

AO „CCF Moldova- copil, comunitate, familie”

INDEPENDENT AUDITOR’S REPORT

Project Financial Statements: Participation now! - Improving the participation opportunities of children and young people with disabilities in school education in Moldova

For period March 15, 2023 - July 15, 2025

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On Project Financial Statements: Participation now! - improving the participation opportunities of children and young people with disabilities in school education in Moldova implemented by A.O. CCF Moldova-Copil, Comunitate, Familie

FOR PERIOD March 15, 2023 - July 15, 2025

To: ChildFund Germany e.V.

Opinion

We have audited the Financial statements of the project: Participation now! - improving the participation opportunities of children and young people with disabilities in school education in Moldova (hereinafter the "Project Financial Statements"), implemented by A.O. CCF Moldova-Copil, Comunitate, Familie (the "Organisation") which comprise the Statement of Financial Position and the Statement of the operations for period March 15, 2023- July 15, 2025, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Project Financial Statements for the period March 15, 2023 - July 15, 2025 are prepared in all material respects, in accordance with the financial reporting provisions of Article 4. Financial Report/ Statement of Accounts of the Agreement BMZ22 dated as of 22 March, 2023 between A.O. CCF Moldova-Copil, Comunitate, Familie and ChildFund Germany e.V. ("the Agreement").

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 Project Financial Statements section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Republic of Moldova, 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.

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

We draw attention to Note 2 to the Project Financial Statements, which describes the basis of accounting. The Project Financial Statements are prepared to assist the Organisation to comply in complying with the financial reporting provisions of the Agreement referred to above. As a result, the Project Financial Statements may not be suitable for another purpose. Our report is intended solely for A.O. CCF Moldova-Copil, Comunitate, Familie and ChildFund Germany e.V. and should not be distributed to or used by parties other than A.O. CCF Moldova-Copil, Comunitate, Familie and ChildFund Germany e.V.. Our opinion is not modified in respect of this matter.

Responsibilities of Management's and Those Charged with Governance for the Project Financial Statements

Management is responsible for the preparation of the Project Financial Statements in accordance with the financial reporting of the project provisions of Article 5 of the Agreement 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 Project Financial Statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Project 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 Project 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 Project 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 Organisation's entity's internal control.
- An audit also includes evaluating 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 Organisation'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 Project 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 Organisation to cease to continue as a going concern.

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.

On behalf of **Crowe Audit FPA SRL**

Elena Panainte

Certificate of auditor's qualification, Series AG nr. 000278 as of 15 April 2011

December 10, 2025

Chişinău, Republica Moldova

Enclosure:

- Project Financial Statements (balance sheet, statement of operations and notes to the financial statements, including a summary of significant accounting policies)

Statement of Financial Position of the Project (BMZ)

	Notes	Balance as at 15 July 2025, EUR
<u>Assets</u>		
Property, Plant and Equipment		1,041
Inventory		0
Prepaid expenses and accrued income	7	20,103
Cash and Cash equivalents		0
Total Assets		21,144
<u>Liabilities</u>		
Fund capital		(1,041)
Deferred revenue (Grant)		(498)
Fund capital (other)		0
Accounts payable	8	(19,605)
Total Liabilities		(21,144)

Statement of Operations for the period March 2023 - July 2025, of the Project (BMZ)

	Notes	Net funds, EUR
BMZ	3	530,102
ChildFund	3	62,896
CCF Moldova		106,267
Total Funds		699,265
Expenses during the audited period	5	699,265
Cash Balance period end		0

The explanatory notes form an integral part of the Project financial statements. The Project financial statements were approved and signed by:

On behalf of Management:

Rotaru Liliana, President

Busuioc Sergiu, Chief Finance Officer

December 10, 2025

Chişinău, Republica Moldova

Explanatory notes to the financial statements

1. Presentation

CCF Moldova – Children, Communities, Families (the “Organization”) is a non-governmental, non-profit organization committed to supporting vulnerable children and families in Moldova. Its mission focuses on creating an inclusive society by promoting equal opportunities, particularly in the areas of education, family support, and social integration. The Organization collaborates with local authorities, international partners, and community stakeholders to foster environments where children, including those with disabilities, can thrive and participate fully in society. CCF Moldova was established with the goal of developing sustainable programs that address social challenges, empower families, and improve access to essential resources. The Organization is domiciled in Chişinău, Moldova.

As a registered non-profit entity, CCF Moldova is funded through grants, donations from individuals, and contributions from foundations and non-governmental organizations. These contributions support specific projects or are allocated to core organizational activities, in line with its mission to support children and strengthen communities in Moldova.

