



**SOS LASTEKÜLA
EESTI ÜHING**

ANNUAL REPORT

Beginning of financial year: 01.01.2021

End of the financial year: 31.12.2021

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Management report

According to Statistics Estonia, on 1 January 2022, Estonia's population was 1 331 796, which is 1 728 people more than a year earlier. Last year, 13 272 children were born in Estonia, 100 more than in 2020. There were 7 043 positive migrations to Estonia. Absolute poverty was 2.2% and relative poverty 20.6% (28 700) of the Estonian population. Relative and absolute poverty rates fell among couples with at least three children and 18-24 year olds, but rose among single parents compared to 2020. Over the last year, the number of children and young people experiencing deprivation decreased the most. In 2021, 284 children aged 0-17 were separated from their families. There were 745 children in foster care. This number is on an upward trend.

Estonia's gross domestic product (GDP) grew by 8.6% in 2021 compared to 2020. This was one of the fastest recoveries among European countries. People's purchasing power was boosted by the accumulation of savings and the withdrawal of money from the second pension pillar a year earlier, which was reflected in a surge in retail sales in the autumn. Private consumption grew by 6.5% year-on-year in 2021.

Inflation was 4.6%. By the end of the year, the pace of price increases accelerated to 12.2%. Prices were pushed up by insufficient availability of many products. In Estonia, rising labor costs and high demand also played an important role. Compared with other euro area countries, energy prices, which accounted for more than half of the rise in the cost of living at the end of the year, were the main factor pushing up the cost of the consumer basket.

The unemployment rate fell to 5.2%. The average gross wage in Estonia was €1 548 and upward pressure continues. Gross monthly wage growth was 6.9%. Wages and salaries in health care and social work increased by 13.1%, bringing the average monthly wage to €1 732. The average salary for SOS Children's Villages Estonia was €1 622.

At the end of 2021, SOS Children's Villages Estonia had 26 children's village families and 12 families raising children in their own homes. These services were divided territorially between 4 Children's Villages Programmes - the Virumaa SOS Children's Villages Programme, the Harjumaa SOS Children's Villages Programme, the South-Estonian SOS Children's Villages Programme and the Raplamaa SOS Children's Villages Programme. A total of 225 children were in care in 2021, and at the end of 2021, a total of 190 children/young people were living in families, youth homes and semi-independent phase. At the end of the year, there were 76 children and young people in family-based services in the Harju County programme, 48 in the Virumaa programme, 30 in the South-Estonia programme and 29 in the Rapla County programme. 2 children were served in a special care home as part of a pilot project and 5 young people in a substitute care service based on trauma education in the Silent Home in autumn 2021.

The activation of Covid-19 at the beginning of the year again required a reorganization of work, both in SOS programmes and at Association level. A major focus was on minimizing the possibility of infection of children and staff in children's villages. Both the staff and the children and young people were in self-isolation on several occasions. Vaccination of all the staff started in March. Total of 101 staff members registered for vaccination. 80% of staff had completed their vaccination by the end of the year. The Association supported the vaccinated staff for being careful towards their own and co-workers health and wellbeing with a financial benefit.

Many trips with children were canceled. Various therapies were canceled as families were forced to remain in self-isolation. Several training and supervision sessions were not held or were conducted virtually. By the end of the year, children and adults were tired of this way of living and working and wanted to move around more freely. The side-effects of isolation became more evident in the beginning of 2022.

According to the amendments in the Social Welfare Act valid from April 1, 2021, it is now possible to conclude an employment contract with the family parent working in a family home in addition to authorisation agreement. There are differences only in the terms of working and resting time giving family parents comparable social guarantees with other members of staff working under the employment contracts. The Association has not considered necessary to formalize employment contracts with family parents, but have continued with the authorisation agreements (under the law).

April 1, 2021 also brought along two amendments in the terms of continuous care. Firstly, the terms of continuous care were specified for youngsters in continuous care who carry on their education which was started while being on the substitute care service. This amendment was used by the Association in 2021. Secondly, local municipalities have the possibility to offer continued care for all the youngsters leaving substitute care and fund it from support fund resources. These 2 amendments offered the Association the possibility to expand different services for continuous care.

