

## **Empowering Children Foundation**

**ul. Walecznych 59 03-926 Warsaw**

**NIP 113-07-25-676**

### **Supplementary information and explanations**

(all figures quoted in thousands of PLN [Polish zloty])

## **Introduction**

Every child deserves a childhood free from violence. For 33 years, the Empowering Children Foundation, hereinafter referred to as "Foundation", has been:

- protecting children from violence and sexual abuse;
- providing children and their guardians with support, professional psychological, and legal assistance;
- teaching adults how to wisely and effectively respond to violence against children and what to do if they suspect a child is being harmed;
- supporting and engaging parents to raise their children with love and respect;
- influencing Polish law to best protect the interests of children.

The year 2023 at the Empowering Children Foundation in numbers:

- 444 children received psychological assistance;
- 865 guardians received psychological support;
- 5 047 psychological consultations and individual therapy sessions for children;
- 5 671 psychological consultations and individual therapy sessions for guardians;
- 68 866 calls received from children and adolescents;
- 16 726 participants in our conferences;
- 42 069 people signed our appeals and petitions.

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#### 1. Revenue structure

| <b>Statutory revenues</b>                                     | <b>2023</b>   | <b>2022</b>   |
|---|---------------|---------------|
| Statutory revenues - National and international organisations | 19 414        | 11 391        |
| Statutory revenues - Individuals                              | 6 854         | 8 280         |
| Statutory revenues - Public sources                           | 2 688         | 4 486         |
| Statutory revenues – Business organisations                   | 3 749         | 3 136         |
| Statutory revenues – 1,5% of personal income tax              | 3 069         | 1 989         |
|   | 77            | 54            |
|   | <b>35 851</b> | <b>29 336</b> |

The Empowering Children Foundation is registered as a public-benefit organisation, and as such it receives funds under the 1,5% of personal income tax donation scheme. It obtained 3 069 PLN from 1.5% tax allocations in 2023. In 2022, the funds came from 1% of personal income tax donation and amounted to 1 989 PLN.

| <b>Revenues from business activity</b> | <b>2023</b> | <b>2022</b> |
|--|-------------|-------------|
|  | 468         | 358         |

The Foundation's business activities include in particular: training services, advertising and organisation of conferences.

#### 2. Grant givers and donors: highest amounts in 2023

In 2023, over 100 institutions, organizations, and companies provided financial support to the Foundation. Below is a summary of the entities from which the Foundation received the highest contributions, which form our income or are accounted for in deferred income:

| <b>Institution / organisation (Country)</b>    | <b>Funds received in 2023</b> |
|--|-------------------------------|
| Plan International (the United Kingdom)        | 4 901                         |
| UNHCR (UN – Switzerland)                       | 4 508                         |
| Save The Children (Jordan)                     | 2 340                         |
| Ikea Retail (Poland)                           | 1 269                         |
| Fundacja Drzewo i Jutro (Poland)               | 1 268                         |
| OAK Foundation (Switzerland)                   | 1 151                         |
| UNICEF   | 1 072                         |
| Child Helpline International (the Netherlands) | 899                           |
| The Capital City of Warsaw (Poland)            | 694                           |
| World Childhood Foundation (Switzerland)       | 689                           |
| Terre des Hommes (the Netherlands)             | 639                           |
| Ministry of Justice (Poland)                   | 578                           |
| PEPCO (Poland)                                 | 500                           |

