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ALMIR CONSULTING
АУДИТОРСКАЯ КОМПАНИЯ

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ALMIR CONSULTING LLP, State License
For audit activities in the Republic of Kazakhstan
No. 0000014 issued by the Ministry of Finance of the Republic of Kazakhstan on 27.11.99

"Approved"
Director of ALMIR CONSULTING LLP
Candidate of economic sciences, Associate Professor,
Auditor Qualifying Certificate No. 0000411
dated July 06, 1998
B.K. Iskendirova

To the Shareholders and Management of Corporate Foundation «SOS Children's Villages Kazakhstan»

Audit Opinion

We have audited the consolidated financial statements of Corporate Foundation «SOS Children's Villages Kazakhstan» (hereinafter "the Foundation") and its subsidiaries (hereinafter jointly "the Group"), consisting of the consolidated statement of financial position as of December 31, 2020, consolidated statements of financial activity, changes in accumulated funds and special-purpose cash flows for the year then ended, as well as notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporate Foundation «SOS Children's Villages Kazakhstan» and its subsidiaries as of December 31, 2020, as well as financial performance and cash flows of the Group for the period then ended, in accordance with the SOS CVI Accounting Standards.

Basis for Opinion

We have performed our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described in the section *Auditors' Responsibility for the Audit of the Consolidated Financial Statements* herein. We are independent in relation to the Group, as required by the Code of Ethics for Professional Accountants of the International Ethics Standards Boards for Accountants (Code of IESBA) and the ethical requirements applicable to our audit of the financial statements in Kazakhstan, and we performed other ethical responsibilities of ours in compliance with those requirements and the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the SOS CVI Accounting Standards, and for such internal controls as management determines are necessary to enable preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for the evaluation of a Group's ability to continue as a going concern, and for disclosure, where appropriate, of information relevant to the going concern, as well as for the preparation of the financial statements based on the assumption of going concern, except when management intends to liquidate the Group, or discontinue its

operations, or where has no other realistic alternatives, other than liquidation or discontinuation of operations.

Those charged with governance are responsible for supervision of the preparation of the Group's consolidated financial statements.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement due to fraud or error, and to issue a report containing our audit opinion. Reasonable assurance means a high degree of certainty but does not guarantee that the audit performed in accordance with the ISA always identifies significant misstatements, if any. Misstatements can be caused by fraud or errors and are considered material if they can be reasonably assumed that they, individually or cumulatively, can influence economic decisions of users made based on these consolidated financial statements

As part of the audit performed in accordance with the ISA, we use professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or errors; develop and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Detection risk of material misstatement resulting from fraud is higher than the detection risk of material misstatement due to errors, since fraud can involve conspiracy, falsification, deliberate omission, misrepresentation of information or override of internal controls;
- Obtain understanding of the internal control relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates, and appropriateness of disclosures prepared by management;
- Make a conclusion with respect to the appropriateness of application of a going concern assumption and based on the audit evidence obtained we make a conclusion whether there is substantial uncertainty due to certain events or conditions that can result in significant doubts about the Group's ability to continue as a going concern. If we conclude that significant uncertainty exists, in the report we should draw attention to the relevant disclosures in the consolidated financial statements or, if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our report. Nevertheless, future events or circumstances may result into loss by the Group of the ability to continue its operations as a going concern;
- Evaluate the presentation of the consolidated financial statements, their structure, and contents, including disclosures; we also evaluate whether the consolidated financial statements present the underlying transactions and events so as to ensure their fair presentation.

We interact with those charged with governance, bringing to their attention, inter alia, information about the planned scope of the audit and its timing, as well as material findings of the audit, including significant shortcomings of the internal control identified in the course of the audit.

We also made a statement to those charged with governance that we have complied with all relevant ethical requirements with regards to independence and informed them about all interactions and other matters that can be reasonably considered as affecting the independence of auditor, and when required – about the precautions undertaken.

Auditor of
ALMIR CONSULTING LLP
Auditor Qualifying Certificate
No. 0000727 dated January 31, 2019

A.K. Nurkaliyeva

July 7, 2021, Almaty

Corporate Foundation «SOS Children's Villages Kazakhstan»

Consolidated Statement of Financial Position (Balance Sheet)
As of December 31, 2020

(tenge)

Assets	Note	December 31, 2020	December 31, 2019
Long-term assets			
Property, plant and equipment	5	1 109 714 658	902 852 040
Intangible assets	6	89 208	-
Total long-term assets		**1 109 803 866**	**902 852 040**
Current assets			
Inventories	7	3 725 462	5 494 551
Accounts receivable	8	101 083 653	5 028 854
Deferred expenses	8	396 989	345 421
Cash and its equivalents	9	573 964 076	360 250 508
Total current assets		**679 170 180**	**371 119 334**
TOTAL ASSETS		**1 788 974 046**	**1 273 971 374**
CASH FUNDS ACCUMULATED AND LIABILITIES			
Cash funds accumulated			
No-purpose funds	10	1 543 818 047	1 227 168 025
Special purpose funds	10	138 078 399	23 526 123
Total cash funds accumulated		**1 681 896 446**	**1 250 694 148**
Long-term liabilities			
Earmarked funds	11	18 012 027	17 569 402
Long-term reserves	12	24 480 997	2 065 730
Total long-term liabilities		**42 493 024**	**19 635 132**
Current liabilities			
Current liabilities	13	61 545 779	2 205 066
Tax liabilities	14	3 038 797	1 437 028
Total current liabilities		**64 584 576**	**3 642 094**
TOTAL LIABILITIES		**107 077 600**	**23 277 226**
TOTAL CASH FUNDS ACCUMULATED AND LIABILITIES		**1 788 974 046**	**1 273 971 374**

On behalf of the Group Management:

G.S. Asanova

National Director

July 7, 2021

A.S. Musina

Financial Manager

July 7, 2021

Consolidated statement of financial position (balance sheet) should be read in conjunction with the notes to the consolidated financial statements presented on pages 10- 24

