



THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO
(NGO Incorporated in Mongolia)

Audited Financial Statements
31 December 2024

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MONGOLIAN FAMILY WELFARE ASSOCIATION NGO

CORPORATE INFORMATION

President

Ganbold B.

Board of Trustees

Tuvshinjargal B.
Altantsetseg Ts.
Burenjargal D.
Dulamsuren S.
Narandelger P.
Odontuya D.
Renchinsonom J.

Registered Office

Peace avenue 89-3,
5th khoroo, Bayangol district,
Ulaanbaatar, Mongolia

Bankers

Capitron Bank LLC
Khan Bank LLC
Trade and Development Bank LLC
Trans Bank LLC

Commercial bank of Mongolia

Auditor

HLB Mongolia Audit LLC
Certified Public Accountants



MONGOLIAN
FAMILY WELFARE
ASSOCIATION

HLB MONGOLIA AUDIT LLC

MONGOLIAN FAMILY WELFARE ASSOCIATION

First Mongolian NGO with
UN ECISOC special consultative status

Bayangol district, 10-r khoroolol, Peace Avenue,
5th khoroo, bldg 89/3, Ulaanbaatar, Mongolia
Tel/Fax: 976-7018-3514

E-mail: info@mfwf.mn; www.mfwf.mn

Date. 08 May 2025
Ref. 01/25

MANAGEMENT RESPONSIBILITY STATEMENT

The Mongolian Family Welfare Association NGO's Management is responsible for the preparation of the financial statements.

The financial statements of Mongolian Family Welfare Association NGO (hereinafter "MFWA NGO") have been prepared to comply with Mongolian Law on Accounting and related regulation required by Ministry of Finance of Mongolia. The Management is responsible for ensuring that these financial statements present fairly the state of affairs of the MFWA NGO as at December 31, 2024 and the financial performance and its cash flows for the year then ended on that date.

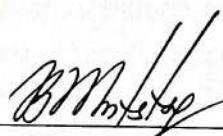
The Management has responsibility for ensuring that the MFWA NGO keeps proper accounting records which disclose with reasonable accuracy the financial position of the MFWA NGO and which enable them to ensure that the financial statements comply with the requirements set out in Note 2 and Note 3 thereto.

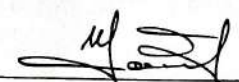
The Management also has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the MFWA NGO and to prevent and detect fraud and other irregularities.

The Management considers that, in preparing the financial statements on pages 6 to 24, they have used appropriate policies, consistently applied and supported by reasonable and prudent judgment and estimates, and that all applicable accounting standards have been followed.



Ganbold Byambaa
President


Munkhtsetseg Batmunkh
Executive director


Ganbaatar Ch
Financial manager

Ulaanbaatar, Mongolia

Date:

INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees 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, 2024, 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, 2024, 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To The Board of Trustees 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.



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

Date: May 9, 2025

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 MNT'000	2023 MNT'000
REVENUES AND SUPPORT INCOME			
Membership dues	5	10,424	5,482
Program fees	5	446,797	472,212
Grant and donation	5	2,716	34,370
Rental service	5	18,885	46,200
Hospital service	5	299,439	326,474
Total income		778,261	884,738
EXPENSES			
Program services	6	(286,117)	(347,578)
General and administrative	7	(626,823)	(510,092)
Total expenses		(912,940)	(857,670)
NET REVENUE		(134,679)	27,068
OTHER GAIN/(LOSSES)			
Other gain/(losses)	8	26,844	35,305
Total other gain/(losses)		26,844	35,305
Corporate income tax expense			
Net loss representing total comprehensive income/(loss)		(107,835)	62,373

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, 2024

	Notes	2024 MNT'000	2023 MNT'000
Assets			
Non-current			
Property and equipment	9	611,491	647,884
Intangible asset	10	5,194	5,998
Other asset		-	-
		<u>616,685</u>	<u>653,882</u>
Current			
Inventory	11	88,741	75,137
Trade & other receivables	12	14,908	17,100
Prepaid expenses	13	539	70
Cash and cash equivalent	14	425,450	512,364
		<u>529,638</u>	<u>604,671</u>
Total assets		<u>1,146,323</u>	<u>1,258,553</u>
Net assets and liabilities			
Net Assets			
Accumulated unrestricted funds		1,229,209	1,166,836
Current year unrestricted funds		(107,835)	62,373
Restricted funds		-	-
		<u>1,121,374</u>	<u>1,229,209</u>
Current liabilities			
Trade and other payables	15	24,150	22,350
Tax payables	16	3,999	6,994
		<u>24,949</u>	<u>29,344</u>
Total net assets and liabilities		<u>1,146,323</u>	<u>1,258,553</u>

