

Financial report

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**Start date of the report ECF**

2019-01-01

**End of the report ECF**

2019-12-31

**Date**

2020-06-25

**Code**

SprFinOp in thousands PLN

	Balance on the last day of the current accounting year	Balance on the last day of the previous accounting year	+/-
<b>Total assets</b>	9 219	8 289	2
<b>A. Fixed assets</b>	6 725	6 321	2
I. Intangible fixed assets	28	0	2
II. Tangible fixed assets	6 697	6 321	2
III. Long-term receivables	0	0	2
IV. Long-term investments	0	0	2
V. Long-term prepayments	0	0	2
<b>B. Current assets</b>	2 494	1 968	2
I. Inventory	4	4	2
II. Short-term receivables	831	687	2
III. Short-term investments	1 656	1 277	2
IV. Short-term prepayments	3	0	2
<b>C. Due contributions to statutory fund</b>	0	0	2
<b>Total liabilities</b>	9 219	8 289	2
<b>A. Equity</b>	504	422	2
I. Statutory fund	2 268	1 695	2
II. Other funds	0	0	2
III. Previous years' profit (loss)	-1 846	-1 846	2
IV. Net profit (loss)	82	573	2

<b>B. Liabilities and provisions for liabilities</b>	8 715	7 867	2
I. Provisions for liabilities	273	238	2
II. Long-term liabilities	514	285	2
III. Short-term liabilities	411	332	2
IV. Accruals	7 517	7 012	2

<b>A. Revenues from mission-related activities</b>	10 589	9 889	2
<b>I. Revenues from unpaid activities for public benefit</b>	9 818	9 439	2
<b>II. Revenues from paid activities for public benefit</b>	0	0	2
<b>III. Revenues from other mission-related activities</b>	771	450	2
Mission-related revenues 1%	771	450	3
<b>B. Costs from mission-related activities</b>	10 815	9 645	2
<b>I. Costs from unpaid activities for public benefit</b>	10 483	9 249	2
<b>II. Costs from paid activities for public benefit</b>	0	0	2
<b>III. Costs from other mission-related activity</b>	332	396	2
Mission-related costs 1%	332	396	3
<b>C. Profit (loss) from mission-related activities (A - B)</b>	-226	244	2
<b>D. Revenues from business activity</b>	564	491	2
<b>E. Costs from business activity</b>	310	270	2
<b>F. Profit (loss) on business activity (D - E)</b>	254	221	2

Profit and Loss	0	34	2
H. Profit (loss) on operating activities (C + F - G)	28	431	2
I. Other operating revenues	169	186	2
J. Other operating costs	56	18	2
K. Financial revenues	4	8	2
L. Financial expenses	56	27	2
M. Gross profit (loss) (H + I - J + K - L)	89	580	2
N. Income tax	7	7	2
O. Net profit (loss) (M - N)	82	573	2

## Empowering Children Foundation

ul. Walecznych 59 03-926 Warsaw

## Supplementary information and clarification

(all data quoted in thousand PLN)

### 1. Tangible fixed assets

	Buildings	Equipment and machinery	Vehicles	Other fixed assets	Fixed assets under construction	Total
<b>Gross value</b>						
01.01.2019	6 309,7	401,2	1,3	161,4	40,3	6 913,9
Increases	415,6	71,9			517,0	1 004,5
Decreases					(415,6)	(415,6)

31.12.2019	6 725,3	473,1	1,3	161,4	141,7	7 502,8
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### Depreciation

01.01.2019	(103,6)	(326,6)	(1,3)	(161,4)		(592,9)
Increases	(155,4)	(58,0)				(213,4)
Decreases						-
31.12.2019	(259,0)	(384,6)	(1,3)	(161,4)	-	(806,3)

### Net value

01.01.2019	6 206,1	74,6	-	-	40,3	6 321,0
31.12.2019	6 466,3	88,5	-	-	141,7	6 696,5

## 2. Statutory fund

Financial result obtained in 2018 amounting to 573,1 thousand PLN was utilized in full for the mission-related activities of the Foundation.