Corporate Foundation «SOS Children's Villages Kazakhstan»

Consolidated Statement of Financial Activity

For the year ended December 31, 2020

(tenge)

	Note	2020	2019
Income	**15**		
International foundations' grants	15.1	113 052 973	223 854 727
Local income	15.2	1 196 777 199	799 339 381
Total income		**1 309 830 172**	**1 023 194 108**
Expenses	**16**		
Program expenses			
Program administrative expenses	16.1	(801 014 886)	(572 349 005)
General administrative expenses	16.2	(85 646 682)	(94 164 578)
Fund-raising expenses	16.3	(7 429 994)	(17 013 514)
Regional management expenses	16.4	-	(8 810 965)
Other expenses	16.5	(119 157 272)	(64 949 692)
Total expenses		**(1 013 248 834)**	**(757 287 754)**
Total operating income		**296 581 338**	**265 906 354**
Bank deposits interest income		9 405 919	1 177 944
Bank fees		(166 974)	(83 584)
Gains/ (losses) from foreign exchange, net		10 829 739	(1 088 626)
Total financial activity income		**20 068 684**	**5 734**
Profit before tax		**316 650 022**	**265 912 088**
Corporate income tax expenses	16.6	-	-
Profit after tax		**316 650 022**	**265 912 088**

On behalf of the Group Management:

G.S. Asanova

National Director

July 7, 2021

A.S. Musina

Financial Manager

July 7, 2021

Consolidated statement of financial activity should be read in conjunction with the notes to the consolidated financial statements presented on pages 10-24

Corporate Foundation «SOS Children's Villages Kazakhstan»

Consolidated Statement of Cash Flows

For the year ended December 31, 2020

(tenge)

	2020	2019
Profit before tax	**316 650 022**	**265 912 088**
Operating activities		
Depreciation of property, plant and equipment	63 109 145	51 773 611
Property, plant and equipment write-off	55 848 127	1 440 653
Impairment of property, plant and equipment	-	12 583 259
Non-monetary donations income	(219 380 766)	(253 306 148)
Decrease (increase) of accounts receivable	(96 054 799)	1 403 294
Decrease (increase) of inventories	1 769 089	1 655 840
Increase (decrease) of accounts payable	59 340 713	(1 691 972)
Increase (decrease) of special purpose funds	114 552 276	13 908 577
Increase (decrease) earmarked funds	442 625	(7 489 414)
Other income from charitable activities	7 835 089	19 171 911
Other adjustments	(20 024 759)	1 671 505
Net cash, received from operating activities	**284 086 762**	**107 033 204**
Investment activity		
Acquisition of property, plant and equipment	(70 373 194)	(13 115 228)
Net cash, used in investment activity	**(70 373 194)**	**(13 115 228)**
Financial activity	-	-
Net cash used in financial activity	-	-
Total cash flows	213 713 568	93 917 976
Balance of cash as the beginning of the year	360 250 508	266 332 532
Balance of cash as the end of the year	**573 964 076**	**360 250 508**

The total amount of acquisition of property, plant and equipment specified in the cash flows from investment activity section of the consolidated statement of cash flows excludes the amounts related to property, plant and equipment, received in the form of non-monetary donations.

On behalf of the Group Management:

G.S. Asanova

National Director

July 7, 2021

A.S. Musina

Financial Manager

July 7, 2021

Consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements presented on pages 10- 24

Corporate Foundation «SOS Children's Villages Kazakhstan»

Consolidated Statement of Changes in the Cash Funds Accumulated
For the year ended December 31, 2020

(tenge)

Cash funds accumulated	2020	2019
No-purpose funds		
As of January 01	**1 227 168 025**	**961 255 937**
Profit/Loss of the current year	308 230 078	263 417 853
Transfer from the special purpose funds	8 419 944	2 494 235
As of December 31	**1 543 818 047**	**1 227 168 025**
Special purpose funds		
As of January 01	**23 526 123**	**9 617 546**
Acquisition	199 519 352	95 276 415
Distribution	(76 547 132)	(78 873 603)
Transfer to no-purpose funds	(8 419 944)	(2 494 235)
Exchange rate difference	-	-
As of December 31	**138 078 399**	**23 526 123**
TOTAL Cash Funds Accumulated	**1 681 896 446**	**1 250 694 148**

Transfer from special purpose to no-purpose funds is an amount of purchase of property, plant and equipment out of special purpose funds, initial cost of which is depreciated annually.

On behalf of the Group Management:

G.S. Asanova

National Director

July 7, 2021

A.S. Musina

Financial Manager

July 7, 2021

Consolidated statement of changes in the cash funds accumulated should be read in conjunction with the notes to the consolidated financial statements presented on pages 10- 24

1 General Information

Corporate Foundation «SOS Children's Villages Kazakhstan» (hereinafter referred to as "Foundation") is registered in the Ministry of Justice of the Republic of Kazakhstan on August 1, 1994.

The Foundation was re-registered in the Ministry of Justice of the Republic of Kazakhstan on June 15, 2005.

Legal and postal address: bld.40, Abylay Khan Ave., Almaty District, Nur-Sultan City, 010009, Republic of Kazakhstan.

Corporate Foundation «SOS Children's Villages Kazakhstan» is a member of the international federation SOS Kinderdoft International (name in English: SOS Children's Villages International) and fully shares the mission and aligns with provisions and premises of SOS Kinderdoft International Charter.

The Foundation is a non-governmental, non-political, non-religious and non-profit social organization focused on promoting the social development and working solely in the public interest and in support of children and young people, who are at risk of losing parental care or being left without parental care.