The new service for families in crisis and specialized professional care, which was launched as a result of a public procurement in 2020, started to be fully operational in 2021. The service was offered in different regions and the number of municipalities that joined was 10. The number of special care families were quickly filled and the places have been filled. Municipalities are contacted at least a few times a month to request the service. The actual need for the service is therefore much greater than the current capacity of the Association.

In 2021, 14 children used the crisis care family service, the youngest being 4 months old and the oldest 17 years old. Both services were co-financed by the Social Security Agency and the local municipalities.

In cooperation with the NGO Oma Pere, the provision of support services to families in need of care and guardianship and adoptive families continued. The association contributes primarily through its expertise and human resources. This activity is strategically important for the association, in particular because of the country's strategic direction to increase placements in foster care and guardianship.

SOS Children's Villages has launched a children's support SOVA chat (chat environment) to communicate with children in need. Incidents in families due to the pandemic and the deterioration of the situation of children gave a strong impetus to this. Developed from the end of 2020 in partnership with IT companies and the Finnish SOS Children's Villages Association, the environment is aimed at children aged 7-15. Children and young people in need will be able to contact, communicate and ask our professionals for help with their problems on a daily basis in their usual chat environment using their smart devices. To launch the chat, a call was made for students of social work, education and youth work from different universities to volunteer for the chat. In 2021, 60 volunteers and trained counselors were selected and directed for training, who will be available to answer children's questions when the chat starts.

SOS Children's Villages Estonia expanded its family-based substitute care services to the city of Haapsalu. A family parent who previously worked in the Juuru Children's Village moved to her new home in July in a renovated 5-room apartment in Haapsalu, which was purchased by the Association. Her family has four children and she is willing to continue as their mother until they reach the age of majority.

The number of children in the service who have difficulty adjusting to family-based living arrangements is growing every year. The opening of a new group home based on trauma counseling will help to alleviate this situation. The so-called "Silent Home" opened in September 2021, with 9 professionals. The group home will target young people aged 14-18 in need of substitute care, who will be referred to the service by the local municipality or by the SOS Children's Villages Association internally, after obtaining authorisation from the municipality. There are places in the group home for up to 6 young people.

In order to reduce the volume of services at the Keila Children's Village and to continue the reorganization, a construction contract for a semi-detached house in Lääne-Harju municipality was signed on 1 February with Restaur Baltic OÜ. The twin-house will provide foster care services for two SOS families. The semi-detached house was due to be completed in December 2021. Due to the price increase on the construction market and the availability of building materials, the contractor proposed to extend the construction contract by 13 weeks. In December 2021, the Council approved the extension of the construction contract until 3 April 2022, without the application of contractual penalties.

The association's family strengthening programmes provided services to children and parents in 13 municipalities (Narva city, Sillamäe city, Kohtla-Järve city, Keila city, Lääne-Harju municipality, Harku municipality, Saue municipality, Viljandi municipality, Põltsamaa municipality, Rapla municipality, North-Sakala municipality). New Family Strengthening Programmes were opened in 2021 in the municipalities of Toila and Kohila. In total, 716 children in need and 312 families received support from SOS Family Strengthening Programmes during the year. At the end of the year, 434 children and 308 families were in the family strengthening programme.

At the end of the year, the organisation employed 151 people, of whom 143 were full-time employees. The total number of staff working directly with children and families was 115. Staff turnover was the highest in recent years at 17.2%. 26 staff left the service. In 2021, 31 new staff were recruited, including 5 family parents, 6 family assistants, 5 family support workers, 2 day care workers, an office secretary, etc.. Two families moved to apartments integrated into the community. A new team (9 staff) was fully recruited to provide the trauma therapy based "Silent Home" service. The human resources challenge was to motivate and recruit staff in the context of the pandemic and to ensure mental balance.

