

ICS „Roedl & Partner Audit” SRL

67 București street,
MD-2012, Chișinău, Republic of Moldova
Phone: + 373 (22) 24 56 91
Telefax: + 373 (22) 24 56 93
E-mail: info@roedl.md
www.roedl.md

Chișinău,
3 May 2019

INDEPENDENT AUDITOR’S REPORT

on the Financial Statements of

NGO Association Asociația pentru Abilitarea

Copilului și Familiei AVE COPIII

for the period started 01.01.2018 and ended 31.12.2018

Austria, Azerbaijan, Belarus, Brazil, Bulgaria, People’s Republic of China, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Ethiopia, Finland, France, Georgia, Germany, Hong Kong S.A.R., Hungary, India, Indonesia, Italy, Kazakhstan, Kenya, Latvia, Lithuania, Malaysia, Mexico, Moldova, Myanmar, Philippines, Poland, Portugal, Romania, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, USA, Uzbekistan, Vietnam

BANK DETAILS:

IBAN: MD16PR002251109042001498
Bank BC „ProCreditBank”
SWIFT: PRCBMD22

Tax code (INN): 1013600003606

INDEPENDENT AUDITOR'S REPORT

on the Financial Statements

NGO Association *Asociația pentru Abilitarea*

Copilului și Familiei AVE COPIII

for the period started 01.01.2018 and ended 31.12.2018

To the members of the General Meeting and the Administrative Board of the NGO Association
Asociația pentru Abilitarea Copilului și Familiei AVE COPIII

OVERVIEW OF THE AUDITED COMPANY

Name: NGO Association *Asociația pentru Abilitarea Copilului și Familiei AVE COPIII*

State Registration Number: 1011620002711

Location: 1, Constantin Stere str., Chișinău, Republic of Moldova

AUDITOR

Auditor's name: ROEDL & PARTNER AUDIT SRL

State Registration Number: 1013600003606

Location: 67, București str., MD-2012 Chișinău, Republic of Moldova.

ROEDL & PARTNER AUDIT SRL is a member of the Association of Professional Accountants and Auditors of the Republic of Moldova.

AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the NGO Association *Asociația pentru Abilitarea Copilului și Familiei AVE COPIII* (hereinafter referred to as the "Association") which comprise Balance Sheet as of 31.12.2018, the income statement and the statement of changes in financing sources for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of 31 December 2018 in accordance with the laws of the Republic of Moldova on compilation of the financial statements and with the accounting policies described in the Notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Association within the meaning of the code of ethics applicable for audit of financial statements in Republic of Moldova and have fulfilled our other responsibilities under this code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matters

The appended financial statements are not intended to present the financial position, the operating result and a complete set of Notes to the financial statements in accordance with the regulations and accounting principles accepted in the countries and jurisdictions different from the Republic of Moldova. As a result, the financial statements are not suitable for use by persons that do not know the laws and accounting regulations of the Republic of Moldova.

Responsibility 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 the NAS, Methodical indications on accounting particularities in non-commercial organizations and accounting policies described in the Notes to the Financial Statements and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In compiling the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, for disclosing information regarding continuation as a going concern and for the production of the financial statements on the going concern basis of accounting where appropriate, unless Management either intends to liquidate the Association 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 Responsibility 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

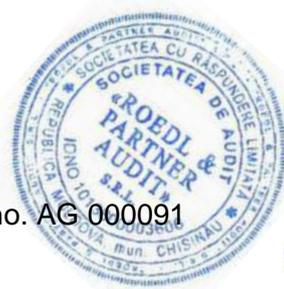
resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Antonina Şendrea

Administrator Auditor, audit licence no. AG 000091



Chişinău, 3 May 2019

I. BALANCE SHEET
 as of 31.12.2018

ASSETS	Note	balance	
		Opening balance for the reporting period	Closing balance for the reporting period
Non-current assets			
Intangible assets	3	-	6 277
Construction in progress	3	-	-
Land	3	-	-
Fixed assets	3	668 279	562 820
Long-term financial investments		-	-
Other fixed assets		-	-
Total fixed assets		668 279	569 097
Current assets			
Materials	4	124 859	201 974
Low value and short-lived assets		28 306	32 842
Work in progress and finished products		-	-
Trade receivables and short-term advances paid	5	80 927	73 143
Tax recoverable	6	547	1 094
Receivables from personnel		-	-
Other current receivables, from which		153 115	1 201 987
Receivables relating to special purpose vehicles	7	153 115	1 201 987
Cash	8	687 428	181 164
Short-term financial investments		-	-
Other current assets		-	-
Total current assets		1 075 182	1 692 204
Total assets		1 743 461	2 261 301