Financial result obtained in 2019 amounting to 81,9 thousand PLN will be utilized in full for the mission-related activities.

## 3. Long-term liabilities

		<b>Credit and loans</b>	<b>Total</b>
<b>As of 31.12.2019</b>	over 1 year, up to 5 years	513,8	513,8
		513,8	513,8
<b>As of 31.12.2018</b>	over 1 year, up to 5 years	285,0	285,0
		285,0	285,0

Change in the course of 2019 as a result of incurring a long-term liability	228,8	228,8
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*\* negative value signifies a decrease in liabilities as compared to previous period*

The Foundation uses loans granted by Towarzystwo Inwestycji Społeczno-Ekonomicznych SA, with an interest rate ranging from 0,69 to 1,75%.

#### 4. Short-term liabilities

		<b>Credit and loans</b>	<b>Other</b>	<b>Total</b>
<b>As of 31.12.2019</b>	less than 1 year	224,2	187,3	411,5
		224,2	187,3	411,5
<b>As of 31.12.2018</b>	less than 1 year	147,6	184,0	331,6
		147,6	184,0	331,6
Change in the course of 2019		76,6	3,3	79,8

*\* negative value signifies a decrease in liabilities as compared to previous period*

Other short-term liabilities of the Foundation are a product of ongoing account settlement with contractors, statutory settlements falling due in 2020, as well as settlements with donors in view of granted subsidies.

#### 5. Accruals

Mission-related revenues (in particular subsidies, donations, 1% for public-benefit organizations) are accounted for in the profit and loss account when the entity acquires the right of receiving a specific revenue resulting from ownership rights to a specific asset. In the case of a donation allocated for specific activities or actions, such subsidy is delayed in the balance sheet and systematically accounted for as revenue in the amount reflecting costs incurred to finance activities covered by a specific donation.

## 6. Structure of mission-related revenues

<b>Mission-related revenues</b>	<b>2019</b>	<b>2018</b>
Mission-related revenues - National and international organizations	3 923,5	4 769,3
Mission-related revenues - From public resources	3 510,4	3 132,5
Mission-related revenues - Natural persons	2 359,8	1 518,1
Mission-related revenues - 1% (public-benefit organization)	770,9	450,4
Mission-related revenues - Other	24,0	19,1
	<b>10 588,6</b>	<b>9 889,4</b>

Empowering Children Foundation is registered as a public-benefit organization, and as such receives funds under the 1% tax donation scheme. In 2019 it received 770,8 thousand PLN. Funds from the 1% tax donation are used to finance mission-related activities in the area of providing support to children and their families, including remuneration for employees of support centers operated by the Foundation. The Foundation runs a dedicated register of expenses financed from the 1% donation.



## 7. Costs by type

<b>Costs</b>	<b>2019</b>	<b>2018</b>
Payroll	(5 548,0)	(5 558,1)
Outsourced services	(3 753,2)	(2 311,0)
Social security and other benefits, including:	(946,5)	(930,1)
Consumption of materials and power	(425,3)	(477,1)
Depreciation	(213,4)	(144,5)
Other prime costs	(171,1)	(521,2)
Taxes and fees	(67,0)	(7,1)
	<b>(11 124,5)</b>	<b>(9 949,1)</b>

Empowering Children Foundation, when performing its mission-related activities, collaborates with other organizations focusing on supporting children and families. Costs of shared performance of certain tasks are accounted for under *Other costs*.

## 8. Advances, loans and similar allowances offered to members of management bodies, supervisory bodies or administrative bodies

In the years 2018 and 2019 no loans or similar allowances were offered to members of managing or supervisory bodies.