The Foundation carries out its activities in accordance with Agreement concluded between the Government of the Republic of Kazakhstan and International Society for creation of SOS children's villages «SOS Kinderdoft International» as of September 8, 2004, and ratified by the Law of the Republic of Kazakhstan No. 5-III ЗРК as of December 3, 2014. Protocol on amending the Agreement between the Government of the Republic of Kazakhstan and International Society for creation of SOS children's villages «SOS Kinderdoft International» was signed on April 15, 2008, and ratified by the Law of the Republic of Kazakhstan No. 92-IV ЗРК as of November 21, 2008.

In accordance with the aforementioned Agreement the Foundation provides professional assistance and supports children, young people and families in need through parenting programs in SOS-families, foster families, family care groups, SOS-programs of young people support and other programs of upbrining of orphans and children left without parental care.

The Foundation achieves its goals through events and fundraising campaigns, in particular in the form of grants and donations from public and private legal entities and individuals.

These consolidated financial statements include the following subsidiaries:

Name	Actual address	Share, %	
		December 31, 2020	December 31, 2019
PEI «SOS Children's Village Almaty»	Bld.95, Luganskiy Str., Almaty	100%	100%
PEI «SOS Children's Village Astana»	Bld.40, Abylay Khan Ave., Almaty District, Nur-Sultan	100%	100%
PEI «SOS Children's Village Temirtau»	Bld.129, Michurina Str., Temirtau	100%	100%

All subsidiaries carry out their activities to support orphaned children and children left without parental care.

Children's villages in Almaty, Nur-Sultan and Temirtau are private educational organizations, independent legal entities.

PEI "SOS Children's Village Almaty" included officially licensed kindergarten. In 2020, the kindergarten was closed according to the decision of the shareholders and in accordance with the procedures for the termination of the SOS programs.

2 Internal Control

Statuses

The Articles of Association of the Foundation determine four governing bodies:

1. General Meeting of Shareholders – the supreme governing body;
2. Board of Trustees – a collegial governing body;
3. National Director – executive body;

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4. External auditor – control (supervisory) body.

General Meeting of Shareholders

The General Meeting of Shareholders, as the supreme governing body, has the right to make decisions on all matters relating to the Foundation.

The exclusive competence of the General Meeting of Shareholders includes decision making on the following matters:

- Making amendments to the Foundation's Articles of Association;
- Winding up and liquidation of the Foundation;
- Acquisition or alienation of real property and property, plant and equipment;
- Approval of members of the Board of Trustees of the Foundation and their powers, as well as termination of their powers.

The General Meeting of Shareholders has the right to use the veto power in respect of resolutions of the Foundation's Board of Trustees.

As of December 31, 2020, and 2019, the following legal entities were the members of the Foundation:

Members	
SOS KINDERDORF INTERNATIONAL	International non-profit public organization establishing SOS children's villages located at: Hermann Gmeiner Strasse 51, 6020 Innsbruck, Austria
PF Nursultan Nazarbayev Educational Foundation	Non-profit organization located at: 64a, Iskendirov Street, Almaty

The costs associated with the establishment and registration of the Foundation were shared equally.

The Board of Trustees

The Board of Trustees shall consist of 7 members including the Chairman of the Board. PF Nursultan Nazarbayev Educational Foundation appoints 5 members, while SOS KINDERDORF INTERNATIONAL appoints 2 members. Meetings of the Board are considered duly constituted subject to the presence of over 50% of its members.

As of December 31, 2020, and 2019, the Foundation's Board of Trustees consisted of the following members:

Members	Function
Mrs. D.N. Kulibayeva	Chairwoman of the Board, representative of PF Nursultan Nazarbayev Educational Foundation
Mr. A.Zh. Rakhimbayev	Member of the Board, representative of PF Nursultan Nazarbayev Educational Foundation
Mr. A.I. Tasmagambetov	Member of the Board, representative of PF Nursultan Nazarbayev Educational Foundation
Mr. S.T. Seidumanov	Member of the Board, representative of PF Nursultan Nazarbayev Educational Foundation
Mr. N.E. Smagulov	Member of the Board, representative of PF Nursultan Nazarbayev Educational Foundation
Mr. T. Malvet	Member of the Board, representative of SOS KINDERDORF INTERNATIONAL
Mr. Z. Sedlar	Member of the Board, representative of SOS KINDERDORF INTERNATIONAL

The last meeting of the Board of Trustees in 2020 was held on December 4, 2020.

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Projects of the Foundation

As at the year-end of 2020, the Foundation had 11 institutions and projects: three children's villages, four Youth Houses, National Office, and three family strengthening programs.

As of December 31, 2020, under the guardianship of the Foundation there were 312 children and teenagers (2019: 232 children and teenagers), of which 231 children live in children's villages, in SOS families (2019: 167 children). In children's villages in SOS families, children live in 41 family houses, including five family-type group houses. Youth care services were provided to 100 young people, of whom 57 lived in Youth Houses (2019: 65 persons), 19 in family houses and 24 in alternative housing and received support services.

During the reporting period, 42 children left care within the Children's Villages: 17 children were placed with relatives or guardians, 5 were reunited with biological families, and 19 teenagers left care after reaching the age of 18 for various reasons (army, independent living, relocation to other cities for the purpose of study).

The Family Strengthening Program projects in three cities provided social, socio-legal, and psychological support to 244 families (537 children and 327 adults). Of these, 130 families (280 children and 184 adults) are new families who came to the project in 2020.

Personnel of the Foundation

As of December 31, 2020, 172 employees worked in the SOS Children's Villages of Kazakhstan Group of Companies in the positions of parents-fosterers, family assistants, managers and teachers of youth houses, administrative and psychological-pedagogical personnel (2019: 154 employees). During the reporting year, 51 employees left the Group, or 29% of the total number of employees (2019: 49 employees or 31%), among them - 33 employees left the Foundation at their own initiative, or 19%, and 6 employees retired. 24 staff positions were reduced in connection with the completion of the process of closing a kindergarten in Almaty and the Center for Child Development in Nur-Sultan.

