

“MASF” NGO

(Incorporated in Mongolia)

AUDITED FINANCIAL STATEMENTS

31 December 2023

ULAANBAATAR, MONGOLIA
2024

“MASF” NGO

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“MASF” NGO

GENERAL INFORMATION

PRESIDENT:

Batsaikhan Purev

REGISTERED ADDRESS:

4/F, Capital house, Chinggis Avenue, 2nd Khoroo,
Khan-Uul District, Ulaanbaatar, Mongolia

TELEPHONE:

976-70074003

PRINCIPAL BANKERS:

Trade And Development Bank

AUDITORS:

Bayan Sagsai Audit LLC
Certified Public Accountants

“MASF” NGO

STATEMENT BY MANAGEMENT

The Company's Management is responsible for the preparation of the financial statements.

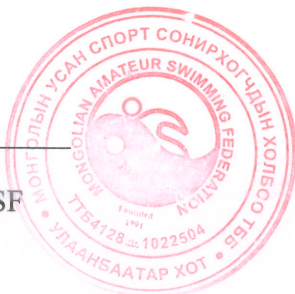
The financial statements of MASF NGO (the NGO) have been prepared to comply with International Financial Reporting Standards (“IFRS”s) as issued by the International Accounting Standards Board (“IASB”). The Management is responsible for ensuring that these financial statements present fairly the state of affairs of the NGO as at 31 December 2023 and the financial performance and its cash flows for the year then ended on that date.

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

The Management considers that, in preparing the financial statements on pages 5 to 14, 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.



M.Enkhbaatar
Secretary-General of the MASF



B.Nasanbat
General accountant

ULAANBAATAR, MONGOLIA

Date: 20, February, 2024



БАЯН САГСАЙ АУДИТ ХХК

АУДИТ, НЯГТЛАН БОДОХ БҮРТГЭЛ, ЗӨВЛӨГӨӨ

2024 он 02 сар 23 өдөр

№24/02/03

Улаанбаатар хот

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of MASF NGO (the “NGO”) which comprise the statement of financial position as at 31 December 2023, and the statement of income and expenditures, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the NGO as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

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 Company in accordance with the relevant ethical requirements 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 that give a true and fair view 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 Company’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 NGO or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D.)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd.)

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 NGO'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 NGO'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 NGO 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.

Other Matter

This report is made solely to the Board of Trustees of the NGO, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

D.Munkhtsetseg, Director



“MASF” NGO

AUDITED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

	Note	2022 <i>In thousand.tug</i>	2023 <i>In thousand.tug</i>
ASSETS			
Current assets			
Cash and Cash equivalents	3	50,126.00	85,396.90
Receivable	4		25,350.10
Prepaid expenses	5	18,668.50	20,068.50
Total current assets		68,794.50	130,815.50
Non-current assets			
Property, plant and equipment	6	92,898.70	96,648.40
Accumulated depreciation		(36,780.50)	(46,194.10)
Other property, plant and equipment			
Accumulated depreciation			
Intangible assets			
Investment and other assets			
Total non-current assets		56,118.20	50,454.30
TOTAL ASSETS		124,912.70	181,269.80
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accounts Payable	7	3,385.50	3,385.50
Wages Payable			
Taxes Payable	8	653.20	1,109.50
Other liabilities			
Total current liabilities		4,038.70	4,495.00
Non current liabilities			
Non current liabilities		-	-
Total non current liabilities		-	-
TOTAL LIABILITIES		4,038.70	4,495.00
NET ASSETS			
resources: - unlimited			
- restricted			
Other part of net assets			
Cumulative result		120,874.00	176,774.80
Total net assets		120,874.00	176,774.80
TOTAL LIABILITIES AND NET ASSETS		124,912.70	181,269.80

The accompanying notes form an integral part of the audited financial statements.