2. Significant Accounting Policies

a. Basis for preparing the financial statements

The Organization’s financial statements of the project are prepared in accordance with the National Standards of Accounting in Moldova. The reporting framework aligns with both Moldovan accounting regulations and specific provisions outlined in the grant agreement with ChildFund Deutschland. The Financial Statements of the project are presented in EUR, unless otherwise specified. The primary accounting policies applied in preparing the financial reports are outlined below and have been consistently applied in all prior periods, unless otherwise stated.

b. Scope of the financial statements

The Organization’s financial statements of the project include project funds received and managed under the grant agreement, which are dedicated to activities aimed at improving educational participation for children and young people with disabilities in Moldova. These activities include the development of inclusive teaching materials, training programs for psychologists, and the provision of assistive technologies for schools.

The accounting policy of the Organization and the preparation of special-purpose financial reports of the project submitted to the Primary Recipient are based on:

- Law on Accounting No. 113-XVI adopted on April 24, 2007;
- National Accounting Standards approved by Order No. 174 of the Ministry of Finance of the Republic of Moldova on December 25, 1997;
- Accounting Policy of the NGO “CCF Moldova”;
- Provisions of Agreement

c. Foreign currency exchange

All expenditures during the audited period were incurred in the local currency, Moldovan Leu (MDL), in accordance with the applicable legislation of the Republic of Moldova. Transactions in foreign currencies are translated into MDL at the exchange rate on the transaction date. At the end of the year, any foreign currency balances are converted into MDL using the official exchange rates published by the National Bank of Moldova. Cash balances in the current account are reflected in the Financial Report in EUR, using the commercial exchange rate of the Primary Recipient’s bank on the transfer date.

	EUR
Average official exchange rate (National Bank of Moldova) for period	19.3936
As at 15 July 2025	19.8027
Average exchange rate used during the project	19.3061

d. Financial Management and Procurement

The accounting records of the NGO “CCF Moldova” are maintained by the accounting department, utilizing the 1C automated accounting system, which is an independent structure within the NGO. The Executive Director of NGO “CCF Moldova” is responsible for organizing and maintaining accurate accounting, timely preparation, and submission of reports, and ensuring that all accounting divisions meet document and reporting requirements. The accountant is prohibited from processing documents that violate normative acts and contractual or financial discipline.

The cash basis method is applied for recognizing economic transactions in the Special Purpose Financial Report of the project, where revenues are recorded upon receipt of funds in the current account, and expenditures are recognized at the time of payment. All transactions related to this agreement are processed through a designated bank account.

e. Financial Reporting and Audit Requirements – CCF Moldova

Compliance with ISA 800 and Donor Requirements

As part of the contractual obligations with ChildFund Deutschland, CCF Moldova ensures compliance donor requirements: Annual audits are conducted in line with International Standards on Auditing (ISA 800), focusing on compliance with the donor’s reporting obligations, including verification of expenditures and the proper allocation of funds.

The Project Financial Statements must reflect the true and fair view of the financial of the project situation of CCF Moldova and demonstrate compliance with the donor’s restrictions, as outlined in the funding agreement.

Auditing Procedures

During the audit process, auditors will review:

- The accuracy and completeness of program expenses related to the ChildFund project
- The matching of revenue recognition with project expenditures
- The appropriateness of overhead allocations, based on the Agreement 's terms
- Compliance with project-specific restrictions as outlined by the donor
- Auditing Focus Methodology
- Verification of Expenses Review receipts, invoices, and project records
- Allocation of Overheads Allocation based on documented agreements and budget reviews
- Compliance with Grant Conditions
- Cross-check reporting periods and grant agreement terms

3. Income and Revenue Recognition – CCF Moldova

Grants

CCF Moldova receives grants and direct donations based on contractual Agreement, primarily restricted to specific programmatic purposes and organizational needs. These are generally time-bound and allocated according to donor requirements.

Funds for programming are recorded as "restricted funds" and are designated for project activities under the grant agreement. Unused programming funds are deferred and reported at year-end in the balance sheet as "deferred revenue."

For the reporting period, revenue and overhead from the grant with ChildFund Deutschland for the project "Participation Now! Improving the participation opportunities of children and young people with disabilities in school education in Moldova" are recognized as follows:

	Amount, EUR
BMZ	530,102
ChildFund	62,896
CCF Moldova	106,267
Total Funds	699,265

Below are the funds received under the project since the beginning of the agreement:

	Date	Amount received
	18/04/2023	34,815
	15/06/2023	54,725
	15/09/2023	14,765
	27/09/2023	110,365
	12/12/2023	7,104
	13/02/2024	34,136
	16/04/2024	12,991
BMZ	30/04/2024	97,424
	07/07/2025	(4,085)
	23/07/2024	85,155
	16/08/2024	11,354
	06/12/2024	49,317
	17/12/2024	12,818
	21/01/2025	30,413
	06/05/2025	41,701
Total		592,998

In July 2025 the entity returned the funds in amount of EUR, 4,085 during the period.