Candidates for the position of a SOS parent - fosterer are recruited in strict compliance with the standards established by SOS Children's Villages International and internal regulations of CF SOS Children's Villages Kazakhstan.

Employees of the Group get 12 salaries per year, and at the end of the year they are paid a bonus based on the performance. In accordance with the Agreement between the Government of the Republic of Kazakhstan and SOS Kinderdoft International, an international organization establishing SOS Children's Villages, salaries of the employees are exempted from individual income tax and social tax. Mandatory pension contributions at a rate of 10% of the salary are withheld and transferred to Unified Accumulative Pension Fund JSC. The Group pays mandatory social medical contributions at a rate of 1.5% and social contributions at a rate of 3.5% of the employees' income.

3 Basis of Preparation of the Financial Statements

These consolidated financial statements of the Group have been prepared in accordance with the SOS CVI Accounting Standards.

The reporting year covers the period from January 1 to December 31.

The Group maintains its accounting records in Kazakhstani currency (tenge), as required by the current laws and regulations of the Republic of Kazakhstan. These consolidated financial statements are presented in tenge.

These consolidated financial statements have been prepared on a historical (original) cost basis.

In preparing the consolidated financial statements the two fundamental assumptions have been used - the accrual method of accounting and going concern basis of accounting.

The consolidated financial statements prepared on an accrual basis inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future.

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The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. These financial statements do not include any adjustments that might be necessary if the Group be unable to continue as a going concern.

Preparation of the consolidated financial statements involves management's subjective estimates and assumptions that affect the amounts reported in the consolidated financial statements. Those subjective estimates and assumptions are based on information available as at the date of the consolidated financial statements. Key estimates and assumptions are based on the information available at the date of the consolidated financial statements; therefore, actual results may differ from those subjective estimates.

Methodology of Translation into Tenge

Monetary assets and liabilities denominated in foreign currencies are translated into tenge at the exchange rate prevailing at the date of the financial statements. Foreign currency transactions are recognized at the exchange rate prevailing at the transaction date. Foreign exchange gains and losses on those transactions are recorded in profit/ loss.
The exchange rates that were effective at the year-end and were used by the Group in preparing these financial statements are presented below:

	December 31, 2020	**December 31, 2019**
Tenge/1 US dollar	420,91	382,59
Tenge/1 Euro	516,79	429,00

4 Accounting System

Accounting Standards of SOS Children's Villages Kazakhstan

The accounting in SOS Children's Villages Kazakhstan is maintained in accordance with the accounting standards of SOS CVI. The accounting standards determine the accounting principles applicable to the accrual of revenue and expenses, and accounting for assets and liabilities. They also establish requirements to the presentation and disclosure of financial information in the financial statements and related notes. The Accounting Standards of SOS CVI are substantially in line with the International Financial Reporting Standards (IFRS).

Navision (DynamicsNAV)

SOS Kazakhstan uses the *Navision* accounting program, which is a mandatory accounting program for SOS organizations throughout the world. Accounting in *Navision* is divided into four separate, so-called "companies", which in turn are divided into different objects. A total of 13 objects were in use in 2020. The following table contains general information about Navision companies and objects:

	Object code	***Description/Object***
		National Office
1	R0049501	National Association
2	R0049505	National Office

The Navision program is used by all accountants in all institutions of the Foundation.

№	***Object code***	***Description/Object***
3	R0049514	Fundraising activities
4	R0049525	Regional Office
		Almaty
5	R0049502	Almaty Children's Village
6	R0049503	Almaty Kindergarten

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7	R0049517	Almaty Youth Houses-2
		Nur-Sultan
8	R0049506	Astana Children's Village
9	R0049520	Astana Youth Houses-2
10	R0049515	Astana Family Support Center
		Temirtau
11	R0049508	Temirtau Children's Village
12	R0049523	Temirtau Youth House-1
13	R0049516	Temirtau Family Support Center

Accounting

Accounting in 1C (Kazakhstan)

The Group uses 1C (*Kazakhstan*), the local program for accounting, simultaneously with the Navision program. 1C (*Kazakhstan*) is used to prepare financial statements and tax returns for local tax authorities. Requirements for local accounting are established by the National Accounting Policies that are in effect on all SOS Kazakhstan's objects.

5 Property, Plant and Equipment

Items of property, plant and equipment are recorded in the consolidated financial statements at cost less accumulated depreciation and accumulated impairment losses. The original cost of property, plant and equipment comprises the cost of acquisition, including import duties and non-refundable taxes, and any costs directly attributable to bringing the asset into working condition and its delivery to the place of its intended use.

Property, plant and equipment are subsequently carried at the historical cost model, less any accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful lives, as detailed below:

	Useful lives (years)
Buildings and structures	40-50
Machinery and equipment	4-10
Vehicles	7-10
Others	4-10

Movements in property, plant and equipment during 2020 and 2019 are detailed below:

(tenge)

	Land	**Buildings and structures**	**Equipment**	**Vehicles**	**Furniture**	**Construction-in-progress**	**Total**
Original value							
As of December 31, 2018	**111 014 492**	**981 844 262**	**223 047 825**	**71 913 761**	**110 836 633**	-	**1 498 656 973**
Additions	-	190 528 008	19 658 584	7 038 851	29 857 174	-	247 082 617
Disposals	-	-	(1 292 454)	-	(148 199)	-	(1 440 653)
Impairment	-	(12 583 259)	-	-	-	-	(12 583 259)
As of December 31, 2019	**111 014 492**	**1 159 789 011**	**241 413 955**	**78 952 612**	**140 545 608**	-	**1 731 715 678**
Additions	-	178 039 169	60 528 110	-	29 112 930	-	267 680 209
Modernization/ capital repairs	-	-	-	-	-	58 544 054	58 544 054
Disposals	-	(61 996 715)	(5 355 230)	-	(2 223 892)	-	(69 575 837)
As of December 31, 2020	**111 014 492**	**1 275 831 465**	**296 586 835**	**78 952 612**	**167 434 646**	**58 544 054**	**1 988 364 104**

