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SPECIAL – PURPOSE INDEPENDENT AUDITOR'S REPORT

TO THE FOUNDERS OF SOS CHILDREN'S VILLAGE ASSOCIATION LITHUANIA

Report on the Aggregated Financial Statements

Opinion

We have audited the set of aggregated financial statements of SOS Children's Village association Lithuania, a charity and support fund registered in the Republic of Lithuania and its trustees the Vilnius SOS Children's Village public enterprise and the Karklė's SOS children summer camp public enterprise (hereinafter the Association), expressed in Euro as of 31 December 2019 and prepared solely for SOS-Kinderdorf International consolidation purposes.

In our opinion, the accompanying aggregated financial statements for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the requirements of the SOS Kinderdorf International General Secretariat Guideline for the SOS Children's Villages Organization.

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 Aggregated Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the aggregated financial statements, which describe the basis of accounting. These financial statements are prepared solely in conjunction with the preparation of the consolidated financial statements of SOS-Kinderdorf International. As a result, the financial statements may not be suitable for another purpose. Our report is solely for information and should not be used by anyone for any other purpose. Our opinion is not modified in respect of this matter.

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

The Association's Management is responsible for the preparation and fair presentation of these aggregated financial statements in accordance with the requirements of the SOS Kinderdorf International General Secretariat Guideline for the SOS Children's Villages Organization, and for such internal control as management determines is necessary to enable the preparation of the aggregated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the aggregated 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 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 aggregated financial reporting process.

Auditor's Responsibilities for the Audit of the Aggregated Financial Statements

Our objectives are to obtain reasonable assurance about whether the aggregated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the aggregated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 aggregated 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 aggregated financial statements, including the disclosures, and whether the aggregated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the aggregated financial



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statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We shall 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.

Arvydas Ziziliauskas
Partner, Certified auditor
Auditor certificate No. 000467

Jonavos str. 60C, Kaunas
02 June, 2020

Grant Thornton Baltic UAB
Audit firm certificate No. 001445

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Finansinės konsultacijos



**SOS CHILDREN'S
VILLAGES**
INTERNATIONAL

ANNUAL FINANCIAL STATEMENTS 2019

SOS Children's Villages Lithuania

ANNUAL FINANCIAL STATEMENTS

2019

Name of the Organisation:.....SOS Children's Villages Association in Lithuania

Type:.....Charity and Support Fund

Registration Code:.....192014985

Registered:.....22.01.1996

Address:.....Ozo str. 37, Vilnius, Lithuania

Telephone:.....+370 5 2705091

Board Members: Eugenija Sutkienė, Elzbieta Marzenna Krajnik-Janczur, Daiva Lialytė, Alo Tammsalu, Gintautas Savarauskas.

Fiscal Year:.....2019

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ANNUAL REPORT

Chairman's Report

2019 marks a year, when Institutional Care ended and the number of children in care has decreased. This is very remarkable achievement for whole country and important change catalizator for SOS CV Lithuania organization.

So, it obvious, that care services will shift to a direction, where professional foster care evolves in a rapid way.

The organization throughout 2019 has concentrated on main services' development: family strengthening programs, day care centers and foster care upbringing, care services' transitional shift. Very important cooperation links with governmental partners were established and responsibly maintained.

Throughout year 2019 SOS Children's Villages Lithuania focused on strengthening financial sustainability and began working towards Equass certification for quality services. Certification process will lead to a certain organizational success story, when clear organizational processes are indicated, measured and continuously improved. Certification process will lead SOS CV Lithuania to an upper qualitative level, where organization will induce empowerment, involvement and will be able to offer weighty added value for our partners, supporters, staff, families and children.

Financially, 2019 was also a stable year, organization used to monitoring its tight budget, keeping tight reigns on payments from municipalities to make sure cash flow is not affected. Good news is with fundraising results, which ensures additional stability of services.

Year 2020 will certainly bring some challenges in those organizational areas, that were "resting" during important systemic changes' period. I myself oversee few main challenges for the organization, such as finding core identity and main communication principles. Digital communication is quite innovative "new normal" reality, which has to be also incorporated very actively within SOS CV Lithuania processes.

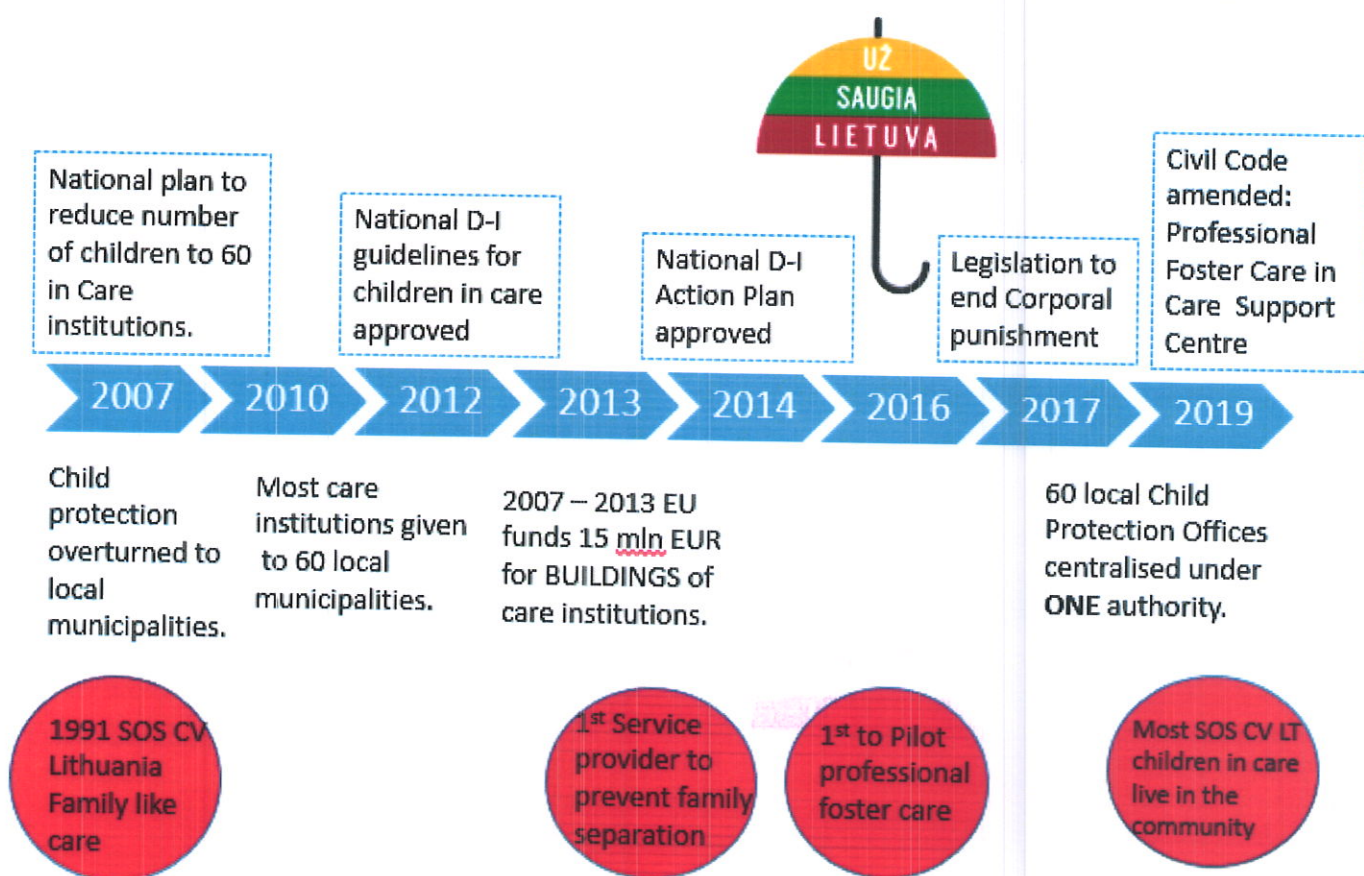
Hope that 2020 will let to stabilize, polish and lean organizational processes, strengthen organizational identity and prepare for new services' development and expansion.