Program Costs

Direct program costs are incurred in line with specific activities related to CCF Moldova's projects, such as personnel, materials, travel, and direct operational costs. These costs are tracked and allocated to the relevant programs as per the terms of the grant agreement with ChildFund Deutschland (see Note 5).

4. Management of Financial Risks

Foreign Exchange Risk

CCF Moldova does not have an active foreign exchange risk hedging policy and typically converts currencies as needed. To mitigate exchange rate risks, the organization strives to align the currency of expenditure with the currency of income wherever possible. The level of expenditure is adjusted accordingly, depending on the available currency. Additionally, CCF Moldova has developed multi-currency grant tracking tools to assist in managing cash flow, budget planning, and monitoring. For projects involving external grantees, such as partnerships with international organizations, program funds are generally transferred in the same currency as the funds received.

Liquidity Risk

CCF Moldova prioritizes maintaining sufficient liquidity for the smooth operation of its projects and activities.

5. Expenditures

The total used funds of EUR 699,265 are allocated across three main areas: Investments (41%), which primarily funds IT equipment and assistive technologies for 18 schools; Operating Expenditures (14%), covering office costs, transportation, assessments, advocacy, and translation services; and Human Resources (43%), supporting administrative and field staff. The majority of funds are directed towards technology and staff, ensuring the project's infrastructure and implementation. This distribution emphasizes accessibility, staff capacity, and operational efficiency to achieve the project's goals.

The overall project budget includes budget line 1.4 "Monitoring trips of ChildFund Deutschland", which does not constitute an expense of CCF Moldova but is part of the total project budget covering both CCF Moldova and ChildFund Deutschland; therefore, this line remains the part of financial statements of ChildFund Deutschland.

Budget line	Description	Amount, EUR
1.1	Investments	283,378
1.1.1	IT equipment	3,976
1.1.2	Equip 18 schools with assistive technologies	279,402
1.2	Operating Expenditure (Administrative and Project Expenses)	99,539
1.2.1	Office Expenses	24,468
1.2.2	External audit	6,600
1.2.3	Kick off meeting	382
1.2.4	Transportation for Auswahl	1,578
1.2.7	Transportation for Pilotschools	31,848
1.2.8	Conduct rapid assessment to collect data on parents attitude towards schools and educational outcomes (baseline)	3,250
1.2.5	Map/revise/Develop educational and psychosocial counseling programs	3,750
1.2.6	Advocacy and outreach efforts	6,979
1.2.9	Development of specific work methodologies for autism and hearing disabilities	9,435
1.2.10	Translation of materials from Romanian to Russian (The psychosocial counseling program and 2 methodologies in working with children with hearing disabilities and autism) and Interpreting for the Final Event	1,154
1.2.11	Two - days workshop/ TOT for psychosocial programme- 72 participant (60 professionals and 12 from SAPP) - (4 groups*18 participants)	5,953
1.2.12	Three online regional workshops on validating the work methodologies	600
1.2.13	National final event (est. 80 participants)	3,541
1.3	Human Resources	300,487
1.3.1	Administrative Human resources	138,577
1.3.2	Field and Expert staff	161,910
1.4	Monitoring trips of ChildFund Deutschland	0
1.4.1	Monitoring trips of ChildFund Deutschland	0
1.5	Evaluation Costs	11,997
1.5.1	Evaluation Costs	11,997
1.5.2	Feasibility study	0
1.6	Contingency Reserve	3,865
1.6.1	Contingency Reserve	3,865
	Total	699,265

6. Prepaid expenses and accrued income

The Prepaid expenses and accrued income balance represents to funds to be received from the foundation „Ceslav Ciuhrii” for the project purposes according to the sponsorship agreement from 28.02.2024.

7. Internal Control System and Risk Assessment

CCF is establishing a comprehensive Internal Control System to ensure compliance with Moldovan regulations, covering financial and administrative processes. The aim is to implement strong oversight and effective risk management that identifies, assesses, and controls potential risks. Key control objectives include:

- Compliance with applicable laws and regulations.
- Accurate and complete documentation of financial and operational transactions.
- Execution of transactions in line with managerial directives.
- Timely detection of waste, fraud, and abuse.
- Appropriate handling and sanctioning of policy violations.
- Incorporation of best practices into operations.

8. Post-closing Events

In the subsequent period the entity paid the audit fee in amount of 1982, the balance is adjusted for for audit services. Additionally, in the September 2025 the entity has received the funds in amount of 10,000 EUR from foundation „Ceslav Ciuhrii”.