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#### 3. Cost structure

| <b>Cost by type</b>                | <b>2023</b>     | <b>2022</b>     |
|------------------------------------|-----------------|-----------------|
| Payroll                            | (12 978)        | (10 954)        |
| Other costs                        | (8 591)         | (4 277)         |
| Outsourced services                | (7 016)         | (6 007)         |
| Social security and other benefits | (2 455)         | (2 042)         |
| Consumption of materials and power | (741)           | (531)           |
| Depreciation                       | (233)           | (436)           |
| Taxes and fees                     | (180)           | (164)           |
|                                    | <u>(32 194)</u> | <u>(24 411)</u> |

| <b>Costs by purpose</b>    | <b>2023</b>     | <b>2022</b>     |
|----------------------------|-----------------|-----------------|
| Statutory costs            | (32 136)        | (24 288)        |
| Costs of business activity | (120)           | (123)           |
|                            | <u>(32 256)</u> | <u>(24 411)</u> |

| <b>Other costs - structure</b> | <b>2023</b>    | <b>2022</b>    |
|--------------------------------|----------------|----------------|
| Regranting                     | (6 499)        | (3 622)        |
| Other direct assistance        | (1 809)        | (516)          |
| Other costs                    | (283)          | (139)          |
|                                | <u>(8 591)</u> | <u>(4 277)</u> |

Funds from the 1.5% of personal income tax donation scheme are used to finance statutory activities in support of children and their families, administrative costs, and fixed assets related to these activities.

The Foundation maintains a separate record of the expenditure of funds obtained from the 1.5% tax allocation.

The Empowering Children Foundation supported other non-governmental organizations operating locally through regranting within projects conducted with UNHCR, Plan International, OAK, Ikea, and Save the Children. In 2023, together with our grantors, we supported 24 non-governmental organizations. As part of the regranting activities, therapeutic and psychiatric help for children and adolescents, including Ukrainian children, legal assistance, supervision for the grantees' staff (both individual and group), and substantive support for professionals were provided; as well as renovation works and equipment for child help centres.

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#### 4. Tangible fixed assets

|                     | Land and perpetual usufruct | Buildings | Equipment and machinery | Other fixed assets | Invest. in leased fixed assets | Fixed assets under construction | Total  |
|---------------------|-----------------------------|-----------|-------------------------|--------------------|--------------------------------|---------------------------------|--------|
| <b>Gross value</b>  |                             |           |                         |                    |                                |                                 |        |
| 01.01.2023          | -                           | 6633      | 1029                    | 37                 | 338                            | 2563                            | 10600  |
| Increases           |                             | 115       | 122                     |                    |                                | 282                             | 519    |
| Internal transfer   | 3970                        | (3970)    |                         |                    |                                |                                 | -      |
| Decreases           |                             |           |                         |                    |                                |                                 |        |
| 31.12.2023          | 3970                        | 2778      | 1151                    | 37                 | 338                            | 2845                            | 11119  |
| <b>Depreciation</b> |                             |           |                         |                    |                                |                                 |        |
| 01.01.2023          |                             | (746)     | (798)                   | (33)               | (90)                           | -                               | (1667) |
| Increases           | (40)                        | (89)      | (89)                    | (1)                | (35)                           |                                 | (254)  |
| Internal transfer   | (463)                       | 463       |                         |                    |                                |                                 | -      |
| Decreases           |                             |           |                         |                    |                                |                                 |        |
| 31.12.2023          | (503)                       | (372)     | (887)                   | (34)               | (125)                          | -                               | (1921) |
| <b>Net value</b>    |                             |           |                         |                    |                                |                                 |        |
| 01.01.2023          | -                           | 5887      | 231                     | 4                  | 248                            | 2563                            | 8933   |
| 31.12.2023          | 3467                        | 2406      | 264                     | 3                  | 213                            | 2845                            | 9198   |

#### 5. Statutory fund

The statutory fund changed by the results achieved in 2022 and 2021, amounting to 2 281 and 5 374, respectively. The result was allocated to the Foundation's equity (statutory fund). In 2023, following previous years, the profit amount of 5 214 will be allocated to the Foundation's equity (statutory fund) for its mission-related activities.