Progress Report of the National Director

2019 marks a year, when Institutional Care had to end, according to the National D-I plan. Facts are, the number of children in care has decreased, however, one could argue that some just turned 18. Looking back at how D-I began in Lithuania it is evident that National policies were timely and appropriate. However, implementing quality care and providing more inclusive services for families did not materialise at the level of local municipalities.

Municipalities were willing participants of D-I, however slow to provide finances needed to pilot new services or to assess the actual real needs of families living in municipalities. It was the President of Lithuania, who in 2016, her second term, began a campaign for Safe Lithuania, initiated dozens of legislative changes together with NGO's to improve lives of Lithuanian children and especially children in care.

The obligation to show that children in care deserve better, thus fell to NGO's and SOS Lithuania is proud to have done their share for the benefit of the children and the system of social services in Lithuania. This graph outlines National policies on the top, municipal actions below and SOS Children's Villages transformation of services highlighted in red:

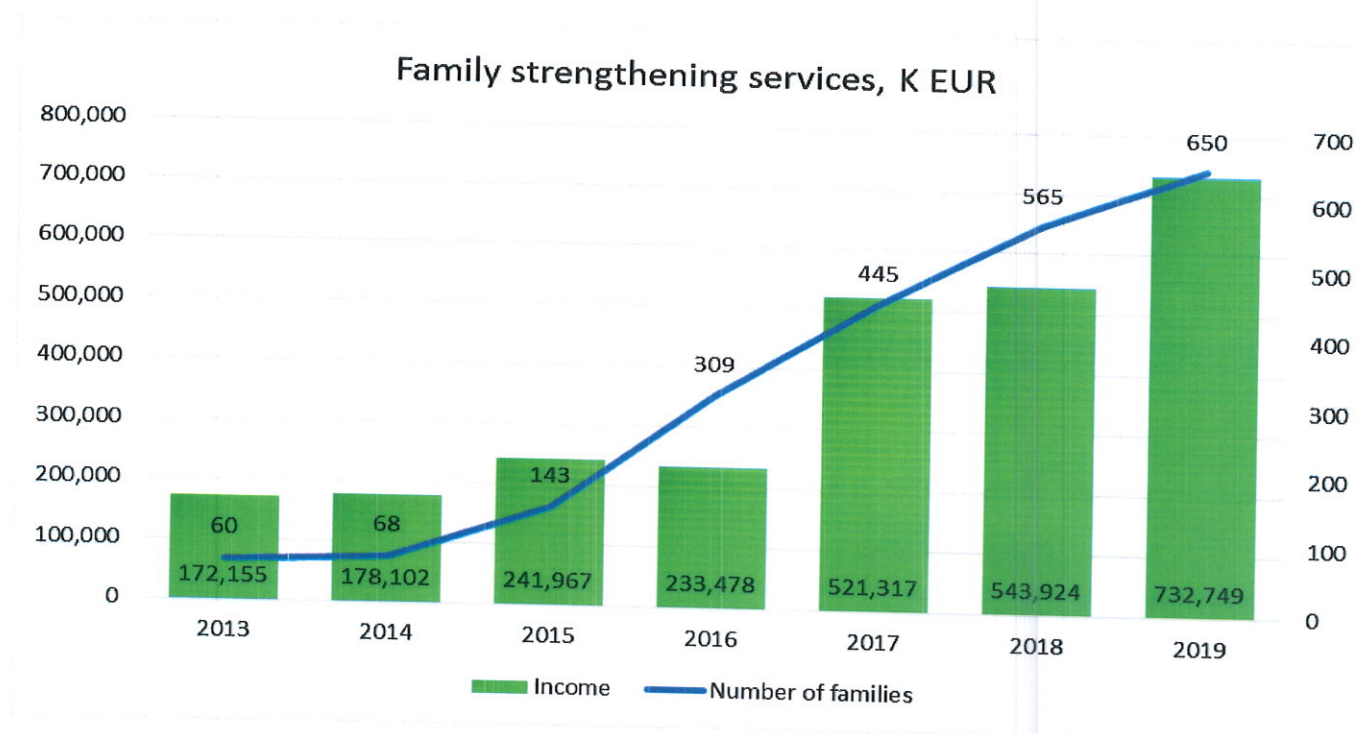


2019 SOS Children's Villages Lithuania focused on strengthening financial sustainability and began working towards Equass certification for quality services.

Preventing family separation is at the heart of Family strengthening services. Over several years we have seen a tremendous change in the type of families that are referred to us: from mostly unemployed due to addiction or mental illness to 2019 parents, with university degrees, in crisis, conflict divorce, and self-harm of teenagers. This is still far away from actual prevention of family separation and the aim is to work with expecting families, that are vulnerable to abuse.

It is clear, however, that in the next years municipalities will be forced to offer services for all families and legislating obligatory packages is forthcoming. SOS Lithuania needs to document quality of our services, have clear policies, procedures and processes in order for our staff to be competent and clients assured of the benefits of our work.

The graph below is an illustration on the increasing importance of Family strengthening services SOS Lithuania. All service contracts are based on number of families and this is identified. Income for family strengthening services increased and covers around 90% of the costs, the rest is compensated by Fundraising income.