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Depreciation							
As of December 31, 2018	-	**521 725 288**	**129 835 754**	**37 786 290**	**87 742 695**	-	**777 090 027**
Accrued for the period	-	16 478 079	24 376 824	4 846 924	6 071 784	-	51 773 611
As of December 31, 2019	-	**538 203 367**	**154 212 578**	**42 633 214**	**93 814 479**	-	**828 863 638**
Accrued for the period	-	19 991 806	28 346 151	5 198 866	9 557 035	-	63 093 858
Disposals	-	(7 466 092)	(3 724 599)	-	(2 117 359)	-	(13 308 050)
As of December 31, 2020	-	**550 729 081**	**178 834 130**	**47 832 080**	**101 254 155**	-	**878 649 446**
Book value							
As of December 31, 2019	**111 014 492**	**621 585 644**	**87 201 377**	**36 319 398**	**46 731 129**	-	**902 852 040**
As of December 31, 2020	**111 014 492**	**725 102 384**	**117 752 705**	**31 120 532**	**66 180 491**	**58 544 054**	**1 109 714 658**

Additions / acquisitions of property, plant and equipment during 2020 are as follows:

(tenge)

Group of property, plant and equipment	Non-monetary donations	Purchased	Total
Buildings and structures	178 039 169	-	**178 039 169**
Equipment	18 323 915	42 204 195	**60 528 110**
Furniture	943 931	28 168 999	**29 112 930**
Total:	**197 307 015**	**70 373 194**	**267 680 209**

Additions / acquisitions of property, plant and equipment during 2019 are as follows:

(tenge)

Group of property, plant and equipment	Non-monetary donations	Purchased	Total
Buildings and structures	190 528 008	-	190 528 008
Equipment	5 508 006	14 150 578	19 658 584
Vehicles	7 038 851	-	7 038 851
Furniture	8 714 854	21 142 320	29 857 174
Total:	**211 789 719**	**35 292 898**	**247 082 617**

The balances of the property, plant and equipment are confirmed by the inventory lists as of December 31, 2020. Items of property, plant and equipment were stock taken as at the year-end in all institutions.

6 Intangible Assets

Intangible assets are stated in the consolidated financial statements at cost less accumulated depreciation and accumulated impairment losses.

Subsequent measurement of intangible assets is carried out using the historical cost model less any accumulated depreciation.

Depreciation is calculated on a straight-line basis over estimated useful lives. The useful life is set at 5 years.

Movements in intangible assets during 2020 and 2019 are presented as follows:

(tenge)

	Software
Original value	
As of December 31, 2018	-
Additions	-
As of December 31, 2019	-

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Additions	90 720
As of December 31, 2020	**90 720**
Depreciation	
As of December 31, 2018	-
Accrued for the period	-
As of December 31, 2019	-
Accrued for the period	1 512
As of December 31, 2020	**1 512**
Book value	
As of December 31, 2019	-
As of December 31, 2020	**89 208**

7 Inventories

Inventories are initially recorded at cost, which includes all actual costs incurred to acquire them. Where inventories have been received for free, they are carried at cost confirmed by relevant documents.

As of December 31, 2020, and 2019, inventories include the following items:

(tenge)

	December 31, 2020	December 31, 2019
Fuel and lubricants, vehicles	277 407	216 882
Fuel and lubricants, heating	1 619 500	3 009 900
Consumables	35 475	244 655
Stationery and other office supplies	1 793 080	1 787 794
Consumables for current repairs	-	235 320
Total:	**3 725 462**	**5 494 551**

8 Accounts Receivable and Deferred Expenses

Accounts receivable are monetary liabilities of individuals and legal entities to the Group arising from various transactions and events.

Receivables are recognized only when the related income is recognized (transfer of ownership under the terms of a contract).

Deferred expenses include the prepaid costs for employee insurance. Deferred expenses are subject to write-off to the relevant expense items on a straight-line basis during the reporting periods to which they relate.

(tenge)

	December 31, 2020	December 31, 2019
Receivables from employees	908 243	704 725
Receivables from third parties	1 391 938	1 099 759
Advances paid to third parties	98 783 472	3 224 370
	101 083 653	**5 028 854**
Deferred expenses (insurance)	396 989	345 421
Total:	**101 480 642**	**5 374 275**

Accounts receivable from employees include accounts receivable from SOS parent-fosterer and family assistants who receive advances for the family budget, as well as advances given to young people living in Youth Houses.

Accounts receivable from employees are confirmed by original accounting documents (expense reports) and accounting records.

Advances paid to third parties are confirmed by bank statements and reconciliations between the parties.

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Deferred expenses include the prepaid costs for employee insurance. The amount is confirmed by insurance contracts.

9 Cash and Cash Equivalents

Cash includes cash-on-hand, cash on bank accounts (current accounts, deposit accounts in tenge and foreign currencies).