“MASF” NGO

AUDITED STATEMENT OF INCOME AND EXPENDITURES

For the year ended 31 December 2023

	2022 <i>In thousand.tug</i>	2023 <i>In thousand.tug</i>
Note		
INCOME		
Member’s tax income	60,430.00	46,170.00
Project and program income	23,190.00	63,190.20
Gifts, donations and assistance	102,307.30	65,722.70
Other income		23,742.80
Total income	185,927.30	198,825.70
OPERATION COSTS		
Expenses incurred in delivery of donations		23,000.00
Project and program costs	201,931.60	98,358.50
Salary and awards	6,012.90	7,199.10
Social insurance premiums	751.60	900.00
Maintenance costs		
Operating costs		
Rental expenses		
The cost of travel		
Transportation costs		
Depreciation cost	9,328.00	9,413.70
Advertising costs		
Postal expenses		264.00
Fuel costs		
Other cost	1,221.50	5,433.60
Total operating costs	219,245.60	144,568.90
OPERATING RESULTS	(33,318.30)	54,256.80
BASED ACTIVITIES (EXPENSES)		
Profit from Penalty and Discount (loss)		967.60
Profit from Exchange Rate (loss)	25,769.40	780.90
Tax expenses	(257.70)	(104.60)
Extraordinary items (net)		
RESULT FOR THE PERIOD	(7,806.70)	55,900.70

The accompanying notes form an integral part of the audited financial statements.

“MASF” NGO

AUDITED STATEMENT OF CHANGES IN OWNER’S EQUITY

For the year ended 31 December 2023

	Note	Net assets Thousand.tug	Cumulative result Thousand.tug	Total Thousand.tug
At January 1, 2022			128,680.70	128,680.70
Changes in accounting policies				
Adjusted balance			128,680.70	128,680.70
Unrealised profit and loss			(7,806.70)	(7,806.70)
Profit (loss) for the current year			120,873.90	120,873.90
Balance at December 31, 2022				
Profit (loss) for the current			55,900.70	55,900.70
Balance at December 31, 2023			176,774.60	176,774.60

The accompanying notes form an integral part of the audited financial statements.

“MASF” NGO

AUDITED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2022 <i>In</i> Note <i>thousand.tug</i>	2023 <i>In</i> <i>thousand.tug</i>
Cash Flows from Operating Activities		
Cash Receipts From (+)		
Tax paid by members	60,430.00	46,170.10
Received from the project	23,962.40	62,492.70
Gifts, donations and assistance	101,534.90	73,403.80
Other income	963.00	259,615.50
Cash Paid For (-)	210,677.20	409,506.30
Wages and Salaries	4,951.30	6,381.90
Social Insurance Fee	1,443.10	1,728.00
Inventory Acquisition		
Money paid for operating expenses		
Fuels, Transportation and Spare parts		
Other payments to suppliers		299,385.80
Taxes	883.60	2,044.80
Insurance Fee		
Other Expenses incurred in project	203,399.20	99,965.80
Net Cash Flow from Operating Activities	(23,786.90)	32,175.80
Cash Flows from Investing Activities		
Earned long-term assets sold		
Purchased long term assets		3,749.70
Sold investment		
Purchased investment		
Net Cash Flow from Investing Activities		(3,749.70)
Cash Flows from Financing Activities		
Loan from bank		
Financing from government		6,720.00
Interest and incentive income		967.60
Foreign Exchange Difference	25,769.40	(842.80)
Net Cash Flow from Financing Activities	25,769.40	6,844.80
Total Net Cash Flow	1,982.50	35,270.90
Opening Balance of Cash and Cash Equivalents	48,143.50	50,126.00
Ending balance of Cash and Cash Equivalents	50,126.00	85,396.90

The accompanying notes form an integral part of the audited financial statements.

MASF NGO

NOTES TO THE FINANCIAL STATEMENTS-31 DECEMBER 2023

1. GENERAL INFORMATION

MASF NGO ("the NGO") commenced its operations in 1991. The mission of the Federation is to intensively develop aquatic sports in Mongolia, increase the participation of Mongolians in this sport, increase the chances of competing in international, continental, world and Olympic Games, train high-level athletes, and promote our country internationally through aquatic sports.

The principal address is 4/F, Capital House, Chinggis Avenue, 2nd Khoroo, Khan-Uul District, Ulaanbaatar, Mongolia

ACCOUNTING POLICIES

2. BASIC PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards. International Standards require to use the historical cost, revenue recognition, matching and full disclosure principles for preparation of financial statements. The company's accounting records and financial statements are prepared in Mongolian national currency tugrugs.

a. Cash and cash equivalents

Cash includes cash on hand in tugrugs and cash on hand in US dollars, bank accounts in tugrugs and bank accounts in US dollars. Foreign currency transactions are recorded by tugrugs at the official rate of Mongol bank of the date. The account balances in foreign currencies have been translated by the closing rate at the end of the year. The differences between the official rate and closing rate of foreign currencies are reported as a Gain (loss) of foreign currency and it presented in the Income Statement as a non-operating gain (loss).