A large number of planned activities were also canceled in 2021 due to Covid-19. Training sessions for the staff were completely halted in the spring and staff had to take the worst opportunity in our field and attended training sessions and supervision sessions via the web in the autumn. In 2021, the income of SOS Children's Villages Estonia was 6 686 327 euros, of which donations accounted for 38% (including donations from non-residents for running costs and membership fees 10% and local donations 28%), 60% state subsidies and 2% other income. In 2021, the total expenses of SOS Children's Villages Estonia were 6 133 101 euros, including personnel expenses including state taxes 4 054 540 euros, which was 66% of the total expenses. The result for the financial year was EUR 553 026. Investments were made in 2021 for EUR 705 866.

Donations received amounted to €1 845 239, 9% more than the previous year. Private donations amounted to €1 604 467. Permanent donations from 12 700 individuals account for 82% of total donation income, which in 2021 was 10% more than in the previous year. Over the year, 798 new permanent contributors were added. The recruitment of permanent contributors was on a long break due to the virus and could only be actively pursued from September to December 2021, when a new staff member was recruited and started to build the new team.

Support from 141 companies amounted to €240 772, up 7% on the previous year. The second half of the year some of the larger corporate contributors who had ended their support at the outbreak of the coronavirus re-joined as contributors (such as Moller Mobility Group) or some brand new major contributors joined (such as PEPCO).

The best months for fundraising were January, which still received donations from last year's Christmas month, and December, which saw the 2021 Christmas campaign. Sales of charity Christmas cards also performed very well, with a 28% year-on-year increase. There was also a positive year-on-year change in donation box income, which increased by 34%.

The aim for the year was to increase the number of permanent contributors and reduce the number of people opting out. In order to achieve this, new terms of cooperation were agreed and an agreement signed with the partner Europe1 Ventures OÜ.

The biggest challenge in 2021 was the correction and upgrade of contributors databases. At the end of the year, the implementation of Salesforce, the customer management software, started and it is planned to be fully live in 2022.

After long-term negotiations with the General Secretariat of SOS Children's Villages International, the Association signed a data protection agreement on 8 April 2021 to ensure the exchange of data between the Association and SOS Children's Villages International in accordance with the law.

As the first SOS pilot country, we started the roll-out of the new SOS Children's Villages International accounting software D365 Finance & Operations and the necessary local interfaces in autumn 2020. The process was slower than initially planned, but in 2021 all the necessary interfaces were implemented. The process will continue in 2022.

The usage of IT tools increased as a result of the pandemic situation. To ensure the technical security of the IT programmes, the in-house server was migrated to Microsoft 365 SharePoint and the 2-factor-authentication system was introduced in February 2021.

For the first time in the history of the SOS Children's Villages International Organization, the General Assembly of the Federation was held virtually from 23 to 25 June. The General Assembly was attended by Kiira Kure, member of the Council, representing the Association.

On April 17, Peeter Lepik, the founding member and chairman of the board, passed away. On 25 May, the Council elected Gert Tiivas as its new chairman. It was decided to reserve one seat until the next regular elections in 2022.

In December, the Council validated the Association's development strategy for 2022-2025.

The aim is to maintain the Association's financial independence. In order to achieve this, the Association had to build up the necessary reserves for running costs in accordance with the guidelines of the SOS Children's Villages International, the minimum amount of which was set by the SOS Children's Villages International. The reserves are necessary to ensure long-term substitute and continuous care services for children in the various services provided by the SOS Children's Villages and to avoid situations in which the subsidies paid by the local authorities cannot cover the costs and the income from donations may fall for various reasons. In view of the long-term constraints associated with the Covid-19 virus, and the current security situation and inflationary pressures, the accumulation and existence of such reserves is justified. Decisions on the use of the reserves can be taken by the Council of the Association, in accordance with the Statutes.