(tenge)

	December 31, 2020	December 31, 2019
Cash for current expenses	478 574 124	333 352 840
Cash for construction expenses	76 712 598	8 590 897
Cash savings of children	18 012 027	17 569 402
Cash-on-hand	665 327	737 369
Total:	**573 964 076**	**360 250 508**

As of December 31, 2020, and 2019, cash of the Group include the following balances:

(tenge)

Bank/cash-on-hand	Currency	Balance at the end of 2020		Balance at the end of 2019	
		In foreign currency	In tenge	In foreign currency	In tenge
Corporate Foundation «SOS Children's Villages Kazakhstan»					
Halyk Bank of Kazakhstan JSC					
KZ206017111000022808	KZT	25 508 289	25 508 289	40 351 211	40 351 211
KZ736017111000024473	KZT	116 618 457	116 618 457	119 392 192	119 392 192
KZ786017111000023801	KZT	23 218 875	23 218 875	-	-
KZ106017111000024443	KZT	54 057 967	54 057 967	-	-
KZ666017111000024793	EUR	20 026	10 349 443	20 025	8 590 897
KZ986017111000023538	EUR	110	56 604	428	183 668
KZ726017111000022745	USD	397 649	167 374 487	247 029	94 510 906
KZ986017111000024605	USD	42 793	18 012 027	45 922	17 569 401
Cash-on-hand	KZT	-	-	-	-
Total:			**415 196 149**		**280 598 275**
NSEE «SOS Children's Village Almaty»					
Halyk Bank of Kazakhstan JSC					
KZ046017131000057239	KZT	22 386 914	22 386 914	19 210 119	19 210 119
KZ266017131000057037	KZT	1 586 961	1 586 961	4 489 724	4 489 724
KZ716018771000638921	KZT	12 305 188	12 305 188	-	-
Cash-on-hand	KZT	174 184	174 184	57 161	57 161
Total:			**36 453 247**		**23 757 004**
NSEE «SOS Children's Village Astana»					
Halyk Bank of Kazakhstan JSC					
KZ636018821000481971	KZT	45 570 585	45 570 585	14 842 610	14 842 610
KZ436017111000023946	KZT	576 072	576 072	7 213 243	7 213 243
KZ596017111000024531	KZT	15 331 766	15 331 766	-	-
Cash-on-hand	KZT	233 860	233 860	217 215	217 215
Total:			**61 712 283**		**22 273 068**
PEI «SOS Children's Village Temirtau»					
Halyk Bank of Kazakhstan JSC					
KZ896017371000001377	KZT	1 249 753	1 249 753	1 592 315	1 592 315
KZ976017371000001233	KZT	23 174 264	23 174 264	-	-
KZ476010371000050401	KZT	35 921 097	35 921 097	31 566 853	31 566 853
Cash-on-hand	KZT	257 283	257 283	462 993	462 993
Total:			**60 602 397**		**33 622 161**
TOTAL:			**573 964 076**		**360 250 508**

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The balances of banking and cash transactions are confirmed by confirmation letters from the bank, bank statements and originals of cash books and cash documents.

Cash in foreign currencies is revalued at the end of the month at the official exchange rates established by the National Bank of the Republic of Kazakhstan.

10 Cash Funds Accumulated

The Group's accumulated cash funds consist of no-purpose funds amounting to 1,543,818,047 tenge (in 2019: 1,227,168,025 tenge), which can be used by the Group at its discretion, as well as special purpose funds amounting to 138,078,399 tenge (in 2019: 23,526,123 tenge), which are intended to finance the projects. Changes in the special purpose funds are detailed in the table *Special Purpose Cash Flows*.

The closing balance reported in the *Special Purpose Cash Flows* table corresponds to the figures in the financial statements provided to the sponsors.

Statement of Special Purpose Cash Flows for the Year Ended December 31, 2020

(tenge)

Sponsors	Balance on December 31, 2019	Cash receipts	Current expenses	Acquisition of PPE	Balance on December 31, 2020
Samruk-Kazyna Trust	**13 326 158**	56 167 534	(41 283 908)	(1 800 000)	**26 409 784**
JSREIF Mega Center Plus Mega JSC	-	1 576 998	(1 524 885)	-	**52 113**
PF Halyk Charity Fund	-	23 974 740	(5 941 426)	(6 619 944)	**11 413 370**
Individuals	-	11 907 100	(11 907 100)	-	-
Zhakiya Fund	-	311 880	(311 880)	-	-
CF ERG Komek	**4 061**	13 000 000	(13 004 061)	-	-
Procter&Gamble	**6 683 336**	-	-	-	**6 683 336**
Astana Motors Premium	**2 512 568**	-	(1 759 566)	-	**753 002**
Kazakhmys Corporation LLP	**1 000 000**	89 180 434	-	-	**90 180 434**
US Embassy	-	3 400 666	(814 306)	-	**2 586 360**
Total special purpose cash	**23 526 123**	**199 519 352**	**(76 547 132)**	**(8 419 944)**	**138 078 399**

Statement of Special Purpose Cash Flows for the Year Ended December 31, 2019

(tenge)

Sponsors	Balance on December 31, 2018	Cash receipts	Current expenses	Acquisition of PPE	Balance on December 31, 2019
Samruk Kazyna Trust	**7 618 269**	58 327 398	(50 375 274)	(2 244 235)	**13 326 158**
Zhakiya Fund	**311 880**	-	(311 880)	-	-
CF ERG Komek	**4 061**	13 000 000	(13 000 000)	-	**4 061**
Procter&Gamble	**1 683 336**	5 000 000	-	-	**6 683 336**
Astana Motors Premium	-	8 287 643	(5 775 075)		**2 512 568**
Kazakhmys Corporation LLP	-	1 000 000	-	-	**1 000 000**
Total special purpose cash	**9 617 546**	**85 615 041**	**(69 462 229)**	**(2 244 235)**	**23 526 123**

11 Earmarked Funds

Earmarked Funds represent cash donations to children in children's villages and are kept in the Corporate Foundation's bank account in US dollars. The following table shows the flow of cash savings of children in 2020 and 2019:

(tenge)

	2020	2019
Balance on January 1:		
In tenge	**17 569 402**	**25 058 816**
In US dollar	**45 922**	**65 220**
Cash donations received (USD)	7 420	7 263
Money gifts paid (USD)	(10 760)	(26 678)
Interest accrued (USD)	211	117
Total in US dollars	**42 793**	**45 922**
TOTAL in tenge	**18 012 027**	**17 569 402**

During 2020, cash savings were paid to 27 children (2019: 19 children).

The lists of children, who were paid money gifts are downloaded from the SOS sharepoint platform (SOS Children's Villages Intranet).

