land plots	030				
	Fixed assets	040	1 547 038	73 227	1 394 827	69 416
	Long term financial investments	050				
	Other fixed assets	060				
	<b>Total fixed assets</b>					
	(rd.010 + rd.020 + rd.030 + rd.040 + rd.050 + rd.060)	070	<b>1 552 220</b>	<b>73 472</b>	<b>1 400 550</b>	<b>69 701</b>
2.	<b>Current assets</b>					
	Materials	080	15 972	756	6 651	331
	Small value and short term objects	090	42 986	2 035	42 987	2 139
	Production in progress and products	100				
	Trade receivables and advances provided	110	107 268	5 077	249 295	12 407
	Budget receivables	120	44 006	2 083	19 098	950
	Staff receivables	130				
	Other current receivables, of which	140				
	Receivables related to the special designation means	141				
	Cash	150	2 423 806	114 728	8 671 033	431 528
	Current financial investments	160				
	Other current assets	170	11 311	535	80 901	4 026
	<b>Total current assets</b>					
	(rd.080 + rd.090 + rd.100 + rd.110 + rd.120 + rd.130 + rd.140 + rd.150 + rd.160 + rd.170)	<b>180</b>	<b>2 645 349</b>	<b>125 214</b>	<b>9 069 965</b>	<b>451 381</b>
<b>Total assets</b>						
(rd.070 + rd.180)	<b>180</b>	<b>4 197 569</b>	<b>198 686</b>	<b>10 470 515</b>	<b>521 082</b>	

*Financial statements PA "Partnerships for Every Child"*

*The official exchange rate on 31.12.2020 (1 EUR – 21,1266 MDL)  
The official exchange rate on 31.12.2021 (1 EUR – 20,0938 MDL)*

No ch.	OWNERS' EQUITY AND LIABILITIES		Balance on			
			31.12.2020		31.12.2021	
			MDL	EURO	MDL	EURO
1	2	3	6	7	4	5
3.	<b>Own capital</b>					
	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	1 552 220	73 472	1 400 550	69 701
	Self-financing fund	240	622 609	29 470	1 073 003	53 400
	Other funds	250				
	<b>Total own capital</b> (rd.200+rd.210+rd.220+rd.230+rd.240+rd.250)	<b>260</b>	<b>2 174 829</b>	<b>102 943</b>	<b>2 473 553</b>	<b>123 100</b>
4.	<b>Long-term liabilities</b>					
	Long-term purposeful financing and receipts	270	1 801 188	85 257	7 598 031	378 128
	Long-term financial liabilities	280				
	Other long-term liabilities	290				
	<b>Total long-term liabilities</b> (rd.270+rd.280+rd.290)	<b>300</b>	<b>1 801 188</b>	<b>85 257</b>	<b>7 598 031</b>	<b>378 128</b>
5.	<b>Current liabilities</b>					
	Current purposeful financing and receipts	310				
	Current financial liabilities	320	9	0		
	Trade liabilities and advances received	330			2 275	113
	Liabilities to staff	340				
	Liabilities for social and medical insurance	350				
	Liabilities to the budget	360	407	19	407	20
	Anticipated current proceeds	370	216 361	10 241	385 147	19 167
	Other current liabilities	380	4 775	226	11 102	553
<b>Total current liabilities</b> (rd.310+rd.320+rd.330+rd.340+rd.350+rd.360+rd.370+rd.380)	<b>390</b>	<b>221 552</b>	<b>10 487</b>	<b>398 931</b>	<b>19 853</b>	
<b>Total liabilities</b> (rd.260+rd.300+rd.390)	<b>400</b>	<b>4 197 569</b>	<b>198 686</b>	<b>10 470 515</b>	<b>521 082</b>	

**PROFIT AND LOSS STATEMENT**

From 01.01.2021 until 31.12.2021

The official exchange rate on 31.12.2020 (1 EUR – 21,1266 MDL)

The official exchange rate on 31.12.2021 (1 EUR – 20,0938 MDL)