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 NET ASSETS/CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted funds MNT	Restricted funds MNT	Total equity MNT
As 1 January 2023	<u>1,166,904</u>	<u>-</u>	<u>1,166,904</u>
Prior year adjustments – correction of error	(68)	-	(68)
Restated balance	1,166,836	-	1,166,836
Income/(expenditure) for the year	62,373	-	62,373
At 31 December 2023 and 1 January 2024	<u>1,229,209</u>	<u>-</u>	<u>1,229,209</u>
Prior year adjustments – correction of error	-	-	-
Restated balance	1,229,209	-	1,229,209
Income/(expenditure) for the year	(107,835)	-	(107,835)
At 31 December 2024	<u>1,121,374</u>	<u>-</u>	<u>1,121,374</u>

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 CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	MNT'000	MNT'000
Cash flows from operating activities		
Cash income	804,983	871,381
Membership fee	10,424	5,482
Income from projects and programs	446,797	472,212
Donation, gifts	500	-
Amount received as rental income	9,260	42,350
Other income	338,002	351,337
Cash expenses	(890,075)	(781,225)
Cash paid to employees	(273,811)	(254,267)
Cash paid to Social Insurance organizations	(76,291)	(74,571)
Cash paid for purchase of inventory	(70,847)	(29,275)
Cash paid for utility expenses	(49,517)	(40,269)
Cash paid for petrol, transaction, spare parts	(18,666)	(16,218)
Cash paid to suppliers	(358,725)	(337,131)
Cash paid for interest expense	(290)	-
Tax payment(VAT and other tax payments)	(41,231)	(29,495)
Payments for insurance(Personal Income Tax)	(698)	-
Other	-	-
Total Cash Flows from Operating Activities	(85,092)	90,156
Cash flows from investing activities		
Proceeds from sales of long term assets	-	10,634
Addition of fixed assets	(29,123)	(18,007)
Total Cash Flows from Investing Activities	(29,123)	(7,373)
Cash flows from financing activities		
Interest and bonus income	27,239	24,863
Exchange rate difference	61	(191)
Total Cash Flows from Financing Activities	27,300	24,672
Total Cash Flows	(86,914)	107,455
Opening Balance of Cash and Cash equivalent	512,364	404,909
Closing Balance of Cash and Cash equivalent	425,450	512,364

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
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT 31 DECEMBER 2024

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT 31 DECEMBER 2024

a) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to MNT at the foreign exchange rate in effect at the date of the transactions.

b) Financial Instruments

Financial instruments are recognised in the statement of financial position when the MFWA NGO has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income.

Financial instruments are offset when the MFWA NGO has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when the MFWA NGO becomes a party to the contractual provisions of the financial instrument. The MFWA NGO determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The MFWA NGO classifies its investments in financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the MFWA NGO provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are presented as trade and other receivables on the statement of financial position.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Financial Instruments (CONT'D)

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date basis where the purchase or sale of financial assets are under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

(ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are recognised on the statement of financial position when, and only when, the MFWA NGO becomes a party to the contractual provisions of the financial instrument. The MFWA NGO determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, the measurement of financial liabilities depends on the classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the MFWA NGO that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss.

(ii) Other financial liabilities

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Financial Instruments (CONT'D)

Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in value.

d) Impairment

Impairment of Financial Assets

The MFWA NGO assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the MFWA NGO makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is calculated as the higher of the asset's value in use and the asset's or cash-generating unit's fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Impairment (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the MFWA NGO estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

e) Property and equipment

Property and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property and equipment when the costs are incurred if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively.

Fixed assets and their additions are derecognised when they are sold or when no economic benefit is received from their use or sale. Profit and loss (the difference between net asset sale and accounting) shall be reflected in the profit and income and other detailed reports of the reporting year.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation of property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value the useful life as follows:

Category	Estimated Useful Life in Years
Building	15 – 40 years
Vehicle	10 years
Furniture	5 – 12 years
Computers and accessories	3 – 5 years
Other fixed assets	3 – 12 years

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT 31 DECEMBER 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Property and equipment (cont'd)

Items of property and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Category	Estimated Useful Life in Years
Accounting software	5-12 years
Land	30 years

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

g) Revenue recognition

Grants and donation income

Income from donations and grants provided are recognized on a receipt basis, based on the amount received from the sponsor companies.