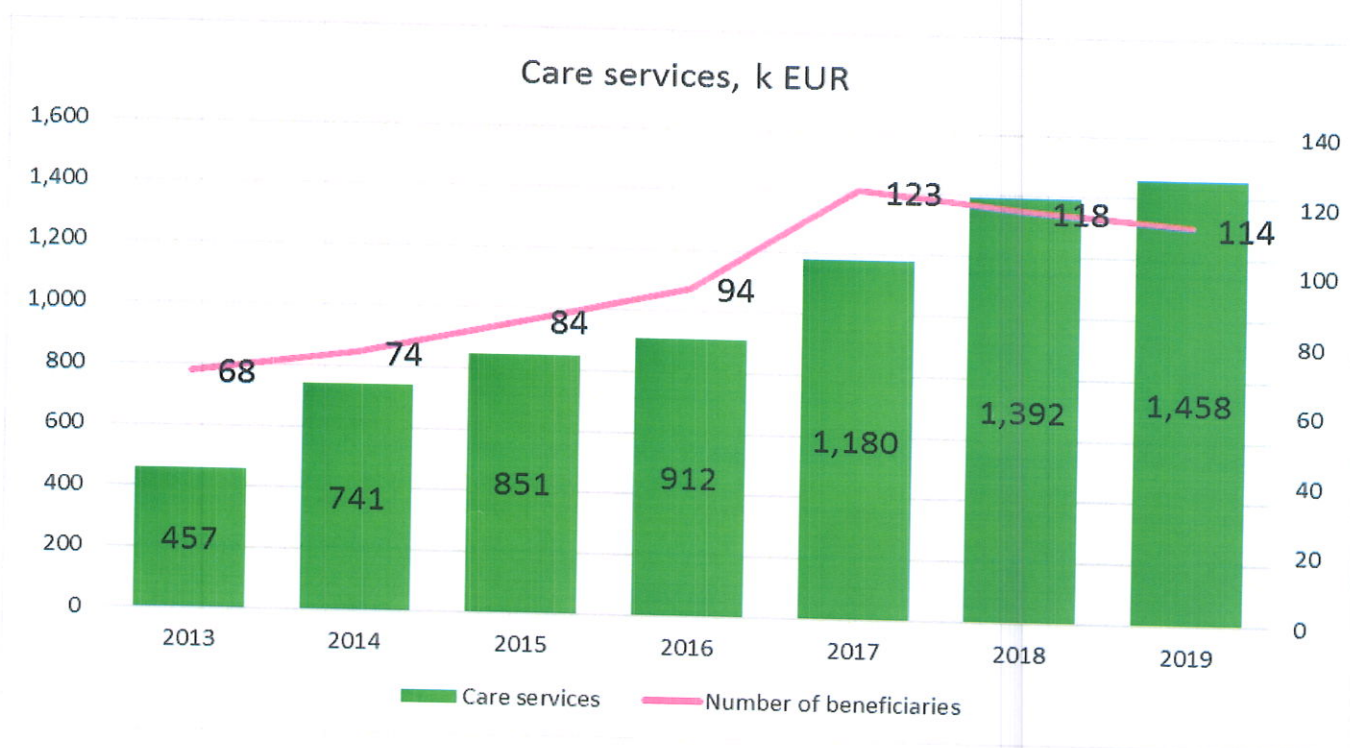
If family support services seem on a clear path forward, ensuring proper services for children in care is increasingly a challenge in Lithuania. Most children are social orphans, who have been hurt by their parents' behaviour or inability to protect them from harm. When the child is removed from such an environment, the impact of all the hurt is laid at the doorstep of carers.

Faced with the reality, that there are no services for children with a lot of emotional and behavioural difficulties, SOS Lithuania has embarked on retraining all of our care staff and other staff in understanding developmental trauma, impacts on children and how to work towards creating a safe attachment with a child. We have shifted our focus to provide ongoing support groups for our carers, aimed at better understanding on what lies beneath behaviour of children, how to better connect with a child and how our own attachment history affects the way we parent. Increasing competences in trauma based attachment parenting will continue in 2020, as we are aware how long it takes to change attitudes and mind set, even when faced with decades of neurobiological research findings.

As mentioned above D-I has affected the need for care services, and in 2019 the only children needing SOS family care were older than 12, for all younger children kinship care or professional foster care was the goal. Care support centre team and professional foster parents are learning on the job, and ability to provide timely and professional services, while at the same time raise carers' competences went hand in hand in 2019. The goal of Professional foster care is to provide a home environment and let biological parents to change their lives so that they can raise their own children. This puts a lot of pressure on as SOS Lithuania team, who are responsible for monitoring and organising contact between biological parents and children, while trying to keep the system on its toes to make sure that placement of every child is no longer than necessary.

2019 was another year, when SOS Lithuania succeeded on raising voices of care leavers. We have an active group of over 20 youths, all from different care homes, who are making sure the system hears what they need. Our aim is to finalise and legislate what Leaving care services mean and how much would they cost with the Ministry of Social Affairs in order to negotiate with municipalities and finance leaving care services. SOS Lithuania care services are going through a change. It is crucial to raise children in long term care and lead them to independent life, it is just as important make sure that professional foster care evolves and enables professional foster parents to raise children, who long term care.

The graph below presents that SOS Lithuania was raising 114 children in 2019. Income for care services covers around 80% of the costs, the rest is compensated with Sponsorship and Fundraising income.