## 9. Employment

	<b>2019</b>	<b>2018</b>
Number of employees	97	89

## **10. Contingent liabilities**

Legal stipulations regulating value-added tax, corporate income tax, personal income tax, real estate tax or social security contributions are subject to change. As a result, not infrequently one is unable to refer to well-defined regulation or legal precedent. As well as this, regulations currently in force are unclear, which leads to discrepancies in how tax law is being interpreted by different public institutions, or public bodies and entrepreneurs. Tax returns, as well as other settlements (customs, foreign currencies) are subject to inspection by institutions entitled to impose considerable fines. Any outstanding amounts revealed by such an inspection are to be paid with interest. All in all, taxation risk in Poland is higher than that typically found in countries with more mature tax systems.

Tax returns are subject to audit for the period of five years. As a result, amounts quoted in the financial report may be altered at a later date, having been finally settled by tax institutions. The Foundation has not been subjected to a tax audit.

## **11. Events that have occurred after the balance sheet date, not taken into account in the financial report**

On March 11th 2020 the World Health Organization declared the coronavirus outbreak to be a global pandemic, and one day later (March 12) the Polish government declared the state of epidemic emergency. In order to mitigate potential threats to public health associated with COVID-19, Polish state authorities have taken action aiming to curb the spread of the virus, among others introducing limits on cross-border movement of

individuals, imposing a temporary ban on foreigners entering the territory of Poland and prohibiting certain forms of economic activity, while awaiting further development of the situation.

In particular, air travel and railway operation were suspended, classes in schools and at universities were cancelled, restaurants, cinemas, theatres and museums were no longer operating as usual, the same was done to sporting venues and shops, other than grocery stores and pharmacies.

On March 18th 2020 Polish government announced the launch of a national support program ("Anti-Crisis Shield") aimed at preventing detrimental effect of COVID-19 epidemic on the economy.

The Foundation has been able to remain operational, working continuously and relying on remote communication. Some activities have been rescheduled for fall, other planned actions had to be cancelled. On March 11, May 25 and June 16 the Foundation adopted new rules of work under sanitary regime, compliant with publicly available guidelines regarding pandemics.

In order to ensure continuity of operations, the Management Board of the Foundation implemented a number of actions, including in particular:

- creating a program of remote work for employees;
- introducing measures of remote support with the use of electronic communication;
- introducing sanitary restrictions, providing access to disinfecting agents in every facility, increasing caution in terms of social distancing among employees, as well as creating working schedules for remote work in Foundation facilities;
- transferring certain tasks to online setting.

Basing on publicly available information, and taking into account major economic indices characterizing current financial situation of the Foundation, as well as activities initiated by the management, we do not foresee any medium- or long-term significantly detrimental direct effect of the COVID-19 pandemic on the operations, financial circumstances or operational results of the Foundation. The Managing Board cannot, however, guarantee that lasting limitations to economic activity, prolonging restrictions aimed at limiting viral spread but so detrimental to Polish economy, will not in the medium- and long-term unfavorably impact financial standing and operational outcomes of the Foundation. Management is monitoring the situation on an ongoing basis and has already implemented new ways of gaining financing from individual donors. If any detrimental events occur, management will react accordingly to mitigate their effect.

**12. Asset-backed securities established by the Foundation**

None.

**13. Short-term investments**

	<u>2019</u>	<u>2018</u>
Cash in bank accounts	1 656,2	1 276,5
<i>Cash in VAT subaccount</i>	<i>0,9</i>	-
	<u>1 656,2</u>	<u>1 276,5</u>

**14. Short-term trade receivables form other entities**

	<u>2019</u>	<u>2018</u>
Gross receivables	67,8	48,8
Impairment of receivables	-	-
Net receivables	<u>67,8</u>	<u>48,8</u>

Monika Sajkowska  
*Chairwoman of the Board*

Maria Keller-Hamela  
*Deputy Chairwoman of the Board*

Renata Szredzińska  
*Member of the Board*

Łukasz Wojtasik  
*Member of the Board*

Marta Skierkowska  
*Member of the Board*

Magdalena Sagała  
*on behalf of FINITE Kancelaria Rachunkowa Sp. z o.o.  
Person in charge of supervising book-keeping*

*Warsaw, June 25, 2020*