Membership income

Revenue from membership fee from members are collected yearly and recognized on a receipt basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Revenue recognition (cont'd)

Project and program income

It will be recorded as a percentage of the income received from the amount of the contract with the financing institutions.

Interest Income

Interest income is recognised on an accrual basis by reference to the principal outstanding and at the interest rate applicable.

Income from rental services

Rental income of MFWA NGO's own buildings and plots shall be recognized as income and recorded in the income statement as income received from the lessee on the basis of a contract with a third party.

h) Employee benefits

Short term benefits

Wages, salaries and other salary related expenses are recognized as an expense in the year in which the associated services are rendered by employees of the company. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognized when absences occur.

Defined contribution plans

As required by law, companies in Mongolia make contributions to the government pension scheme, social and health fund. Such contributions are recognized as an expense in profit or loss as incurred.

i) Inventories

Inventories of supplies are physically measured and estimated and valued at the lower of cost and net realizable value. Cost is calculated using a weighted average cost formula, which includes all acquisition costs and an appropriate portion of fixed and variable overhead costs, including stripping costs incurred during the production phase and other costs incurred in bringing the inventory to its current location and condition.

Net realizable value is the estimated future selling price of the product that the Company expects to realize when the product is sold or developed, less the estimated costs of completing and selling the product.

When supplies are sold/used, their carrying amount is recognized as an expense in the period in which the related revenue is recognized. The amount reduced by the net realizable value of the inventory and all inventory losses are written off or recognized as expense in the period in which the loss occurs. Any reversal of inventory reductions is recognized as a reduction of the amount of inventory recognized as an expense in the period.

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT 31 DECEMBER 2024

4. CAPITAL MANAGEMENT

The MFWA NGO's primary objective when managing capital is to safeguard the MFWA NGO's ability to continue as a going concern, so that it can continue to organize training lectures and seminars to improve the knowledge of Mongolian citizens about public reproductive health, and to cooperate with relevant citizens' organizations. The MFWA NGO actively and regularly reviews and manages its capital structure to maintain a balance between the higher the board returns and the advantages and security afforded by a sound capital position.

The MFWA NGO is not subjected to externally imposed capital requirements.

5. INCOME FROM ACTIVITIES

Included in income from activities are:

	2024	2023
	MNT'000	MNT'000
Membership fee - (i)	10,424	5,482
Projects and programmes – (ii)	446,797	472,212
Donation – (iii)	2,716	34,370
Rent – (iv)	18,885	46,200
Other income – (v)	299,439	326,474
	778,261	884,738

(i) – breakdown of membership fees

	2024	2023
	MNT'000	MNT'000
Exclusive members' fee	4,100	2,050
Normal members' fee	2,448	2,826
Young members' fee	3,876	606
	10,424	5,482

(ii) – breakdown of projects and programmes

	2024	2023
	MNT'000	MNT'000
Funding from International Planned Parenthood Federation – Main financing (a)	372,341	418,867
Funding from International Planned Parenthood Federation – Additional financing	70,934	31,480
Funding from other sources	3,522	21,865
	446,797	472,212

MONGOLIAN FAMILY WELFARE ASSOCIATION NGO
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT 31 DECEMBER 2024

5. INCOME FROM ACTIVITIES (CONT'D)

(a) – detailed IPPF funding of the reporting period

	Date	Amount
1 st funding	2/16/2024	124,039
2 nd funding	6/19/2024	123,600
3 rd funding	11/14/2024	124,702
		372,341

(iii) – breakdown of donation income

	2024	2023
	MNT'000	MNT'000
Korea Population, Health and Welfare Association (IPPF)	-	750
China Family Planning Association (IPPF)	-	32,900
South Korean Family Planning Association (IPPF)	1,000	-
Other donations	1,500	-
Zaluus Eruul Mend NGO	216	720
	2,716	34,370

(iv) – breakdown of rental income

	2024	2023
	MNT'000	MNT'000
Rental income from Uvurkhangai aimag properties	5,200	-
Rental income from Ulaanbaatar properties	13,685	46,200
	18,885	46,200