b. Inventory

Goods recorded at cost, including purchase price, custom tax, freight-in cost and other related costs to purchases. The cost of goods sold is recorded at average cost method and it makes the physical count of goods at monthly basis. The differences between ending balance of goods in records and amount by the count sheet is recorded as a Goods surplus or deficit. Supplies recorded at cost and cost of issued supplies recorded at specific identification method. Supplies issued to employees recorded as a consumables and it should allocate to operating expenses into appropriate reporting periods.

c. Prepaid expenses

Expenses which have paid in current period for but the benefits of which have not been received at the balance sheet date are recorded as a prepaid expenses. It should allocate to operating expenses of current periods, when the company earns revenues.

d. Prepayments

Paid advances for raw material preparing , acquisition of fixed assets and inventories and paid advances to employees are recorded as a prepayments.

e. Property and equipments

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 Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. 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 over the estimated useful life as follows:

Type of Asset	Estimated Useful Life in Years
Buildings	25 years
Furniture and fittings	10 years
Computers	2 years
Others	10 years

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.

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. Taxes

Current income tax

The Company provides for current income tax based on its income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purpose, in accordance with the regulations of the Mongolian Government. Current income tax assets or liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Mongolia, the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Deferred tax

Deferred income tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable income will be available to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

h. Donation income

Donations and sponsorships are recognised on an accrual basis and when the NGO's right to claim the donations and sponsorships is established.

Income from fundraising activity is recognised when the activity is completed.

i. Expenditures

Expenditures including programmes, projects, administrative and other expenses are recognised in the statement of income and expenditures in the period they are incurred.

“MASF” NGO

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 december 2023

3. CASH AND CASH EQUIVALENTS

Petty cash

Description		At Dec 31, 2022 <i>In thousand.tug</i>	At Dec 31, 2023 <i>In thousand.tug</i>
Cash on hand	MNT	459.50	459.50
Total		459.50	459.50

Cash in bank accounts

Description		At Dec 31, 2022 <i>In thousand.tug</i>	At Dec 31, 2023 <i>In thousand.tug</i>
TDBank	MNT	49,666.50	84,937.40
Total		49,666.50	84,937.40

4. RECEIVABLES

Description	At Dec 31, 2022 <i>In thousand.tug</i>	At Dec 31, 2023 <i>In thousand.tug</i>
Receivables		
Other receivables		25,350.10
Total		25,350.10

5. PREPAID EXPENSES

Description	At Dec 31, 2022 <i>In thousand.tug</i>	At Dec 31, 2023 <i>In thousand.tug</i>
Prepaid expenses	18,668.50	20,068.50
Other payments to suppliers		
Total	18,668.50	20,068.50

“MASF” NGO

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 december 2023

6. PROPERTY, PLANT AND EQUIPMENT

Description	Buildings (in thousand.tug)	Vehicle (in thousand.tug)	Land (in thousand.tug)	Computer and Parts (in thousand.tug)	Machinery and equipment (in thousand.tug)	Total (in thousand.tug)
PROPERTY, PLANTS AND EQUIPMENTS /COST/						
At December 31, 2022					92,898.70	92,898.70
Increased by				3,749.70		3,749.70
Decreased by						
At December 31, 2023			-	3,749.70	92,898.70	96,648.40
ACCUMULATED DEPRECIATION						
At December 31, 2022		-			36,780.5	36,780.5
Charge for the year				149.20	9,264.40	9,413.60
Disposed by revaluation						
At December 31, 2023				149.20	46,044.90	46,194.10
NET BOOK VALUE						
Opening Balance					56,118.2	56,118.20
Closing Balance			-	3,600.50	46,853.80	50,454.30

“MASF” NGO

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 december 2023

7. PAYABLE

Description	At Dec 31, 2022 <i>(in thousand.tug)</i>	At Dec 31, 2023 <i>(in thousand.tug)</i>
Accounts payable	3,385.50	3,385.50
Total	3,385.50	3,385.50

8. TAXES PAYABLE

Description	At Dec 31, 2022 <i>(in thousand.tug)</i>	At Dec 31, 2023 <i>(in thousand.tug)</i>
CIT payable	163.90	6.10
PIT payable	105.30	105.30
Other taxes payable	384.00	998.00
Total	653.20	1,109.40