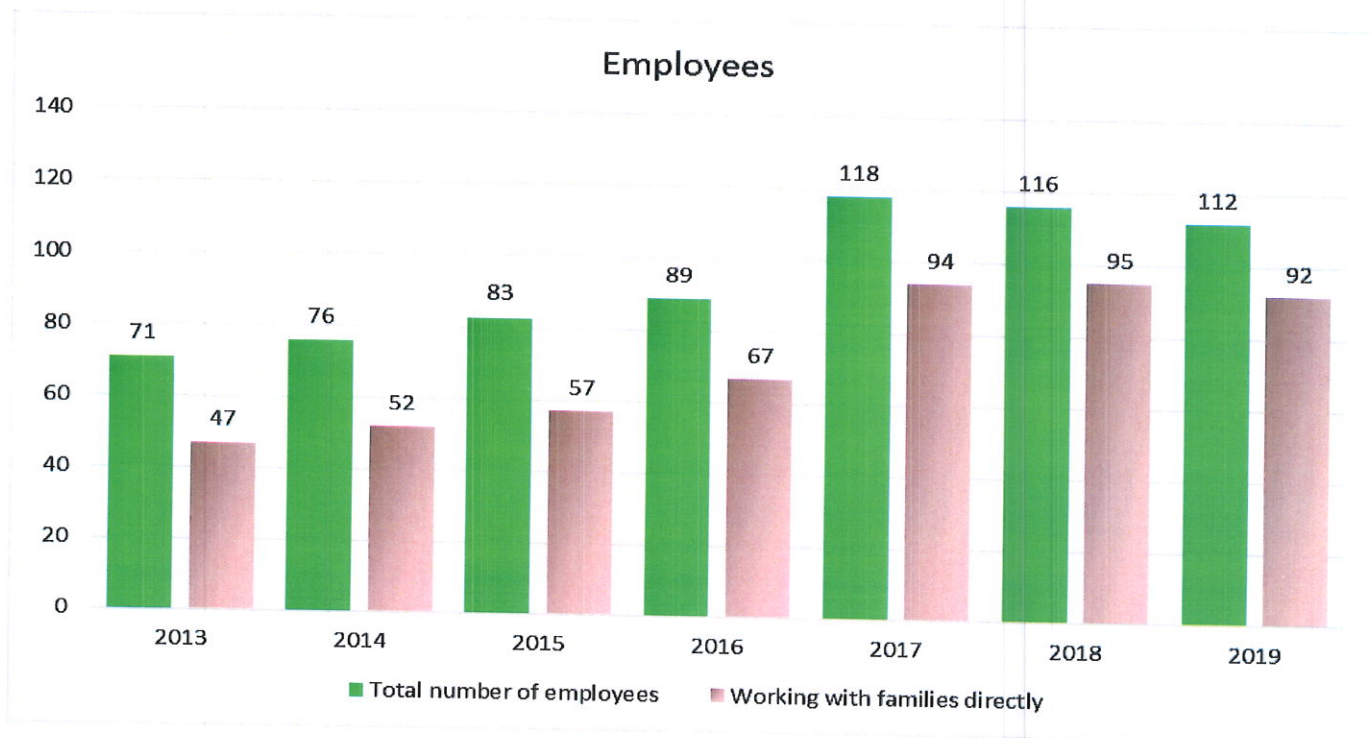


It has been noted, that SOS Lithuania spend most of 2019 training our team of 112 people in trauma based attachment parenting. We have also invested in immersing social workers more deeply into case management and are looking to enhance their capacity in dealing with a variety of clients from different social standing. Ongoing changes in Child protection area are putting more demands on the team and recruitment and retention of qualified people remains a challenge.

SOS Lithuania conducted salary market research in 2019, which reflected the need to raise salaries for social workers working with families. Thankfully, the government also recognised the changing environment and the growing need for social workers and salaries will be increased on national level by 20% from January 2020.

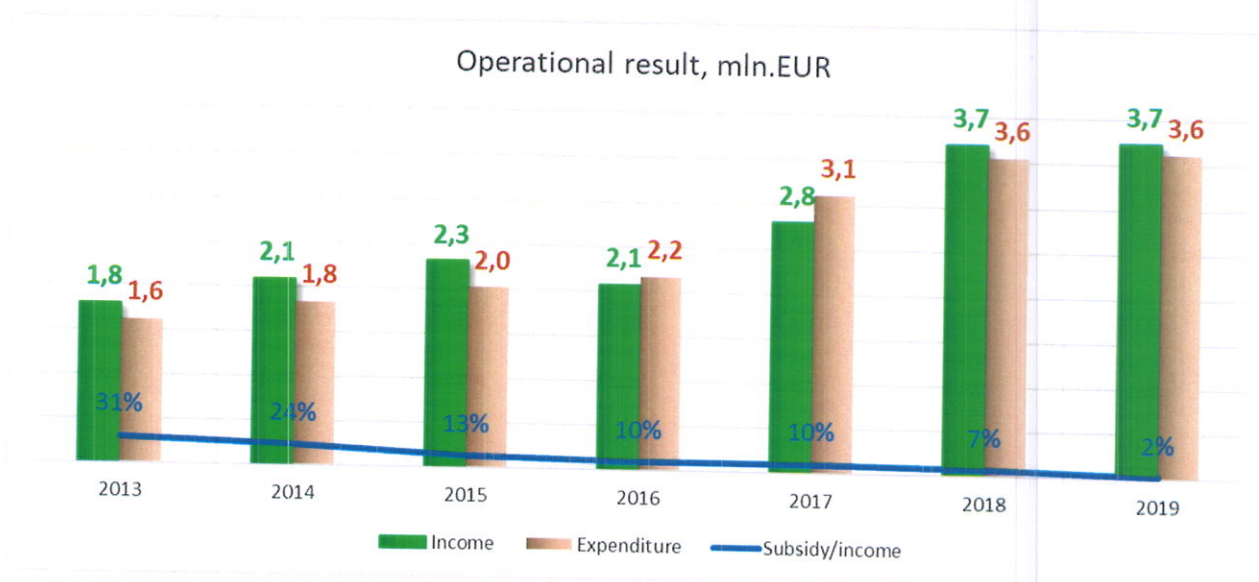
We are enjoying a time that SOS Lithuania has become an attractive employer and in order to strengthen our team and brand policies, procedures and processes will be clearly defined or updated in 2020. The aim is to receive an official EQUASS certificate for Family Strengthening, Care Support Centre, and Long term care services in November 2020 and during the process flush out quality of life, involvement and empowerment of clients and staff.

The number of our staff has not changed much, as the scope of services has remained the same. Financial sustainability does not provide with the luxury of exploring or doing research and development of new ideas, and it pushes us to keep administrative staff at minimum levels. Out of 112 people, 92 are working directly with children and families.



To sum 2019, SOS Lithuania maintained the beneficiaries at around 1000 children and 650 families. Our team has been strengthened through training and the number of people committed to our mission remains the same as in 2018. Financially, 2019 was also a stable year, we are used to monitoring our tight budget, keeping tight reigns on payments from municipalities to make sure cash flow is not affected. We were happy with fundraising to meet their targets every month and while growth is slow, the team raised the budgeted target of 754 K in Eur which ensures stability of services.

2019 was the last year for SOS Lithuania to receive subsidy from SOS CV International which amounted to 2% of the total income. Strengthening financial sustainability in 2019 also meant making decisions and evaluating long term need and financial stability of services and apart from one small group home, all services for children at risk will remain for 2020. Our overall result for 2019 was positive and SOS Lithuania has reached the financial self-sustainability:



Nationwide, there are 500.000 under 18 in Lithuania, this is 8% less than 5 years ago. Total number of children in care makes up 1.8% of all children and in addition there are around 2000 children, whose parents requested for them to be in care as they emigrated.

While in general, the economic situation in Lithuania is stable, there is a widening gap between social and income inequality. According to IMF 1 in 5 households in Lithuania is under poverty line and 20% of the population get 8 times less than those who get the most, while the EU standard would be the difference of 5 times. IMF and other international monitoring bodies have advised the country to use only target social spending and for child benefits to be balanced for positive impact of childhood poverty. However, until present the Lithuanian government keeps introducing blanket social benefit policies for all children, without assessing the actual needs of parents.

What this all means for SOS CV Lithuania is that society has become unequal with Haves and The Have Nots. Many families, who are socially excluded due to poverty, addiction, unemployment will have children at risk, who will be in great need of SOS CV Lithuania support.

