

## INDEPENDENT AUDITOR'S REPORT

To The Board of Mongolian Family Welfare Association NGO

### Opinion

We have audited the financial statements of Mongolian Family Welfare Association NGO (hereinafter, the "MFWA NGO"), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 24.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the MFWA NGO as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Mongolian Law on Accounting and related regulation required by Ministry of Finance of Mongolia.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the MFWA NGO in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mongolian Law on Auditing, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the MFWA NGO'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 MFWA NGO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the MFWA NGO's financial reporting process.

**MONGOLIAN FAMILY WELFARE ASSOCIATION NGO  
NOTES TO THE AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AS AT 31 DECEMBER 2023**

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. BACKGROUND**

Mongolian Family Welfare Association NGO is a non-government organization domiciled in Mongolia and was founded in 1994 and was registered in the state registry on July 29, 1997. MFWA NGO is principally engaged to organize training lectures and seminars to improve the knowledge of public reproductive health of Mongolian citizens, to provide sexual and reproductive health care services, and to cooperate with relevant citizens' organizations. The registered address of the MFWA NGO is Peace avenue 89-3, 5th khoroo, Bayangol district, Ulaanbaatar, Mongolia.

The Financial Statements were authorized for issue in accordance with a resolution of the Management on April 29, 2024.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The financial statements have been prepared on the historical cost basis and is in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the Standing Interpretations Committee of IASB.

**b) Presentation currency**

The financial statements are presented in Mongolian Tugrug ("MNT"), which is the MFWA NGO's functional currency. All financial information presented in MNT has been rounded to the nearest thousand.

**c) Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the MFWA NGO, unless otherwise stated.

**a) Foreign currency transactions**

The functional currency of the MFWA NGO is MNT.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into MNT at the foreign exchange rate ruling at that date. Revenue and expense transactions denominated in foreign currencies are translated into MNT at the exchange rates in effect at the time of the transactions. The applicable exchange gains and losses arising on these transactions are recognized in the income statement.



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## INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To The Board of Mongolian Family Welfare Association NGO (cont'd.)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.



INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To The Board of Mongolian Family Welfare Association NGO (cont'd.)

Other Matter

Our report is made solely to the shareholder of the Company, as a body, in connection with the audit requested by shareholders in accordance with Article 94 of the Company Law of Mongolia and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

HLB MONGOLIA AUDIT LLC



Suite 505, Munkh Tower office,  
Peace Avenue, 1st khoroo,  
Sukhbaatar district, 17030,  
Ulaanbaatar, Mongolia

Date:

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO  
 STATEMENT OF FINANCIAL ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023 MNT'000	2022 MNT'000
<b>REVENUES AND SUPPORT INCOME</b>			
Membership dues	5	5,482	6,266
Program fees	5	472,212	454,553
Grant and donation	5	34,370	13,660
Rental service	5	46,200	27,400
Hospital service	5	326,474	288,092
<b>Total income</b>		<b>884,738</b>	<b>789,971</b>
<b>EXPENSES</b>			
Program services	6	(347,578)	(315,235)
General and administrative	7	(510,092)	(472,778)
<b>Total expenses</b>		<b>(857,670)</b>	<b>(788,013)</b>
<b>NET REVENUE</b>		<b>27,068</b>	<b>1,958</b>
<b>OTHER GAIN/(LOSSES)</b>			
Other gain/(losses)	8	35,305	12,752
<b>Total other gain/(losses)</b>		<b>35,305</b>	<b>12,752</b>
Corporate income tax expense			
<b>Net loss representing total comprehensive income/(loss)</b>		<b>62,373</b>	<b>14,710</b>

The notes set out on pages 10 to 24 form an integral part of, and should be read in conjunction with, these financial statements.

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO  
 STATEMENT OF FINANCIAL POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023 MNT'000	2022 MNT'000
<b>Assets</b>			
<b>Non-current</b>			
Property and equipment	9	647,884	675,422
Intangible asset	10	5,998	6,903
Other asset		-	-
		<u>653,882</u>	<u>682,779</u>
<b>Current</b>			
Inventory	11	75,138	74,210
Trade & other receivables	12	17,100	18,320
Prepaid expenses	13	70	8,416
Cash and cash equivalent	14	512,364	404,909
		<u>604,671</u>	<u>505,855</u>
<b>Total assets</b>		<u><b>1,258,553</b></u>	<u><b>1,188,180</b></u>
<b>Net assets and liabilities</b>			
<b>Net Assets</b>			
Accumulated unrestricted funds		1,166,836	1,152,194
Current year unrestricted funds		62,373	14,710
Restricted funds		-	-
		<u>1,229,209</u>	<u>1,166,904</u>
<b>Current liabilities</b>			
Trade and other payables	15	22,350	20,709
Tax payables	16	6,994	567
		<u>29,343</u>	<u>21,276</u>
<b>Total net assets and liabilities</b>		<u><b>1,258,553</b></u>	<u><b>1,188,180</b></u>

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MONGOLIAN FAMILY WELFARE ASSOCIATION NGO

STATEMENT OF NET ASSETS/CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted funds MNT	Restricted funds MNT	Total equity MNT
As 1 January 2022	1,152,194	-	1,152,194
Income/(expenditure) for the year	14,710	-	14,710
At 31 December 2022 and 1 January 2023	1,166,904	-	1,166,904
Prior year adjustments – correction of error		(68)	(68)
Restated balance	-	-	1,166,836
Income/(expenditure) for the year	62,373	-	62,373
At 31 December 2023	1,229,277	(68)	1,229,209

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MONGOLIAN FAMILY WELFARE ASSOCIATION NGO  
 STATEMENT OF CASH FLOW  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 MNT'000	2022 MNT'000
<b>Cash flows from operating activities</b>		
<b>Cash income</b>	<b>871,381</b>	<b>776,373</b>
Membership fee	5,482	6,266
Income from projects and programs	472,212	454,553
Donation, gifts	-	-
Amount received as rental income	42,350	27,400
Other income	351,337	288,155
<b>Cash expenses</b>	<b>(781,225)</b>	<b>(589,616)</b>
Cash paid to employees	(254,267)	(221,710)
Cash paid to Social Insurance organizations	(74,571)	(63,370)
Cash paid for purchase of inventory	(29,275)	(62,460)
Cash paid for utility expenses	(40,269)	(28,849)
Cash paid for petrol, transaction, spare parts	(16,218)	(17,656)
Cash paid to suppliers	(337,131)	(164,862)
Tax payment(VAT and other tax payments)	(29,495)	(30,373)
Payments for insurance(Personal Income Tax)	-	(336)
Other	-	-
<b>Total Cash Flows from Operating Activities</b>	<b>90,156</b>	<b>186,757</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of long term assets	10,634	(12,531)
Addition of fixed assets	(18,007)	-
<b>Total Cash Flows from Investing Activities</b>	<b>(7,373)</b>	<b>(12,531)</b>
<b>Cash flows from financing activities</b>		
Interest and bonus income	24,863	5,866
Exchange rate difference	(191)	3,223
<b>Total Cash Flows from Financing Activities</b>	<b>24,672</b>	<b>9,089</b>
<b>Total Cash Flows</b>	<b>107,455</b>	<b>183,315</b>
<b>Opening Balance of Cash and Cash equivalent</b>	<b>404,909</b>	<b>221,594</b>
<b>Closing Balance of Cash and Cash equivalent</b>	<b>512,364</b>	<b>404,909</b>

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