NGO Association Asociația pentru Abilitarea Copilului și Familiei AVE COPIII
 Financial Statements for the period started 01.01.2018 and ended 31.12.2018
 (all the amounts are stated in Moldovan Lei, unless explicitly indicated otherwise)

LIABILITIES	Note	balance	
		Opening balance for the reporting period	Closing balance for the reporting period
Equity			
Adjustment of the results for prior periods		 	
Net excess (deficit) amount for the reporting period		 	-
Initial founder contributions		-	5 338
Fixed assets reserve		668 279	569 097
Self-financing reserve		-	-
Other reserves		-	-
Total equity		668 279	574 435
Long term liabilities			
Long-term special purpose financing and receipts		-	-
Long-term financial debt		-	-
Other long term liabilities		-	-
Total long term liabilities		-	-
Short term liabilities			
Short-term special purpose financing and receipts	9	835 627	1 377 813
Short term financial liabilities		-	-
Trade payables and Short term advances received		4 916	343
Liabilities to personnel		-	-
Liabilities on social and medical insurance		-	-
Tax liabilities		-	-
Short-term deferred income	11	234 639	308 710
Other current liabilities		-	-
Total short term liabilities		1 075 182	1 686 866
Total liabilities and equity		1 743 461	2 261 301

The financial statements were signed and approved on behalf of the Association's management on 3 May 2019 by:



 Mariana IANACHEVICI
 Executive director





 Valentina POGOR
 Chief accountant

Chișinău, Republic of Moldova

NGO Association Asociația pentru Abilitarea Copilului și Familiei AVE COPIII
 Financial Statements for the period started 01.01.2018 and ended 31.12.2018
 (all the amounts are stated in Moldovan Lei, unless explicitly indicated otherwise)

II. INCOME STATEMENT

For the period started 01.01.2018 and ended 31.12.2018

Items	Note	Reporting period	
		preceding	current
Income from special purpose financing		3 746 581	2 577 746
Expenses from special purpose financing	12	3 746 581	2 577 746
Gain/(loss) from special purpose financing		-	-
Other income (different from income from operating activities)		-	-
Other expense (different from expense from operating activities)		-	-
Gain/(loss) from other activities		-	-
Income from operating activities		-	-
Expense from operating activities		-	-
Net profit/(loss) from operating activities		-	-
Income tax payments		-	-
Net gain/(loss) for the reporting period		-	-

The financial statements were signed and approved on behalf of the Association's management on 3 May 2019 by:



 Mariana IANACHEVICI
 Executive director
 Chișinău, Republic of Moldova





 Valentina POGOR
 Chief accountant

NGO Association Asociația pentru Abilitarea Copilului și Familiei AVE COPIII
 Financial Statements for the period started 01.01.2018 and ended 31.12.2018
 (all the amounts are stated in Moldovan Lei, unless explicitly indicated otherwise)

III. STATEMENT OF CHANGES IN FINANCING SOURCES

For the period started 01.01.2018 and ended 31.12.2018

ITEMS	Notes	Opening balance for the period	Increases	Decreases	Closing balance for the period
Special purpose funding					
Special purpose financing from the national treasury		-	-	-	-
Special purpose financing from local treasuries		-	-	-	-
Grants		-	-	-	-
Financial and technical aid		351 378	1 345 114	1 675 797	20 695
Other special purpose financing and receipts		484 249	2 371 226	1 498 357	1 357 118
TOTAL special purpose funding		835 627	3 716 340	3 174 154	1 377 813
Non-ear-marked funding					
Donations		-	-	-	-
Financial aid		-	-	-	-
Other non-ear-marked funding		-	-	-	-
TOTAL non-ear-marked funding		-	-	-	-
Founder contributions and membership fees					
Admission and membership fees		-	890	-	890
Other contributions		-	6 081	1 633	4 448
TOTAL founder contributions and membership fees		-	6 971	1 633	5 338
Reserves					
Initial founder contributions		-	-	-	-
Fixed assets reserve		668 279	21 530	120 712	569 097
Self-financing reserve		-	-	-	-
Other reserves		-	-	-	-
TOTAL reserves		668 279	21 530	120 712	569 097
Other financing sources		-	-	-	-
TOTAL financing sources		1 503 906	3 744 841	3 296 499	1 952 248