The most important activity for 2022 will be to take care of the mental health of staff and children in the context of the pandemic and the creation of a "Mental Health Toolbox" for this purpose. The challenge will be to increase the income base of the Association in the current economic situation, both in terms of payments from local authorities as well as contributors support, to continue the reorganization of the SOS Children's Village in Keila, to expand the SOVA chat service, to open a semi-detached house and to follow the 2025 strategy.

Margus Oro
Member of the Board

The annual accounts

Statement of financial position

(In Euros)

	31.12.2021	31.12.2020	Note
Assets			
Current assets			
Cash and cash equivalents	1 963 603	1 654 756	2
Financial investments	1 020 498	1 720 458	3
Receivables and prepayments	26 775	43 429	4
Inventories	30 938	22 423	5
Total current assets	3 041 814	3 441 066	
Non-current assets			
Financial investments	660 873	175 367	7
Property, plant and equipment	2 191 698	1 753 537	8
Total non-current assets	2 852 571	1 928 904	
Total assets	5 894 385	5 369 970	
Liabilities and net assets			
Liabilities			
Current liabilities			
Payables and prepayments	685 998	653 955	11
Provisions	8 020	8 020	12
Grants with special terms	0	50 000	13
Total current liabilities	694 018	711 975	
Non-current liabilities			
Payables and prepayments	133 501	153 378	11
Provisions	269 650	260 627	12
Total non-current liabilities	403 151	414 005	
Total liabilities	1 097 169	1 125 980	
Net assets			
Reserves	1 896 000	1 798 000	
Accumulated surpluses (deficits) from previous periods	2 347 990	2 030 159	
Surplus (deficit) for the period	553 226	415 831	
Total net assets	4 797 216	4 243 990	
Total liabilities and net assets	5 894 385	5 369 970	

Statement of revenues and expenses

(In Euros)

	2021	2020	Note
Revenue			
Fees received from members	455	70	
Grants and donations	6 491 024	5 762 113	14,20
Other income	185 647	112 004	15
Total revenue	6 677 126	5 874 187	
Expenses			
Other operating expense	-1 810 856	-1 664 859	16,21
Employee expense	-4 054 540	-3 583 563	17
Depreciation and impairment loss (reversal)	-267 705	-220 722	8
Total expenses	-6 133 101	-5 469 144	
Surplus (deficit) from operating activities	544 025	405 043	
Interest income	9 201	10 788	
Net surplus (deficit) for the period	553 226	415 831	

Statement of cash flows

(In Euros)

	2021	2020	Note
Cash flows from operating activities			
Surplus (deficit) from operating activities	544 025	405 043	
Adjustments			
Depreciation and impairment loss (reversal)	267 705	220 722	8
Profit (loss) from sale of non-current assets	-4 300	-27 240	8,15
Other adjustments	9 023	10 427	
Total adjustments	272 428	203 909	
Adjustments for operating receivables and prepayments	16 654	-33 605	4
Changes in inventories	-8 515	-8 150	5
Adjustments for operating liabilities and prepayments	-18 271	68 455	11,12
Interest received	9 201	10 788	
Total cash flows from operating activities	815 522	646 440	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-710 935	-315 115	
Proceeds from sales of property, plant and equipment and intangible assets	4 300	32 400	
Other cash payments to acquire other financial investments	199 960	-259 829	
Total cash flows from investing activities	-506 675	-542 544	
Total cash flows	308 847	103 896	
Cash and cash equivalents at beginning of period	1 654 756	1 550 860	2
Change in cash and cash equivalents	308 847	103 896	
Cash and cash equivalents at end of period	1 963 603	1 654 756	2

Statement of changes in net assets

(In Euros)

			Total net assets
	Reserves	Accumulated surpluses deficits from previous period	
31.12.2019	1 634 000	2 194 159	3 828 159
Net surplus (deficit) for the period		415 831	415 831
Changes in reserves	164 000	-164 000	0
31.12.2020	1 798 000	2 445 990	4 243 990
Net surplus (deficit) for the period		553 226	553 226
Changes in reserves	98 000	-98 000	0
31.12.2021	1 896 000	2 901 216	4 797 216

Notes

Note 1 Accounting policies

General information

The annual statement of SOS Children Village Association of Estonia for the financial year 2020 is prepared according to General Secretariat Guideline for the SOS Children's Villages Organisations.