Indicators	Cod row.	Reporting period			
		01.01.2020-31.12.2020		01.01.2021-31.12.2021	
		MDL	EURO	MDL	EURO
1	2	5	6	5	6
Proceeds related to special designation means	010	6 364 790	301 269	7 715 149	383 957
Expenses related to special designation means	020	6 437 818	304 726	7 809 237	388 639
<b>Excess (deficit) related to special designation means (rd.010 – rd.020)</b>	<b>030</b>	<b>-73 028</b>	<b>-3 457</b>	<b>-94 088</b>	<b>-4 682</b>
Other proceeds (except proceeds from the economic activity)	040				
Other expenses (except expenses from the economic activity)	050				
<b>Excess (deficit) related to other activities(rd.040-rd.050)</b>	<b>060</b>				
Proceeds from the economic activity	070	74 003	3 503	94 088	4 682
Expenses from the economic activity	080	975	46		
<b>Result: profit (loss) from the economic activity (rd.070-rd.080)</b>	<b>090</b>	<b>73 028</b>	<b>3 457</b>	<b>94 088</b>	<b>4 682</b>
Expenses related to the income tax	100				
<b>Net excess (net deficit) of the reporting period (rd.030+rd.060+rd.090-rd.100)</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial statements PA "Partnerships for Every Child"

FINANCING SOURCES MODIFICATION STATEMENT

From 01.01.2021 until 31.12.2021

The official exchange rate on 31.12.2020 (1 EUR – 21,1266 MDL)

Average official exchange rate of the National Bank of the RM for the 2021 year (1 EUR – 20,9255 MDL)

The official exchange rate on 31.12.2021 (1 EUR – 20,0938 MDL)

No. d/o	Indicators	Cod rd.	Balance on 31.12.2020		Increases		Decreases		Corrections related to currency exchange rate fluctuations	Balance on 31.12.2021	
			MDL	EURO	MDL	EURO	MDL	EURO		MDL	EURO
1	2	3	4	5	6	7	8	1	2	3	4
	Special designation means										
	Special designation financing from the national budget	10	6 451	305	6 397	306			28	12 848	639
	Special designation financing from the local budget	20	0						0		
	Grants	30	930 614	44 049	10 251 620	489 910	5 848 551	279 494	10 973	5 333 683	265 439
1	Financial and technical assistance	40	864 123	40 902	4 834 555	231 037	3 447 178	164 736	4 847	2 251 500	112 049
	Other special designation financing and proceeds	50	0	0							
	<b>Total special designation means (rd.010 + rd.020 + rd.030 + rd.040 + rd.050)</b>	<b>60</b>	<b>1 801 188</b>	<b>85 257</b>	<b>15 092 572</b>	<b>721 253</b>	<b>9 295 729</b>	<b>444 230</b>	<b>15 848</b>	<b>7 598 031</b>	<b>378 128</b>
	Unassigned means										
	Donations	70									
	Financial aid	80									
2	Other unassigned means	90			94 088	4 496	94 088	4 496			
	<b>Total unassigned means (rd.070 + rd.080 + rd.090)</b>	<b>100</b>			<b>94 088</b>	<b>4 496</b>	<b>94 088</b>	<b>4 496</b>			
3	Contributions of the founders and members										



## INTRODUCTION

### General data

In conformity with the contract No. 0702/AFH/3 from the 07<sup>th</sup> of February 2022, 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 01<sup>st</sup> of January 2021 until the 31<sup>st</sup> of December 2021.

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 16<sup>th</sup> 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 2021.

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

### Information on the audited subject

AO "Partnerships for Every Child" (hereinafter called Association) (IDNO 1010620002091) in conformity with Registration Certificate MD 002286, from the 30<sup>th</sup> of March 2010, issued by the Ministry of Justice of the Republic of Moldova, was constituted on the 26<sup>th</sup> 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. Carenicova Angela.

*Number of employees:* the number of employees on the 31<sup>st</sup> of December 2021 is of 35 persons, including the administrative staff - 5 persons.

### **Accounting principles. Basis of the Financial Statements**

In the period of 2021 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 30<sup>th</sup> 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 01<sup>st</sup> of January and ends on the 31<sup>st</sup> 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 30<sup>nd</sup> of December 2020. 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 01.01.2021 to 31.12.2021, 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 31<sup>st</sup> 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 31<sup>st</sup> 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 2021.