Treasurer's Report

SOS Children's Villages Lithuania was registered under 22 January 1996 order No 5-L0 of the Ministry of Justice of the Republic of Lithuania, with registration code 9201498. On 16 March 2005, the entity was reregistered with the Register of Legal Entities, with new registration code 192014985, certificate No. 066655. SOS Children's Villages Lithuania (hereinafter called the Fund) charity and support fund (hereinafter the Fund) is a not-for-profit social care organization, established for implementation of the objectives and aims of the SOS Kinderdorf International organization (hereinafter the SOS – KDI), which supervises all the SOS Children's Villages national societies around the world. The Fund was founded by SOS Kinderdorf International, international organization, with registered address at Hermann-Gmeiner-Str. 51 6021 Innsbruck, Austria. SOS Kinderdorf International has taken over the rights and obligations of the SOS Children's Village society in Lithuania.

The Fund carries out its key functions by preventive projects and public organisations. The fund has established three legal entities: child care home SOS Children's Village Lithuania, SOS Kindergarten Lithuania, and SOS Children's summer camp Karkle. SOS Children's Village Lithuania was registered on 7 May 1997 with the Board of Vilnius City, Republic of Lithuania, registration No VŠ97-71, and registration code 2400915. On 7 March 2005 the entity was reregistered with the Register of Legal Entities, with new registration code 124009158, certification No. 055212). SOS Kindergarten Lithuania was registered on 25 July 1996 with the education department at Vilnius City Board, Republic of Lithuania, registration No. 346, registration code 9317908. On 7 March 2005 the entity was reregistered with the Register of Legal Entities, with new registration code 193179089, certification No. 055211. Since 1 March 2012 the entity stopped all activities and on 31 December 2012 was liquidated. Vilnius Municipality took over all kindergarten activities. SOS Children's summer camp Karkle was registered on 7 March 1999, registration code 63677251, on 24 November 2004 a new registration code of the entity was formed with the Register of Legal Entities – 163677251. On 4 May 2004 the entity was granted the status of support beneficiary.

The key functions of the organisation include:

- social development of orphans, children who have lost their parents and children in need of other care and to provide for their material needs;
- provide orphans, children who have lost their parents and children in need of other care with a home, in compliance with principles governing the establishment of an SOS children's Village and those of SOS KDI;

- provide children with quality education, matching their needs and potentials;
- support and/or implement various programmes, plans, and projects for the purposes of social education, development, and vocational training of children;
- prepare youngsters for independent living;
- support families exposed to social risk in order to improve living conditions for children in biological families;
- engage in fund raising and supervise the same, and seek to ensure both short term and long term financial stability of the Fund.

At the end of 2019, the organisation had 113 employees and owned 389,9 kEUR worth of fixed assets. Major of them are buildings and equipment. The main non-current liabilities consist of funds held in trust: money gifts from SPO – 95 027 EUR, additional pension accruals for SOS mothers – 69 595 EUR, and funds received from SOS KDI for maintenance and repair cycle – 48 136 EUR. Major current liabilities are liabilities to employees – 102 221 EUR and suppliers – 45 268 EUR.

All items of income and expenditure recognized in a period are included in the statement of financial activities.

Incoming resources:

1. income from PSA's for running costs – 343 912 EUR (decreased by 28.6% vs Y2018);
2. local income 3 388 030 EUR from:
 - 2.1 income from Fundraising – 862 600 EUR. The result is similar to Y 2018 (887 334 EUR).
 - 2.2 government subsidies and grants 2 386 815 EUR; income in this segment increased by 7 % vs. year 2018, mostly due to service expansion in family strengthening programme.
 - 2.3 operational local income – 57 455 EUR in Karkle summer camp.
 - 2.4 other local income from rent, sale of assets, etc. – 81 160 EUR.

Total expenditure amounted to 3 622 737 EUR which is very close to Y2018 (3 643 279 EUR). The accumulated funds increased by 89 343 in 2019 and total to 822 119 EUR.

Major expenditure breakdown in 2019 are as follows:

1. personnel expenditures – 2 341 151 EUR (2 143 559 EUR in 2018);
2. other current working expenses – 688 739 EUR (692 046 EUR in 2018);
3. family budget – 260 495 EUR (271 953 EUR in 2018);
4. administration costs – 145 710 EUR (173 728 EUR in 2018);
5. fundraising activities – 80 573 EUR (282 842 EUR in 2018). No new committed givers recruitments effected in 2019;
6. maintenance & repair – 62 423 EUR (37 059 EUR in 2018);
7. transportation costs – 43 646 EUR (58 498 EUR in 2018).

BALANCE SHEET (in EUR)

ASSETS	Notes	31.12.2019	31.12.2018
Non-Current Assets			
Intangible assets	2.1	3 411	6 719
Property, plant and equipment	2.2	343 221	399 867
Total Non-Current Assets		346 632	406 586
Current Assets			
Inventories, stock	2.3	867	300
Receivables		174 581	156 029
<i>Receivables from customers</i>	2.4	60 169	31 241
<i>Other short-term receivables</i>	2.4	2 893	12 663
<i>Deferred / Prepaid expenses</i>	2.6	111 519	112 125
Prepayment of taxes	2.6		0
Other receivables			0
Cash and cash equivalents	2.5	703 023	468 381
Total Current Assets		878 471	624 710
TOTAL ASSETS		1 225 103	1 031 296
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Fund			
Unrestricted funds	4.1	822 119	732 777
Total Accumulated Fund		822 119	732 777
Non-Current Liabilities			
Funds held in trust	2.7	95 027	90 455
Long-term provisions	2.8	125 782	3 510
Total Non-Current Liabilities		220 809	93 965
Current Liabilities			
Accruals / Deferred income	2.10	11 010	11 107
Other Current Liabilities		68 943	77 154
<i>Liabilities to Suppliers</i>	2.9	40 850	72 498
<i>Other short-term liabilities</i>	2.9	4 419	4 595
<i>Tax liabilities</i>	2.9.1	23 674	60
Liabilities to employees	2.9.2	102 221	116 293
Total Current Liabilities		182 174	204 553
TOTAL ACCUMULATED FUNDS AND LIABILITIES		1 225 103	1 031 296

STATEMENT OF FINANCIAL ACTIVITIES (in EUR)

INCOMING RESOURCES	Notes	Unrestricted	Restricted	2019		2018	
				Total	Unrestricted	Restricted	Total
Income from Abroad		343 912	0	343 912	481 881	0	481 881
Income from PSAs for RC	3.1.1	343 912		343 912	481 881		481 881
Local Income		3 388 030	0	3 388 030	3 223 116	0	3 223 116
Local Income from Fundraising	3.2	862 600		862 600	797 034		797 034
Local income from Government Subsidies and Grants	3.3	2 386 815		2 386 815	2 315 553		2 315 553
Operational Local Income	3.4	57 455		57 455	52 696		52 696
Other Local Income	3.5	81 160		81 160	57 834		57 834
Total Incoming resources		3 731 942	0	3 731 942	3 704 997	0	3 704 997
EXPENDITURE							
Program/Project Expenses	3.6	-2 875 177		-2 875 177	-2 623 161		-2 623 161
Administrative Expenses	3.7	-473 670		-473 670	-559 924		-559 924
Fund-raising Expenses	3.8	-185 457		-185 457	-361 896		-361 896
Other Expenses	3.9	-88 433		-88 433	-98 298		-98 298
Total Expenditures		-3 622 737	0	-3 622 737	-3 643 279	0	-3 643 279
Net surplus/deficit on operating activities							
		109 206	0	109 206	61 717	0	61 717
Income/Expenditure from Financial Activities							
Interest Income	3.10			0	0		0
Bank Charges	3.10	-19 503		-19 503	-18 277		-18 277
Gain or Loss from Foreign Exchange rate	3.10	-361		-361	-5 762		-5 762
Total from Financial Activities		-19 863	0	-19 863	-24 039	0	-24 039
NET SURPLUS/DEFICIT BEFORE TAX							
		89 343	0	89 343	37 679	0	37 679
Income tax Expenses				0			0
SURPLUS/DEFICIT AFTER TAX							
				89 343	37 679	0	37 679