(v) – breakdown of other income

	2024	2023
	MNT'000	MNT'000
Clinical services	296,287	321,779
- <i>Diagnosis</i>	82,090	90,229
- <i>Family planning</i>	85,764	87,361
- <i>Examination advice</i>	9,911	9,189
- <i>Analysis</i>	104,845	123,455
- <i>Other services</i>	48	78
- <i>Treatment</i>	13,630	11,467
Training and support services	2,460	4,290
Other income	692	405
	299,439	326,474

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6. COST FROM ACTIVITIES

Included in cost from activities are:

	2024	2023
	MNT'000	MNT'000
Business trip	9,463	9,983
Maintenance	3,973	14,556
Meeting and consultation	59,347	88,188
Presents and commissions	16,681	6,300
Marketing and advertisement	24,706	12,265
Training	26,470	49,946
Professional expense	10,100	4,340
Analysis	47,841	71,731
Sterilization and disinfection	5,349	7,081
Supply materials	59,014	30,870
Monitoring and evaluation costs	-	19,238
Branch development costs	12,097	14,752
Organized event	1,574	5,386
Moving examination	8,471	11,582
Others	1,031	1,359
	286,117	347,578

7. GENERAL AND ADMINISTRATIVE EXPENSES

Included in general and administrative expenses are:

	2024	2023
	MNT'000	MNT'000
Salary and wages	338,147	318,077
Contribution to SHI	40,353	39,026
Bank commission	4,446	5,125
Transportation	200	4,058
Utility	49,121	40,269
Petrol and oil	18,666	16,218
Depreciation and amortization	66,153	67,848
Rent	4,440	-
Supply materials	4,290	3,641
Postal and communication	9,139	7,349
Maintenance and repair	70,046	5,824
Professional costs	18,500	-
Other expenses	3,322	2,656
	626,823	510,092

8. OTHER INCOME/GAIN AND EXPENSES/LOSSES

Included in other income/gain and expenses/losses are:

	2024	2023
	MNT'000	MNT'000
Other income	10,634	10,634
Interest income	27,239	24,863
Foreign exchange gain/(loss), net	61	(192)
Interest expenses	(290)	-
PPE write off expense	(167)	-
	26,844	35,305

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9. PROPERTY, PLANT AND EQUIPMENT

Included in property, plant and equipment are:

	Buildings MNT'000	Furniture MNT'000	Equipment MNT'000	Vehicle MNT'000	Computer and peripherals MNT'000	Total MNT'000
Cost						
As at 1 January 2024	733,311	44,531	231,409	37,500	60,107	1,106,858
Addition	-	9,701	230	-	19,191	29,122
Disposals	-	-	(2,140)	-	(572)	(2,712)
As at 31 December 2024	733,311	54,231	229,499	37,500	78,726	1,133,268
Accumulated depreciation						
As at 1 January 2024	(254,103)	(22,148)	(139,233)	(11,351)	(32,140)	(458,974)
Charge for the year	(22,944)	(5,040)	(25,141)	(3,750)	(8,474)	(65,349)
Disposal	-	-	1,973	-	572	2,545
As at 31 December 2024	(277,046)	(27,188)	(162,401)	(15,101)	(40,042)	(521,778)
Cost						
As at 1 January 2023	733,311	38,552	221,409	37,500	36,680	1,067,452
Addition	-	5,979	10,000	-	23,427	39,406
Disposals	-	-	-	-	-	-
As at 31 December 2023	733,311	44,531	231,409	37,500	60,107	1,106,858
Accumulated depreciation						
As at 1 January 2023	(231,159)	(17,983)	(113,354)	(7,601)	(21,933)	(392,030)
Charge for the year	(22,944)	(4,165)	(25,879)	(3,750)	(10,207)	(66,944)
Disposal	-	-	-	-	-	-
As at 31 December 2023	(254,103)	(22,148)	(139,233)	(11,351)	(32,140)	(458,974)
Net carrying value						
As at 31 December 2023	479,208	22,383	92,177	26,149	27,967	647,884
As at 31 December 2024	456,265	27,044	67,099	22,399	38,685	611,491

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10. INTANGIBLE ASSETS

Included in intangible assets are:

	2024	2023
	MNT'000	MNT'000
Accounting software – (i)	5,002	5,786
Land ownership certificate – (ii)	192	212
	5,194	5,998