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 2020	Year 2021
Official course of NBM on the 31 <sup>st</sup> of December	21,1266	20,0938
Average annual rate	19,7436	20,9255

### **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 2021, 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%.

#### **✓ 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:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	WEB service	5 116	242	5 115	255
2	IC software	66	3	608	30
<b>Total</b>		<b>5 182</b>	<b>245</b>	<b>5 723</b>	<b>285</b>

Row.040

Balance value of the fixed assets:

no.	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1.	Estate	1 225 467	58 006	1 188 612	59 153
2.	Computers and office equipment	46 173	2 186	86 043	4 282
3.	Transportation means	275 398	13 036	120 172	5 981
<b>Total</b>		<b>1 547 038</b>	<b>73 227</b>	<b>1 394 827</b>	<b>69 416</b>

**Registration of the movement of fixed assets in the year 2021**

The official exchange rate on 31.12.2020 (1 EUR -- 21,1266 MDL)

Average official exchange rate of the National Bank of the RM for the 2021 year (1 EUR -- 20,9255 MDL)

The official exchange rate on 31.12.2021 (1 EUR -- 20,0938 MDL)

Groups of fixed assets	Data on 31.12.2020						In the period of 2021						Exchange fluctuations						Data on 31.12.2021					
	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						
Estate, including:	1,866,769	88,361	641,301	30,355	1,225,468	58,006	0	36,857	1,761	-2,909	1,866,769	92,903	678,158	33,750	1,188,611	59,153								
Social Apartment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Office	1,866,769	88,361	641,301	30,355	1,225,468	58,006	0	36,857	1,761	-2,909	1,866,769	92,903	678,158	33,750	1,188,611	59,153								
Computers and office equipment, including:	929,079	43,977	882,907	41,791	46,172	2,185	27,657	-12,214	-584	-191	956,736	47,613	870,693	43,331	86,043	4,282								
Furniture	270,311	12,795	270,311	12,795	0	0	0	0	0	0	270,311	13,452	270,311	13,452	0	0	0	0						
Transportation means, including:	1,671,065	79,098	1,395,666	66,062	275,399	13,036	0	155,226	7,418	-363	1,671,065	83,163	1,550,892	77,183	120,173	5,981								
<b>Total:</b>	<b>4,737,224</b>	<b>224,230</b>	<b>3,190,185</b>	<b>151,003</b>	<b>1,547,039</b>	<b>73,227</b>	<b>27,657</b>	<b>1,322</b>	<b>8,596</b>	<b>-3,463</b>	<b>4,764,861</b>	<b>237,132</b>	<b>3,370,054</b>	<b>167,716</b>	<b>1,394,827</b>	<b>69,416</b>								

Row.080

Balance value of the material stocks:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Spare Parts			719	36
2	Fuel	668	32	1 828	91
3	Packages	2 463	117	3 264	162
4	Others	12 841	608	840	42
<b>Total</b>		<b>15 972</b>	<b>756</b>	<b>6 651</b>	<b>331</b>

Row.090

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

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	OMVSD at the warehouse	-		0	0
2	OMVSD in use	121 306	5 742	259 667	12 923
3	Wear OMVSD	78 320	3 707	216 680	10 783
<b>Total</b>		<b>42 986</b>	<b>2 035</b>	<b>42 987</b>	<b>2 139</b>

Row.110

Balance value of the trade liabilities and advances provided:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1.	Advance payments which have been given inside the country, including	<b>107 268</b>	<b>5 077</b>		
	<i>CONCEPT SRL</i>	82 573	3 908	249 295	12 407
	<i>Tirex Petrol SA</i>	13 057	618	0	0
	<i>CNFACEM</i>	-	-	20 936	1 042
	<i>Metro 2 Cash and Carry Moldova SRL</i>	4 855	230	212 617	10 581
	<i>others</i>	6 783	321	4 855	242
2.	Advance payments which have been given outside the country	-	-	10 887	542
<b>Total</b>		<b>107 268</b>	<b>5 077</b>	<b>249 295</b>	<b>12 407</b>

Row120

Balance value of the budget liabilities:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Stamp duty for legal actions	3 642	172	108	5
2	Estate tax	2 100	99	2 119	105
	Income tax retained at the source of payment	3 293	156	3 293	164
3	Social Fund	17 265	817	5 571	277