12 Long-term Reserves

(tenge)

	Amount in foreign currency	December 31, 2020	December 31, 2019
Other funds (housing reserve)	4 810,56 EUR	2 486 049	2 064 730
Other funds (Haileybury Astana School)	KZT	1 000	1 000
Vacation reserves	KZT	21 993 948	-
Total:		**24 480 997**	**2 065 730**

Long-term reserves were agreed with the SOS CVI Regional Office in Almaty

Movement of vacation reserves is as follows:

(tenge)

	2020	2019
Balance on January 1:	-	-
Accrued for the period	21 993 948	-
Balance on December 31:	**21 993 948**	-

13 Current Liabilities

Liabilities are the Group's existing obligation arising from past events, the settlement of which will result in the outflow of the Group's resources embodying economic benefits.

Liabilities are measured at cost, or the amount of cash or cash equivalents expected to be paid in the normal course of business.

On December 31, 2020, and 2019, current liabilities consisted of:

(tenge)

	December 31, 2020	December 31, 2019
Obligations to suppliers	61 508 693	2 149 731
Obligations to pay salaries	37 086	55 335
Total:	**61 545 779**	**2 205 066**

Obligations to suppliers are confirmed by invoices, written confirmations and reconciliation statements.

14 Tax Liabilities

(tenge)

	December 31, 2020	December 31, 2019
Individual income tax	305 904	151 500

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Pension liabilities	1 765 727	931 456
Obligations for social security contributions	467 253	238 719
Social health insurance contributions	499 913	115 353
Total:	**3 038 797**	**1 437 028**

15 Income

Revenues are recognized on an accrual basis, i.e., at the time when they arise and not at the time of payment. Special purpose receipts are recognized as income to the extent of actual costs in a period, in which the costs are incurred. No-purpose receipts are recognized as income in a reporting period, in which they are received.

15.1 Grants from International Foundations

The following funds were received from international sponsors in 2020 and 2019:

			(tenge)
	International sponsorship	**2020**	**2019**
21100	Sponsorship IDS	113 052 973	214 436 982
22000	**Grants for current expenses**		
22910	Grants from KDI IO	-	9 417 745
29999	**TOTAL receipts from SOS Assoc.**	**113 052 973**	**223 854 727**

Transfers from international sponsors are confirmed by bank statements.

15.2 Local Income

The sources of local income in 2020 and 2019 were as follows:

			(tenge)
30000	**Local income**	**2020**	**2019**
31000	**Local income from private sources**		
31110	One-time payments	-	-
31112	Donation boxes	1 577 670	3 601 055
31113	Qiwi Payments	3 529 393	4 463 632
31119	Other one-time payments	3 601 037	2 384 315
31131	Charitable marketing (CRM)	155 295	878 895
31133	Corporate donors. 1-to-1 interaction	88 411 303	85 422 589
31180	Non-monetary donations from individuals	12 498 728	6 368 298
31181	Non-monetary donations from legal entities	206 882 038	246 937 850
32000	**Income from public sources**		
32110	Government grants	808 456 000	378 050 000
32130	Grants	7 563 926	27 336 192
33000	**Operating income**		
33100	Payments for education services	7 964 950	39 107 460
34000	**Other local income**		
34100	Realization of assets	54 023 165	-
34200	Leases	1 826 667	4 400 000
34900	Other income	287 027	389 095
39999	**TOTAL local income**	**1 196 777 199**	**799 339 381**

The items of income are fully confirmed by original bank and cash documents; non-monetary donations are also supported by documents.

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Donation Boxes

In 2020, donations amounting to 1,577,670 tenge (in 2019: 3,601,055 tenge) were received through the donation boxes. Upon opening of donation boxes, the cash collected is credited to a bank account.

Corporate Donors

In 2020, the Corporate Foundation SOS Children's Villages Kazakhstan continued its cooperation with corporate sponsors and donors, the main of which were as follows:

- Social Projects Development Fund Samruk-Kazyna Trust. It donated 56,167,534 tenge for the current project activities (2019: 58,327,398 tenge);
- CF ERG Komek. It provided sponsorship amounting to 13,000,000 tenge for the improvement of the territories of children's villages and for summer holidays of children (2019: 13,000,000 tenge).
- Kazakhmys Corporation LLP. Charitable assistance was provided in the amount of 89,180,434 tenge;
- PF Halyk Charity Fund. Charitable assistance was provided in the amount of 23,974,740 tenge;

Non-monetary Donations

The Group receives donations in kind from private sources. They are usually property, plant and equipment, foodstuff, clothes, household appliances, and household supplies.

Government subsidies

In 2020, the government grants amounted to 808,456,000 tenge (2019: 378,050,000 tenge).

The Law of the Republic of Kazakhstan *On Ratification of the Protocol to Amend the Agreement between the Government of the Republic of Kazakhstan and SOS Kinderdorf International, an international organization establishing SOS Children's Villages*, established that the costs of SOS Children's Villages for the maintenance of orphans and children deprived of parental care, must be reimbursed in part or in full from local (municipal) treasuries.

Government grants do not require the recipient to comply with certain conditions in the future and are recognized as income in the period in which the cash is received.

Payments for Educational Services

Before the closure of the kindergarten, the regular fee for attending a kindergarten in Almaty was 50,000 tenge per month, while the reduced fee was 35,000 tenge per month.

For the children of SOS employees, the monthly payment was 30,000 tenge, for the beneficiaries of the FP ASAR - 20,000 tenge. Children of the target group were exempted from paying for kindergarten.

16 Expenses

Expenses are recognized subject to availability of a certificate of work completed. In some cases, costs are recognized based on an invoice (communications services, utilities, etc.).