(i) - Breakdown of accounting software

	2024	2023
	MNT'000	MNT'000
Cost		
As at January 1	11,035	11,035
Addition	-	-
Disposal	-	-
As at December 31	11,035	11,035
Accumulated depreciation		
As at January 1	(5,249)	(4,361)
Addition	(786)	(888)
Disposal	-	-
As at December 31	(6,033)	(5,249)
Net carrying value		
As at 1 January	5,786	6,674
As at 31 December	5,002	5,786

(ii) - Breakdown of land ownership

	2024	2023
	MNT'000	MNT'000
Cost		
As at January 1	540	540
Addition	-	-
Disposal	-	-
As at December 31	540	540
Accumulated depreciation		
As at January 1	(328)	(311)
Addition	(18)	(17)
Disposal	-	-
As at December 31	(328)	(328)
Net carrying value		
As at 1 January	212	229
As at 31 December	192	212

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11. INVENTORY

Included in inventories are:

	2024	2023
	MNT'000	MNT'000
Inventory (books, medicine, supply materials)	88,741	75,137
	88,741	75,137

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are:

	2024	2023
	MNT'000	MNT'000
Trade and other receivables	14,908	17,100
	14,908	17,100

13. PREPAID EXPENSES

Included in prepaid expenses are:

	2024	2023
	MNT'000	MNT'000
Prepaid expenses	539	70
	539	70

14. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are:

	2024	2023
	MNT'000	MNT'000
Cash balance	200	248
Bank balance	173,596	210,600
Short-term deposit balance	251,654	301,655
	425,450	512,364

Cash at banks consists of MNT and USD accounts which earn interest at fixed rates. In 2024, interest income amounted to MNT'000 27,239 (2023: MNT'000 24,863).

	2024	2023
	MNT'000	MNT'000
Mongolian Tugriks	404,063	491,026
US Dollars	21,387	21,338
	425,450	512,364

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14. CASH AND CASH EQUIVALENTS (CONT'D)

Short term deposit conditions:

	Contractual	Annual rate	Amount
Bank name	End date	In %	MNT'000
Capitron Bank LLC	01/09/2025	11.9%	251,654

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are:

	2024	2023
	MNT'000	MNT'000
Trade and other payables*	21,550	22,350
Other tax payables*	3,399	6,994
	24,949	29,344

Other payables are non-interest bearing and are normally settled upon demand.

16. RELATED PARTY TRANSACTIONS

Compensation to key management personal:

The remuneration of directors and other members of key management personnel during the year were as follows:

	2024	2023
	MNT'000	MNT'000
Short term benefits	41,979	39,017

17. FINANCIAL INSTRUMENTS

Exposure to credit, foreign currency and liquidity risks arises in the normal course of the MFWA NGO's business.

Foreign currency risk

The MFWA NGO incurs foreign currency risk on purchases and payments denominated in a currency other than Mongolian Tugrug (MNT). The currencies giving rise to this risk are primarily US Dollars. At present, the MFWA NGO does not have a policy to hedge these exposures.

The following significant exchange rates applied during the year:

	Closing rate	
	2024	2023
Exchange rate in = 1USD	3,420.25	3,410.69

17. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Tugrik against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the MFWA NGO where the denomination of the loan is in a currency of the lender or the borrower.

If the Tugrug strengthens by 10% against the relevant foreign currency, profit or loss and other equity will increase (decrease) by:

	2024	2023
	MNT'000	MNT'000
+10% (+10%) USD	2,139	2,134
-10% (-10%) USD	(2,139)	(2,134)

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's fixed rate current accounts in the bank. As of the reporting date, the Company has not adopted sensitivity analysis to measure interest rate risk due principally to the fact that the Company has no floating interest rate financial assets and liabilities at year end date.

Fair value

The carrying amount of the MFWA NGO's financial assets and liabilities approximate fair values due to the relatively short term maturity of these financial instruments.

Liquidity risk

The MFWA NGO monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the MFWA NGO's operations and to mitigate the effects of fluctuations in cash flows.

18. COMMITMENTS AND CONTINGENCIES

As of the end of the reporting period the entity has no commitments and contingencies.

19. EVENTS AFTER THE REPORTING PERIOD

Management is not aware of any significant events that occurred after the end of reporting period, which would have impact on these financial statements.

20. MONGOLIAN TRANSLATION

These financial statements are also prepared in Mongolian. In the event of discrepancies or contradictions between the English and Mongolian versions, the English version will prevail.