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
4	Income tax from salary	10 450	495	4 698	234
5	Contributions to medical insurances on the account	6 944	329	2 615	130
6	VAT tax	312	15	694	35
<b>Total</b>		<b>44 006</b>	<b>2 083</b>	<b>19 098</b>	<b>950</b>

Row150

Balance value of cash:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Cash money	-		1 653	82
2	Current accounts in national currency	973 204	46 065	549 634	27 353
3	Current accounts in foreign currency străină	1 450 315	68 649	8 117 941	404 002
4	Other accounts (business-cards)	287	14	1 805	90
<b>Total</b>		<b>2 423 806</b>	<b>114 728</b>	<b>8 671 033</b>	<b>431 528</b>

Row.170

Balance value of other current assets:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Foreseen expenses, including::	5 322	252	78 864	3 925
	<i>Insurance</i>	2 288	108	2 432	121
	<i>Subscriptions</i>	1 920	91	0	0
	<i>Evaluation Report</i>			75 331	3 749
	<i>other</i>	1 114	53	1 101	55
2	Tires, car batteries	5 989	283	2 037	101
<b>Total</b>		<b>11 311</b>	<b>535</b>	<b>80 901</b>	<b>4 026</b>

Row.260

Balance value of the equity (own capital):

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Tangible assets fund	1 547 038	73 227	1 394 826	69 416
2	Intangible assets fund	5 182	245	5 723	285
3	The self-financing fund	622 609	29 470	1 073 004	53 400
<b>Total</b>		<b>2 174 829</b>	<b>102 943</b>	<b>2 473 553</b>	<b>123 100</b>

Row.270

Balance value of the special purpose finance:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Childhood Foundation	395 198	18 706	178 152	8 866
2	KMOP/Comisia Europeana / Kosovo, Greece	59 424	2 813	0	-
3	Kyrgyzstan (CRDL)-EU	863 686	40 881	2 784	139
4	EU Delegations in RM	-	-	2 248 715	111 911
5	Siol	241 658	11 439	5 069 131	252 273
6	P4EC St. Petersburg	119 278	5 646	0	-
7	CRS / USAID	115 493	5 467	86 419	4 301
8	Others	6 451	305	12 830	639
<b>Total</b>		<b>1 801 188</b>	<b>85 257</b>	<b>7 598 031</b>	<b>378 128</b>

Row.330

Balance value of the current financial debts:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1.	Current trade debts in the country, inclusive:	-	-	2 275	113
	<i>Tirex Petrol SA</i>			1 192	59
	<i>Stronghold SRL</i>	-	-	1 083	54
2.	Current trade debts abroad, inclusive:	-	-	0	0
	<i>Mellow Parenting Ltd</i>				
<b>Total</b>		<b>-</b>	<b>-</b>	<b>2 275</b>	<b>113</b>

Row.360

Balance value of the liability to the budget

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1.	Other tax	407	19	407	20
<b>Total</b>		<b>407</b>	<b>19</b>	<b>407</b>	<b>20</b>

Row.370

Balance value of the anticipated proceeds:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Anticipated proceeds, related to settlements with legal entities	102 493	4 851	235 917	11 741
2	Anticipated proceeds, related to advances provided	15 972	756	6 652	331

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
3	Anticipated proceeds, related to OMVSD	42 986	2 035	42 987	2 139
4	Anticipated proceeds, related to anticipated expenses	5 322	252	78 865	3 925
5	Anticipated proceeds, related to contributions to social and medical insurance	34 659	1 641	12 884	641
6	Anticipated proceeds, related to taxes	8 940	423	5 806	289
7	Anticipated proceeds, related to tires and car batteries	5 989	283	2 036	101
<b>Total</b>		<b>216 361</b>	<b>10 241</b>	<b>385 147</b>	<b>19 167</b>

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:

№	Name	Balance on 31.12.20		Balance on 31.12.21	
		MDL	EURO	MDL	EURO
1	Moldovagaz SRL	1 253	59	8 074	402
2	ICS Premier Energy SRL	2 095	99	1 469	73
3	Alte + cotizatii de membru	1 427	68	1 559	78
<b>Total</b>		<b>4 775</b>	<b>226</b>	<b>11 102</b>	<b>553</b>