16.1 Administrative Expenses under the Program

(tenge)

	2020	2019
Expenses for guardianship	(727 990 296)	(490 232 923)
Expenses of the Family Support Center	(57 601 749)	(38 458 723)
Educational programs	(15 422 841)	(43 657 359)
Total administrative expenses under the program	**(801 014 886)**	**(572 349 005)**

Guardianship expenses include all operating costs of food, clothing, out-of-pocket expenses, school supplies, medical services, inventory, transportation costs, education and training services and other expenses for the maintenance and provision of services to children under the Family and Youth Guardianship Program, including staff costs.

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16.2 General Administrative Expenses

		(tenge)
	2020	**2019**
Operating costs	(6 466 548)	(25 482 060)
Staff costs	(68 064 109)	(52 842 248)
Administrative expenses of the National Office	(11 116 025)	(15 840 270)
Total general administrative expenses	**(85 646 682)**	**(94 164 578)**

16.3 Expenses for Fundraising

		(tenge)
	2020	**2019**
Operating costs	(295 664)	(939 426)
Staff costs	(5 910 463)	(15 278 016)
Administrative expenses	(113 850)	(138 230)
Other expenses	(1 110 017)	(657 842)
Total expenses for fundraising	**(7 429 994)**	**(17 013 514)**

16.4 Expenses for Regional Management

		(tenge)
	2020	**2019**
Operating costs	-	(1 344 545)
Staff costs	-	(7 464 570)
Administrative expenses	-	(1 850)
Total expenses of regional management	**-**	**(8 810 965)**

16.5 Other Expenses

		(tenge)
	2020	**2019**
Depreciation of property, plant and equipment	(63 109 145)	(51 773 611)
Disposal of assets	(55 848 127)	(592 822)
Impairment of property, plant and equipment	-	(12 583 259)
Expenses for creating provisions and writing off bad claims	(200 000)	-
Total other expenses	**(119 157 272)**	**(64 949 692)**

All expenses are supported by documents, such as bank and cash documents, invoices, waybills, receipts, and contracts. Salaries are paid in accordance with the salary rates approved in the annual budget. The Group makes contributions to Unified Accumulative Pension Fund JSC. Family budgets were paid out at the rates specified in the budget.

16.6 Income Tax Expenses

Based on Clause 2.5 of the Agreement between the Government of the Republic of Kazakhstan and the International Organization Establishing SOS Children's Villages SOS Kinderdorf International (hereinafter the "Agreement"), ratified by the Law of the Republic of Kazakhstan No. 5-III ЗРК dated December 3, 2004, as well as the Protocol on Amending the Agreement ratified by the Law of the Republic of Kazakhstan No. 98-IV ЗРК dated November 21, 2008, SOS KDI and SOS-Children's Villages Kazakhstan, their assets, income and other property are exempt from all taxes and other compulsory payments provided for by the laws of the Republic Kazakhstan, including individual income tax.

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17 Cash Flows

In accordance with the SOS CVI accounting standards, cash flows were divided into cash flows from operating, investment and financial activities. The Group has used an indirect method to prepare a consolidated statement of cash flows. Net cash flows were reconciled against the consolidated statement of financial activities through adjusting income/ (loss) before tax.

Cash flows and the corresponding effects were calculated correctly in the consolidated statement of cash flows. Increase or decrease in receivables/ payables, inventories, trust funds, and special-purpose funds and earmarked funds is in line with the figures in the comparative data of the consolidated statement of financial position (balance sheet). Cash outflows for acquisition of long-term assets are supported by documents. Depreciation and amortization were calculated correctly. Disposals are supported by contracts and accounting documents.

The cash balances at the year-beginning and the year-end are confirmed by original bank statements and cash books. Cash balance at the year-end increased by 59% compared to the cash balance at the year-beginning.

18 Children's Real Property

Individual cards of all children are stored in 3 children's villages in Kazakhstan. The cards contain records of real property items, computers and jewelries donated to the children. The cards are signed by the village director, SOS-mother, accountant, and social teacher.

18.1 Child Allowances

In addition to monetary donations, many of children in Kazakhstan are entitled to get benefits for orphans. The following table summarizes the total savings of SOS-children and teenagers in three villages:

	December 31, 2020		December 31, 2019	
Object	**Number of children**	**Amount in tenge**	**Number of children**	**Amount in tenge**
Almaty	42 children	57 651 481	32 children	64 450 900
Nur-Sultan	30 children	45 631 539	36 children	37 092 094
Temirtau	64 children	78 295 363	46 children	25 761 736
Total	**136 children**	**181 578 383**	**114 children**	**127 304 730**

The balances of savings accounts of children of the villages are not reported in the financial statements of the Group.

18.2 Real Property

In all three villages of the Foundation, all children and teenagers were put on the official waiting list for obtaining public housing (apartments). In 2020, 1 alumni of the Children's Village in Astana and 4 graduates of the Children's Village in Almaty obtained public apartments.

As of December 31, 2020, 198 children were on the official waiting list to obtain public housing.

19 Comparison against the Budget

Expenses

The budget performance in terms of current expendirutes was 92.63%, in terms of acquisition of property, plant and equipment 925.54%, through assistance from the Board of Trustees, obtaining real estate, carrying out repairs and vehicles. Total budget performance in terms of expenditures amounted to 121.87%.

The budget performance in terms of current expenditures was 83.69%, in terms of acquisition of property, plant and equipment and for the increase in their value in connection with repairs - 1,202.74%. Total budget performance in terms of expenditures amounted to 126.51%.

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Income

(tenge)

Income	**Budget**	**Actual amount**	**% of budget performance**
Local income from private sources	108 317 502	316 655 464	292,34%
Local income from open sources	802 909 907	816 019 926	101,63%
Operating income	46 169 027	7 964 950	17%
Other income	-	11 542 778	-
Total	**957 396 436**	**1 152 183 118**	**120,34%**

The comparison shows that the Group received greater amount of proceeds from private and local open sources than it was planned.

20 Subsequent Events

As of the date of signing of these consolidated financial statements, there were no events that require any adjustments or disclosures in the notes to these consolidated financial statements.

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