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#### 6. Liabilities

|                         |                        | <b>Credits and loans</b> | <b>Commercial and budgetary</b> | <b>Total</b> |
|-------------------------|------------------------|--------------------------|---------------------------------|--------------|
| <b>As of 31.12.2022</b> | under 1 year           | 117                      | 643                             | 760          |
|                         | over 1 year to 5 years | 89                       |                                 | 89           |
|                         |                        | 206                      | 643                             | 849          |
| <b>As of 31.12.2023</b> | under 1 year           | 86                       | 776                             | 862          |
|                         | over 1 year to 5 years | 3                        |                                 | 3            |
|                         |                        | 89                       | 776                             | 865          |

The Foundation uses loans provided by the Towarzystwo Inwestycji Społeczno-Ekonomicznych SA with interest rates ranging from 0.88% to 1.75%. Loan repayments are made on time as specified in the agreements.

Loans provided by the Towarzystwo Inwestycji Społeczno-Ekonomicznych SA are secured with promissory notes and a mortgage on the Foundation's property amounting to 1 110.

#### 7. Accruals

Statutory income is recognized in the profit and loss account when the Foundation gains the right to receive the income based on ownership rights to the funds provided by grantors and donors. In the case of funds obtained for specific activities and actions, the unspent amount is deferred in the balance sheet and included in deferred income at an amount corresponding to the costs incurred for the financed activities.

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| Deferred funds for purchase of fixed assets | 5 318       | 6 778       |
| Deferred funds for current activities       | 2 794       | 7 746       |
| Other                                       | 4           | 10          |
|   | 8 116       | 14 534      |

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

In 2022 and 2023, no loans or benefits of a similar nature were offered to members of managing or supervisory bodies.

#### 9. Employment

|                                 | <u>2023</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|
| Number of employees as of 31.12 | 142         | 137         |

#### 10. Contingent liabilities

The Foundation has not been subject to tax authority audits. Tax settlements may be audited for up to five years. As a result, the amounts reported in the financial statements may change after their final determination by the tax authorities.

Regulations on VAT, corporate and personal income tax, property tax, and social security contributions are subject to change, often lacking clear references to established regulations or legal precedents. The existing regulations also contain ambiguities, leading to differing opinions on the legal interpretation of tax regulations between state authorities and businesses. Tax and other settlements (e.g., customs or foreign exchange) can be audited by authorities with the power to impose significant penalties, and the additional liabilities determined as a result of audits must be paid with interest. These factors increase tax risk in Poland compared to countries with more developed tax systems.

#### 11. Short-term investments

|                       | <u>2023</u> | <u>2022</u> |
|-----------------------|-------------|-------------|
| Cash in bank accounts | 12 752      | 12 676      |

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#### 12. Short-term trade receivables from other entities

|                         | <u>2023</u> | <u>2022</u> |
|-------------------------|-------------|-------------|
| Gross receivables       | 36          | 51          |
| Allowance for bad debts | -           | -           |
| Net receivables         | <u>36</u>   | <u>51</u>   |

#### 13. Short-term receivables from grants disbursed in 2023

|                         | <u>2023</u>  | <u>2022</u>  |
|-------------------------|--------------|--------------|
| Gross receivables       | 1 108        | 3 915        |
| Allowance for bad debts | -            | -            |
| Net receivables         | <u>1 108</u> | <u>3 915</u> |

Receivables relate to funds disbursed but unsettled as of the balance sheet date under regrating agreements.

#### 14. Events after the balance sheet date not included in the financial statements

In December 2023, the Empowering Children Foundation signed an agreement with the Plan International Poland Foundation for 1.8 million PLN to implement a project between 2023 and 2024. Tranches of funds for the project were received by the Foundation in 2024

#### 15. Impact of the COVID-19 pandemic and the war in Ukraine

The start of the war in Ukraine in February 2022 significantly expanded the Foundation's activities in 2023. The Foundation was invited by organizations such as Terre des Hommes, Plan International, UNICEF, and the World Childhood Foundation to partner in implementing aid activities for Ukrainian refugees within regrating programs.

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