STATEMENT OF CHANGES IN THE ACCUMULATED FUNDS (in EUR)

Accumulated Funds	Notes	2019	2018
Unrestricted Funds	4.1		
January 1		732 777	695 098
Gain/Loss for the year		89 343	37 679
Currency convert from previous periods			
Net transfer from restricted			
December 31		822 119	732 777
Restricted Funds	4.2		
January 1			
Gain/Loss for the year			
Net transfer to unrestricted			
December 31		0	0
Total Accumulated Funds (with Restricted Funds)		822 119	732 777

CASHFLOW STATEMENT (in EUR)

Cash flows from operating activities	Notes	2019	2018
Surplus before taxation		96 566	37 679
Currency convert from previous periods		0	0
Adjustments for:			
Depreciation	2.1, 2.2	84 446	92 705
Disposal of property Plant and Equipment	2.1, 2.2	1 670	5 593
Operating Surplus before working capital changes		182 682	135 977
Decrease in receivables	2.4, 2.6	-25 774	-65 684
Decrease in inventories	2.3	-567	-300
Increase in payables	2.7-2.10	104 463	-14 619
Cash generated from operations		78 122	-80 603
Interest paid		0	0
Income taxes paid		0	0
Net cash from operating activities		260 805	55 374
Cash Flows from investing activities			
Purchase of property, plant and equipment	2.2	-26 162	-10 771
Purchase of Intangible assets	2.1	0	-4 129
Net cash used in investing activities		-26 162	-14 900
Cash flows from financing activities			
Proceeds from long-term borrowings			
Net cash used in financing activities		0	0
Total Cash Flows		234 643	40 474
Net change in cash and cash equivalents		234 643	40 474
Cash and cash equivalents at the beginning of period	2.5	468 381	427 907
Cash and cash equivalents at the end of period	2.5	703 023	468 381

DISCLOSURES AND NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation of the Annual Financial Statements

The aggregated annual financial statements of the entity include financial data of the Charity fund of SOS Children Villages in Lithuania, SOS Vilnius Children Village and SOS Karkle Summer Camp. They are joint and provided in accordance with the requirements of the SOS Kinderdorf International General Secretariat Guideline for the SOS Children's Villages Organisation and in compliance with Accounting Standard (STD-1) for annual financial statements as well as legislation of the Republic of Lithuania on accounting.

Accounting registers are kept in compliance with legislation of the Republic of Lithuania. However, differences exist regarding requirements for financial statements by the Republic of Lithuania and the SOS Kinderdorf International organisation. The entity keeps accounting on the basis of the Chart of Accounts approved by the entity manager. The accounting documents are finalised and accounting registers done both in Lithuanian and foreign (English) languages.

Since 1 January 2007, the accounting is kept in Navision accounting software, approved by SOS-KDI. STEKAS software is used for accounting of salary staff members. The accounting currency is EUR.

At the end of the accounting period, stock-taking of stock, fixed intangible and tangible assets, amounts payable and receivable was carried out. The stock-taking was carried out in compliance with legislation requirements of the Republic of Lithuania.

2. Notes and Disclosures to the Balance Sheet

2.1 Intangible assets (in EUR)

Intangible assets are recognised when it is likely that the entity will receive economic benefit in future and provided the value of assets may be assessed reliably. Upon original recognition intangible assets are accounted at purchase price. Intangible assets are amortised in the straight-line method over their useful life.

Patents and licences. Amounts paid for patents and licences are capitalised and amortised over the period of patents and licences.

Software. New software acquisition costs are capitalised and recognised as intangible fixed assets, provided the costs are not included in the hardware. Amortisation period for software shall not exceed 3-4 years.

Expenses incurred for recovery or maintenance of prospective economic benefit from the activity of software available are recognised as costs in the period of support and maintenance work.

Intangible assets appear in the balance sheet at purchase value, upon deduction of the accumulated amortisation value. Amortisation is calculated in the straight-line method on a monthly basis.

Intangible Assets	Licenses & Royalties	Others	2019	2018
Cost				
At 1 January	4 352	7 292	11 644	7 515
Additions				4 129
Disposals/Correction				0
At 31 December	4 352	7 292	11 644	11 644
Amortization and impairment losses				
At 1 January	-2 320	-2 605	-4 925	-2 320
Amortization charge	-1 031	-2 277	-3 308	-2 605
Impairment losses				
Disposals				0
Appreciation/Correction				
At 31 December	-3 351	-4 882	-8 233	-4 925
Carrying amount (net book value)				
At 1 January	2 032	4 687	6 719	3 796
At 31 December	1 001	2 410	3 411	5 195

2.2 Property, Plant and Equipment (in EUR)

Fixed tangible assets are assets managed and controlled by the Fund when prospective economic benefit concerns a period over one year, provided the purchase cost may be reliably determined and the value exceeds the minimum asset value established. The residual value of fixed assets is 0,29 euro. The entity is not a VAT payer, so the acquisition cost of fixed assets includes Value Added Tax paid. The original value of fixed tangible assets includes acquisition costs and all other directly attributed expenses related to the preparation of assets for operation or transfer to the place of operation.

Expenses for repair and maintenance incurred upon operation of tangible assets are normally accounted in the statement of financial activities for the period when they were incurred.

When the entity can demonstrate that the expenses have contributed to economic benefit from use of the same fixed tangible assets and/or prolong economic useful life, the expenses shall be capitalised by adding them to the acquisition value of fixed value assets.

Depreciation shall be assessed based on straight line method over the following useful life:

Buildings and constructions	20 years
Furniture and inventory	6 years
Hardware and communication means	4 years
Vehicles and trailers	4-10 years
Other fixed tangible assets	4 years

The useful life shall be reviewed regularly to ensure that the depreciation period correspond to the planned useful life of fixed tangible assets.

Inventory numbers shall be allocated for objects of fixed tangible assets.

Tangible assets are recognised in the balance sheet at their acquisition value, upon deduction of accrued depreciation and impairment.