The financial statements were signed and approved on behalf of the Association's management on 3 May 2019 by:


 Mariana IANACHEVICI
 Executive director
 Chișinău, Republic of Moldova




 Valentina POGOR
 Chief accountant

The Notes on pages 10 - 17 form an integral part of these Financial Statements

1. General

The NGO Association *Asociația pentru Abilitarea Copilului și Familiei AVE COPIII* (“Association”) is a not-for-profit non-political NGO founded in 1992, registered by the Ministry of Justice in 1993 and re-registered in 1998.

The Association was established and operates in accordance with the principles of freedom of association, legality, openness and transparency, equal rights of its members, freedom for the members to express their opinions and accessibility for its members of any information regarding the Association’s activities, self-administration and self-governance.

The Association’s objective and purpose is to promote respect to the rights of children in the Republic of Moldova and in other countries that ratified the UN Convention on the Rights of the Child.

The Association promotes family consolidation and believes that the role of a family is vital to ensure an adequate living environment for the development of the child.

The Association carries on the following activity types:

- Development of methodologies, concepts, programmes for promotion and protection of the rights of the child;
- Hosting and participation in seminars, workshops, conferences, meetings, lectures, workgroups, etc.;
- Involvement of skilled specialists, experts in priority areas of the Association’s activities;
- Editing and multiplication of periodicals for children and adolescents and for specialists;
- Assistance to socially vulnerable groups, including social assistance (as social services and social benefits, which include in particular social allowances as well as monetary and non-monetary assistance) and other forms of assistance not explicitly prohibited by law;
- Provision of consulting assistance, analysis, assessment and monitoring of phenomena, trends, patterns, situations, etc. characteristic of the Association’s activity sphere;
- Development, implementation, monitoring and assessment of local/national and international level programmes/projects;
- Independent public expert reviews of socially important projects and programmes;

- Other activities relevant for the Association’s objective and purposes.

Financing sources:

- Special purpose (ear-marked) funds received as grants, ear-marked donations, financial aid, etc.;
- Non-ear-marked funds received as non-ear-marked donations, financial support, materials;
- Membership fees and other contributions from the Association members;
- Other funding.

The financial statements of the Association are compiled in accordance with the National Accounting Standards (NAS) of the Republic of Moldova and methodology guidelines on the specifics of accounting in not-for-profit organisations, as approved by Order no. 188 issued by the RM Ministry of Finance on 30.12.2014.

2. The accounting policies

Accounting principles

Accounting records are maintained by the accounting function. The officer responsible for proper maintenance of accounting records and compilation of financial statements is the executive director of the not-for-profit association.

Accounting records are maintained applying the double entry accounting system with submission of financial statements and making use of 1C-8 accounting software.

Reporting currency

The financial statements are presented in the national currency of the Republic of Moldova, which is the Moldovan Leu (MDL).

Going concern

The financial statements of the Association are in compliance with the going concern principle.

Tangible and intangible fixed assets

The Association’s assets include non-current (fixed) and current assets in its possession and they are

recognized, measured and accounted for by financing source on the basis of primary documents in accordance with the National Accounting Standards of the Republic of Moldova.

Non-current assets include assets falling under the following categories: intangible non-current assets and tangible non-current assets (fixed assets).

Intangible and tangible non-current assets are initially recognized in the accounting registers according to the list established by the executive director of the Association. Subsequently intangible non-current and current assets are measured and accounted for at their book value.

At present the Association has no intangible non-current assets.

Tangible non-current assets include fixed assets commissioned for operation and whose individual value is higher than the value threshold set by tax law. The residual value of fixed assets is insignificant and deemed to be nil.