## EXPLANATORY NOTE TO THE PROFIT AND LOSS STATEMENT

Indicators	On 31.12.2020		On 31.12.2021	
	MDL	EURO	MDL	EURO
Proceeds from special purpose financing	6 364 790	301 269	7 715 149	383 957
Proceeds from the economic activity (from rent)	74 003	3 503	94 088	4 682
<b>Total proceeds</b>	<b>6 438 793</b>	<b>304 772</b>	<b>7 809 237</b>	<b>388 639</b>
<b>General and administrative expenses, including:</b>	<b>2 383 587</b>	<b>109 679</b>	<b>2 219 665</b>	<b>110 465</b>
Expenses related to salary and social and medical contributions	1 824 495	86 360	1 465 450	72 930
Expenses related to repairing and maintenance of tangible assets	56 287	2 664	49 059	2 441
Travelling costs	143 922	6 812	125 885	6 265
Banking expenses	82 826	3 920	82 075	4 085
Utility bills	46 357	2 194	50 293	2 503
Legal Services and audit	27 415	1 298	82 573	4 109
Expenses for staff training	1 980	94	1 850	92
Fuel expenses	61 100	2 892	87 929	4 376
Material expenses	66 433	0	177 598	8 838
Prepaid expenses	9 650	457	11 222	558
Expenses for telecommunications	23 372	1 106	25 312	1 260
Taxes and fees	14 845	703	20 126	1 002
Other expenses	24 905	1 179	40 294	2 005
<b>Expenses for charity, including:</b>	<b>4 055 331</b>	<b>191 954</b>	<b>5 589 572</b>	<b>278 174</b>
Expenses related to salary and social and medical insurance contributions	3 509 564	166 121	5 275 013	262 519
Expenses of assessment, research, insurance	0	0	136 239	6 780
Activities	414 505	19 620	178 321	8 874
Utility bills	3 611	171	-	
Other charity expenses	50 000	2 367	-	
Financial assistance	77 651	3 676	-	
Consulting	0	0	-	
Taxes and fees	0	0	-	
<b>Total expenses</b>	<b>6 438 918</b>	<b>301 633</b>	<b>7 809 237</b>	<b>388 639</b>
<b>Expenses from economic activity</b>	<b>975</b>	<b>46</b>	<b>0</b>	<b>0</b>

**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 01.01.2021-31.12.2021.

As result of the audit of the evidence of collection and use of the financing sources was found that, in the period of 2021, 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 receipt and uses of the financing funds of projects

Date	Received funds 2021				Uses of received funds in 2021									
	Amount				Expenditure (according to budget)	Approved Budget				Amount spent				
	MDL	USD	GBP	EUR		MDL	USD	EUR	MDL	USD	GBP	EUR		
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>33 873,00</b>	<b>CHILDHOOD FONDATION</b>			<b>46 980,00</b>			<b>0,00</b>			<b>42 290,40</b>
24.03.2021				18 028,00	Project Staff (including taxes)			25 988,37						26 207,89
11.10.2021				15 845,00	Consultant/support services			1 924,63						1 314,64
					Printed/Audiovisual material			401,40						289,43
					Travel costs			1 456,94						1 206,84
					Workshops/Training			12 371,69						8 521,48
					Administration costs			4 836,98						4 750,11
<b>TOTAL</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>209 298,30</b>	<b>EU Delegation in Moldova</b>			<b>220 314,00</b>						<b>125 267,49</b>
20.01.2021				209 298,30	Human Resources			105 900,00						77 724,59
					Travel			10 800,00						2 108,64
					Equipment and supplies			6 070,00						735,21
					Local office			6 960,00						3 177,75
					Direct costs, services			76 171,00						31 721,66
					Indirect costs			14 413,00						9 799,64
<b>TOTAL</b>				<b>0,00</b>	<b>EU Delegation in Kyrgyzstan</b>			<b>44 009,10</b>						<b>41 106,84</b>
					Human Resources			28 190,00						28 186,84
					Travel			2 640,00						2 628,05