Depreciation of fixed assets of the entity in 2018 is included in operating costs. As of 31 December 2018 the entity held fully depreciated assets that were still in use.

Property, Plant & Equipment (In LCY)	Sites & Land	Buildings	Furniture	Equipment & machines	Vehicles	2019	2018
Cost							
At 1 January		5 064 003	85 469	303 071	120 851	5 573 395	5 577 719
Additions				26 162		26 162	10 773
Disposals			-812	-10 241		-11 053	-15 096
Transfer from/to construction property							
At 31 December		5 064 003	84 656	318 992	120 851	5 588 503	5 573 395
Depr, Appr. and impairment losses							
At 1 January		-4 749 097	-75 842	-255 135	-93 455	-5 173 529	-5 092 934
Depreciation charge		-40 283	-3 855	-28 925	-6 943	-80 007	-88 300
Impairment losses							
Additions				-1 131		-1 131	-1 800
Disposals			811	8 573		9 384	9 505
Appreciation							
At 31 December		-4 789 380	-78 886	-276 618	-100 398	-5 245 283	-5 173 529
Carrying amount (net book value)							
At 1 January		314 907	9 626	47 937	27 397	399 867	467 790
At 31 December		274 623	5 770	42 374	20 453	343 220	399 866

2.3 Inventories (in EUR)

Stock is recognised in the balance sheet at the acquisition value. The entity is not a VAT payer, so the stock acquisition costs include Value Added Tax paid. The entity employs the evaluation method of specific prices for donations received in kind. Where the document does not specify the stock value, the acquisition cost of stock received is determined by a commission appointed by the manager, in accordance with the fair value of the stock. For the purpose of the registration of Christmas card accounting or sale stock costs, the FIFO stock evaluation method is applied on a regular basis.

Inventories	31.12.2019	31.12.2018
Consumables		
Raw materials	867	300
Work in progress		
Finished goods		
Total	867	300

2.4 Receivables (in EUR)

Customer debts are accounted by analytic accounts. Receivables are initially recorded at the fair value of the consideration given. Current receivables are subsequently carried at cost less impairment. Other current assets are documented in advance report and other documents.

Receivables	31.12.2019	31.12.2018
Advance Salary Payment		
Customers SOS Beneficiaries		
Customers SOS Employees	2 893	12 663
Customers non-SOS	60 168	31 241
Total	63 061	43 904

2.5 Cash and cash equivalents, transactions in foreign currency (in EUR)

Cash includes cash in the bank. Cash equivalents shall be current, highly liquid investment, easily convertible into a specific amount of cash.

Transactions expressed in foreign currency shall be accounted under the official currency exchange rate in effect on the transaction date. The balance shall be revaluated at the currency exchange rate at the end of the accounting period.

Cash and cash equivalents	31.12.2019	31.12.2018
Current Accounts RC	604 261	376 313
MG Deposit account	90 664	85 020
Cash RC	8 098	7 047
Internal transfer MG		
Total	703 023	468 381

2.6 Deferred/Prepaid expenses (in EUR)

The entity pays life insurance to SOS Mothers to ensure pension payments according to SOS KDI standard. After SOS Mother is retired, the life insurance company shall pay the agreed part of the pension. Investment of life insurance is accounted at fair value.

Prepayments/Deferred Expenses/Accrued income	31.12.2019	31.12.2018
Prepayments NON-SOS	2 506	9 336
Deferred Expenses	506	23 557
Accrued income	65 269	39 707
Total	68 281	72 600

2.7 Funds held in Trust (in EUR)

Financial liabilities include obligations based on economic operations and economic events that have taken place, provided they can be objectively determined. The financial liabilities of the entity include funds accumulated by foreign and local donors intended for children that SOS takes care of.

Funds held in Trust: Children's Money-Gifts & House Program		
	2019	2018
Balance at 01 January	90 455	108 448
Received SPO money-gifts during the year	6 972	12 852
Received HP money during the year	13 850	2 100
Disbursed SPO money-gifts during the year	-5 802	-10 047
Disbursed HP money during the year	-10 448	-22 898
Total	95 027	90 455

2.8 Long-term provisions (in EUR)

Provisions are only accounted where the entity has legal obligation due to past event or irrevocable undertaking, and it is likely that performance of the obligation shall require resources of economic benefit, provided the obligation amount maybe reliably assessed. Provisions are reviewed on every balance sheet date and adjusted to reflect correct current assessment.

Long-term provisions	31.12.2019	31.12.2018
Pension funds	7 781	3 240
Other funds	118 002	270
Total	125 782	3 510

2.9 Current Liabilities (in EUR)

Debts to supplier are accounted by analytic accounts on transaction values. All creditors shall be included in the balance sheet.

Current Liabilities	31.12.2019	31.12.2018
Suppliers SOS	538	755
Suppliers non-SOS	40 311	71 744
Other Liabilities	4 419	4 595
Total	45 268	77 094

2.9.1 Tax Liabilities (in EUR)

Calculation and declaration of taxes and fiscal liability are prepared in accordance with requirements of fiscal laws and other regulations. The following taxes are calculated and declared:

- personal income tax is calculated and declared in accordance with the law on Personal Income Tax of the Republic of Lithuania;
- state social insurance premiums are calculated and declared in accordance with the law on State Social Insurance of the Republic of Lithuania;
- premiums to the guarantee fund are calculated in accordance with the law on the Guarantee Fund of the Republic of Lithuania;

- Real Estate tax is calculated in accordance with the law on the Real Estate Tax of the Republic of Lithuania.

Tax Liabilities	31.12.2019	31.12.2018
Income tax (Payroll)	6 578	0
Social Security tax	16 635	40
Other taxes	692	0
Output tax (VAT)	5	20
Real Estate tax	-236	
Total	23 674	60

2.9.2 Liabilities to employees (in EUR)

Liabilities to Employees	31.12.2019	31.12.2018
Salary		
Vacation Funds	102 221	116 293
Total	102 221	116 293

2.10 Accrual/Deferred Income (in EUR)

Accrual/Deferred Income	31.12.2019	31.12.2018
Accrued Expenses	9 531	7 000
Deferred Income	604	0
Amounts received in advance	876	4 107
Total	11 010	11 107

3. Notes and Disclosures to the Statement of Financial Activities

3.1 Recognition of Restricted and Unrestricted Income

The entity did not have restricted funds this year, which are donations meant for a specific purpose based on a particular agreement with the donor and are obliged to prove to the donor that the obligation has been fulfilled at the end of a certain period as per agreement.

Financial sources of the unrestricted funds include:

- grants and target contributions by SOS Kinderdorf International, international fund and its offices – under approved annual programmes in place;
- support provided by the state and municipal budget;
- support, grants and target contributions by local donors;
- donations in kind or other support where the provider does not specify the purpose for use;
- funds from various approved projects.