The expected service life of intangible and tangible non-current assets is established depending on their type of use and stated in their transfer and acceptance (commissioning for operation) certificates:

- | | |
|-------------------------------------|---------------|
| - Buildings and structures: | 45 - 50 years |
| - Machinery, plant and equipment: | 8 - 20 years |
| - Tools, systems and other devices: | 3 - 5 years |
| - Computers: | 3 - 5 years |

Intangible non-current assets are amortised and fixed assets are depreciated applying the straight-line method.

Assets received free of charge, notwithstanding whether ear-marked or non-ear-marked, are initially measured at their acquisition value determined from the donation certificates, transfer and acceptance certificates, VAT invoices, pro-forma invoices and other documents.

Circulating assets

Inventories are accounted for in terms of their quantities and in terms of their value.

Released inventories are measured applying the weighted average cost method at each release.

Acquisitions of inventories and advances paid from special purpose (ear-marked) financing and receipts are recognised in accounts receivable, but these amounts are subsequently reclassified from accounts receivable to income for the period pro rata to the progressing consumption of the concerned inventories and settlement of the advances paid.

All procurements of goods and services for an amount over USD 500 (or its MDL equivalent) are to be awarded in an open tender.

Other accounting items and economic events

Special purpose (ear-marked) financing and receipts are expensed pro rata to their progressing utilisation:

- Fixed assets reserve - pro rata to the progressing procurements and commissioning for operation of the concerned intangible non-current assets and fixed assets;
- Self-financing reserve - pro rata to the progressing utilisation of the remainder of special purpose financing left to be used at the discretion of the not-for-profit organisation.

Non-ear-marked funds not utilised till the reporting date are reclassified to the self-financing reserve.

Funds of the self-financing reserve may be utilised to:

- Finance special missions;
- cover extraordinary expenses emerging under the programmes (budgets) approved by the financing agencies;
- cover the deficit from other activities;
- cover losses, if any, from economic activities.

Incomes and expenses

Expenses and incomes associated with special purpose (ear-marked) funding are recognised and registered concurrently in the concerned period and in the concerned amounts.

Short-term receivables include the value of circulating assets procured from unutilised amounts of special purpose financing and receipts.

Short-term receivables are reclassified to income for the period pro rata to the progressing consumption of the concerned circulating assets.

Adjustments are made to incomes during the reporting period through reversal and addition postings in accounting.

Adjustments are made to expenses during the reporting period through reversal and addition postings in accounting.

Other incomes and expenses of the Association include:

- asset surpluses and shortages (losses) identified by inventory counts;
- debts and claims written off upon expiry of their (claim) limitation period;
- incomes and expenses from disposal of assets not in use;
- incomes from recovery of financial damages;
- other incomes and expenses not associated with special missions or specific economic activities listed in the charter of the Association.

List of accounting registers maintained by the entity

- Main ledger
- Bank register
- Register of project expenses
- Register of financial transactions
- Register of movements in medications
- Register of movement in fuel and lubricants

Primary document forms developed by the Association

- Vouchers for packages of foodstuffs
- Vouchers for body care products
- Vouchers for body hygiene items for females
- Certificates for release of products/materials under grants to schools, preschools and kindergartens.

Tax exemptions

The Association enjoys an exemption from customs duties and excise tax and makes use of the beneficial VAT rate of 0 percent for the project *Local establishment of refugees/Consolidation of the asylum system in Moldova*.

NGO Association Asociația pentru Abilitarea Copilului și Familiei „AVE COPILII”
Financial Statements for the period 01.01.2018 - 31.12.2018
(all the amounts are stated in MDL, unless indicated otherwise)