Grant is recognised in the accounting upon receipt or upon acquisition thereof from funds allocated for the programme. The grant is deemed to be used when assets received free of charge or purchased from the funds of target funding are depreciated. The balance sheet displays part of the grant not used.

Target contributions are recognised in accounting upon actual receipt in terms of target contributions. The target contributions shall be deemed used depending on the amount of costs declared eligible for compensation.

Where the provider does not specify the purpose of support use, the entity uses the support in the framework of the annual estimate approved by SOS – KDI. The support received in goods is assessed in the fair value and appear as stock. This support is deemed to be used in the accounting period where the stock received is used. The support received as services or volunteer work is not deemed as financing.

The income is recognised given that the entity shall probably receive economic benefit associated with transaction, provided income may be assessed reliably. Operational income include revenue from accommodation services in Karkle camp. Income from services provided and goods sold in 2018 include rent of premises, sale of Christmas cards and recyclable shopping bags. Other income includes the result of transfer of used fixed tangible assets, result of change in the foreign exchange rate and some minor accidental activities. Income of economic commercial activity shall not include support by the state and municipal budget, support funds in Lithuania and abroad and other persons, target funds, and/or material support, used to finance purposes provided in the statutes of the Fund.

3.1.1 Income from PSAs for RC (in EUR)

Income from PSA for RC	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
HGFD			0			0
SOS Kinderdorf e.V.			0			0
SOS Norway			0			0
SOS Switzerland			0			0
SOS Kinderdorf International			0			0
Other SOS Associations	343 912		343 912	481 881		481 881
Total	343 912	0	343 912	481 881	0	481 881

3.2 Local Income from Fundraising (in EUR)

Local Income from Fundraising	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
General donations/Single Gifts	157 178		157 178	145 836		145 836
Local sponsors/Comm Giving	313 887		313 887	364 542		364 542
Companies and Major Donors	256 137		256 137	249 223		249 223
			0			0
Merchandising & Licencing	26 871		26 871	37 450		37 450
Donations in Kind from Private sources	108 529		108 529	90 283		90 283
Donations from sponsors abroad			0			0
Donations in Kind from Public Sources			0			0
Total	862 600	0	862 600	887 334	0	887 334

3.3 Local Income from Government Subsidies and Grants (in EUR)

Local Income from Government and other Institutions	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Subsidies from Government and Other Institutions	2 261 159		2 261 159	1 851 090		1 851 090
Grants	125 656		125 656	374 162		374 162
Total	2 386 815	0	2 386 815	2 225 252	0	2 225 252

3.4 Operational Income (in EUR)

Operational Income	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Fees from non SOS related Revenues	57 455		57 455	27 250		27 250
			0			0
Fees from SOS facilities			0	25 446		25 446
Total	57 455	0	57 455	52 696	0	52 696

3.5 Other local Income (in EUR)

Other Local income	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Sale of assets			0	240		240
Rent	78 470		78 470	55 163		55 163
Penalties			0			0
Other revenues	2 690		2 690	2 431		2 431
Total	81 160	0	81 160	57 834	0	57 834

3.6 Programme/Project Expenses (in EUR)

Recognition of Expenditure

The costs in accounting are recognised based on accrual and matching principles in the accounting period where income related thereto is earned, irrespective of when the cash is expended. Expenses not related to the earning of income in the accounting period, but intended to earn income in future periods are registered in the account and balance sheet as assets. Operating costs of the entity include activity costs and operating costs of the accounting period. Activity costs in the entity include Christmas card and shopping bags productions costs. Operating costs include general and administrative costs.

Programme/Project Expenses	CWE	Personnel costs	Administrative Expenses	Total 2019	Total 2018
Location 1					
Long term Family Based Care	406 504	826 381	410	1 233 295	1 032 440
FSP	303 626	660 131	5 086	968 843	751 096
Educational programmes	0	0	0	0	0
Other facilities (except NA,NO, NA based GSC staff and FR)	194 464	474 878	3 696	673 038	839 625
Total Location 1	904 595	1 961 390	9 192	2 875 177	2 623 161

3.7 Administrative Expenses (in EUR)

Administrative Expenses	2019	2018
Current working expenses	138 382	128 862
Personnel Costs	282 962	318 027
Administrative costs	52 325	113 035
Total	473 670	559 924

3.8 Fund-raising Expenses (in EUR)

Fundraising Expenses	2019	2018
Fundraising Activities	80 573	282 842
Current working expenses	4 465	4 079
Personnel Costs	96 799	60 097
Administrative Costs	3 620	14 879
Total	185 457	361 896

3.9 Other Expenses (in EUR)

Other Expenses	2019	2018
Depreciation expenses	84 446	92 705
Expenses on disposal of Property Plant and Equipment	1 670	5 593
Other Valuations & Bad debt	2 317	
Currency conversion		
Total	88 433	98 298

3.10 Finance Income and Expenses (in EUR)

Finance Income and Expenses	2019	2018
Bank Interest		
Bank charges	-19 503	-18 277
Interest expenses on borrowings		
Exchange rate gain or loss	-361	-5 762
Total	-19 863	-24 039

4. Notes and Disclosures to the Statement of changes in Accumulated funds

4.1 Accumulated funds

Total income in 2019 – 3 731 942 EUR (Income from PSA's for running costs – 343 912 EUR; local income –3 388 030 EUR). Total expenditure incurred during the current year is 3 622 737 EUR.

Accumulated funds increased in 2019 by 89 343 EUR and totals to 732 776 (in 2018, accumulated funds were 732 776 EUR).

5. Related-party transactions

The Fund is the founder of the other two entities – SOS Vilnius Children's Village and Karkle Summer Camp. This way the three entities are considered to be related parties.

The Fund was founded SOS Kinderdorf International and is a member of SOS Children Villages Association.

The transactions between the mentioned above related parties in 2019 are disclosed below.

I. Subsidy/support

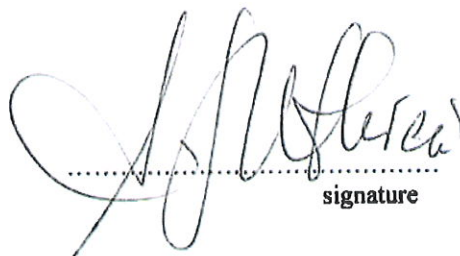
Item	Name of the related party	Support provided in 2019, EUR	Support received in 2019, EUR
1	SOS Kinderdor International	395 046	
	Fund		395 046
2	Fund	296 539	19 248
	Children's Village	19 248	296 539
3	Fund	78	
	Karkle		78

Signature of the Chairwoman of the Board

The Annual Financial Statements of year 2019 of SOS Children's Villages Association in Lithuania have been approved by the Chairperson of the Board on (date).

Chairperson of the Board:

Name Eugenija Sutkienė



signature

2020-06-05

date

NA Director:

Name Deimantė Laumytė



signature

date

NA Finance Manager:

Name Rita Kaziukonienė



signature

2020-05-28

date