3. Fixed assets

2. Intangible non-current assets in use, total (112)	-	-	-	7 030	-	7 030	753	-
inclusiv:								
2.1. patents and trademarks (1122)								
2.2. licences (1124)								
2.3. software (1125)				7 030		7 030	753	
3. Tangible assets in progress (121)	-	-	-	-	-	-	-	-
4. Land (122)	-	 	-	-	-	-	 	-
5. Fixed assets, total (123) of which:	1 314 922	646 643	-	14 500	7 724	1 321 698	758 878	-
5.1. buildings (1231)	-	-	-	-	-	-	-	-
5.2. specialized structures (1232)	-	-	-	14 500	-	14 500	773	-
5.3. machinery, plant and equipment, transmitting devices (1233)	332 946	191 950	-	-	7 724	325 222	211 797	-
5.4. vehicles (1234)	848 300	339 070	-	-	-	848 300	421 806	-
5.5. tools and appliances (1235)	-	-	-	-	-	-	-	-
5.6. subsequent costs of off balance sheet items (1236)	-	-	-	-	-	-	-	-
5.7. fixed assets obtained under financial lease (1237)	-	-	-	-	-	-	-	-
5.8. fixed assets obtained for joint management (1238)	-	-	-	-	-	-	-	-
5.9. other fixed assets (1239)	133 676	115 623	-	-	-	133 676	124 503	-
6. Natural resources (125)	-	-	-	-	-	-	-	-
7. Total investments in real estate (151)	-	-	-	-	-	-	-	-

4. Stocs

	31.12.2017	Inflow	Outflow	31.12.2018
Medications	23 607	35 481	38 421	20 667
New arrivals - materials	5 650	6 923	9 220	3 352
Materials under grant to schools	-	97 584	270	97 314
Body care and hygiene products	1 493	14 208	15 189	512
Materials for newborns	1 012	-	-	1 012
Materials for refugees (bedding, kitchen)	578	-	-	578
Foodstuffs	1 212	30 768	29 159	2 822
Teaching and distractive materials for kids	27 267	20 229	14 600	32 896
Technical equipment, incl. kitchen	6 505	3 428	5 033	4 900
Combustible materials	1 344	84 613	85 223	734
Miscellaneous	56 191	58 091	77 097	37 186
Total low value and short-lived assets	124 859	351 326	274 212	201 974

5. Trade receivables and short-term advances paid

	31.12.2017	31.12.2018
Advances paid in MDL	80 927	73 143
Advances paid in EUR	-	-
Total receivables and short-term advances paid	80 927	73 143

6. Tax recoverable

	31.12.2017	31.12.2018
Recovery of income tax on salaries	257	805
Recovery of social tax (statutory medical insurance)	290	289
Other tax recoverable	-	-
Total tax recoverable	547	1 094

7. Recovery of special purpose (ear-marked) financing

	31.12.2017	31.12.2018
Caritas Viena	-	1 072 508
Social Activities and Practices Institute	153 115	129 479
Total recovery of special purpose financing	153 115	1 201 987

8. Cash and cash equivalents

	31.12.2017	31.12.2018
Current account balances (in EUR)	446 951	135 419
Current account balances (in MDL)	239 670	44 944
Cash in hand	808	801
Total cash	687 428	181 164

9. Short-term special purpose (ear-marked) financing and receipts

The table below presents the opening and closing balances of special purpose financing and receipts by financing agency:

	31.12.2017	31.12.2018
ABL Engineering Service SRL	105 204	41 844
Asociazione Comunita PAPA	11 007	-
Membership fees		-
CARITAS Viena	133 325	1 073 531
CERIOTTI CHIARAVIA Italia	22 657	22 657
Langenlois	10 145	10 145
ML EVALDONI	6 306	6 306
Cucos Natalia		2 100
Pascaru Octavian	70 982	70 982
United Nations High Commissioner for Refugees	322 886	20 695
Social Activities and Practices Institute	153 115	129 553
Total short-term special purpose financing and receipts	835 627	1 377 813

10. Expenses from special purpose (ear-marked) financing

	31.12.2017	31.12.2018
Salaries including social tax	1 905 189	1 564 884
Training, research	340 600	-
Maintenance and repairs of tangible assets	151 530	55 204
Travelling expenses of personnel	30 773	52 548
Materials, including foodstuffs, body hygiene products, medications, social kits, catering services etc.	688 818	274 140
Printing and editing services	68 150	16 358
Fees of notaries, legal expenses, bank commission fees, cadastral fees, postal, translation and other services	21 767	23 248
Medical services	59 641	84 463
General and administrative expenses, utility bills, telecommunication bills	215 192	160 412
Transport, loading and unloading services	32 393	14 276
Fuel	74 561	65 506
Unused paid leaves	-	-
Auditor fees	22 000	23 986
Taxes and dues	4 316	4 314
Trainer fees		91 549
Other	131 651	146 859
Total expenses	3 746 581	2 577 746