The annual statement has been prepared in Euros (EUR).

Cash and cash equivalents

The balance sheet line cash and cash equivalents comprises cash on hand, bank accounts and short-term demand deposits, which are shorter than 3 months.

Cash flows from operating activities are reported under the indirect method. Cash flows from investing are reported based on gross receipts and disbursements made during the accounting period.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

SOS Children Village Association of Estonia doesn't have separate foreign currency accounts, in bank accounts money can be held in any currency. At the end of report year money was held in EUR.

Foreign currency transactions (SPO and subsidy transfers) are recorded at the rates of exchange quoted by the Swedbank at the transaction date.

Financial investments

Time deposits with a maturity of over 12 months are recorded as long-term financial investments. Time deposits with a maturity of between 3 and 12 months are recorded as short-term financial investments.

An investment insurance contract consisting of Mandatum Life Conservative Strategy fund units and term deposits is recognised as a long-term financial investment.

The value of the fund units is recognised in the balance sheet at the sales price. Income is earned from the change in the value of the fund units.

Receivables and prepayments

Receivables are carried in the balance sheet at adjusted cost, which for short-term receivables and prepayments is equal to their nominal value. Invoices not yet received from customers are valued in the balance sheet on the basis of the amounts likely to be received. The assessment of the probability of collection of each invoice is based on the direct method, taking into account known information about the customer's ability to pay. Invoices not yet received from customers, but which are unlikely to be received, have been charged to expenses in the reporting period. Accounts receivable from customers for which it is not possible or economically practicable to collect are assessed as uncollectible and written off the balance sheet.

Inventories

Inventories are recorded at cost, which comprises purchase price as well other direct expenditures, without which the inventories would not be in their present condition and quantity.

The FIFO method has been applied in the costing and calculation of the carrying amount of inventories.

Plant, property and equipment and intangible assets

Tangible assets

Tangible assets are recorded at cost, less accumulated depreciation and possible discounts due to impairment of assets.

Based on the materiality principle assets with acquisition cost over 256 EUR and useful life of over one year are considered to be tangible assets. Assets with low value acquisition cost or shorter useful life are expensed when taken into use.

If the tangible asset comprises of several identifiable components with different useful lives, the assets are accounted for as separate assets and depreciation rates are assigned separately to each identifiable component depending on its estimated useful life.

Due to nature of tangible asset its useful life may differ from assets belonging to the same group. In this case the asset is seen as a detached asset and suitable depreciation period is assigned.

In the case of buildings located in an area where the value of real estate does not decrease significantly (eg Harjumaa, Tartu), the residual value of fixed assets acquired from 01.01.2019 is not depreciated to zero, but generally 50% of the acquisition cost is left for this salvage value. Each asset is viewed separately.

The depreciation rates assigned to tangible assets are reviewed when there are circumstances which may change the useful life of the asset or asset group. The effects of the estimated are recorded in the accounting period or in the next periods.

Improvements to tangible assets are capitalized if they comply with the definition of a tangible asset. Maintenance and repairs are expensed

when incurred.

If an essential part of an asset is replaced the cost of the part is added to the cost of an asset it complies with the definition of a tangible asset. The replaced part is written off the balance sheet.

Intangible assets

Intangible assets are recorded at cost, less accumulated depreciation and possible discounts due to impairment of assets.

Based on the materiality principle assets with acquisition cost over 256 EUR and useful life of over one year are considered to be intangible assets.

Depreciation is calculated on straight-line method.

Minimal acquisition cost 256

Useful life by assets group (years)

Assets group name	Useful life
Land	unlimited lifetime
Buildings and sites	5 – 20 years
Machinery and equipment	3 – 5 years
Vehicles	3 – 6,6 years
Furniture	5 – 5 years
Intangible assets	3 – 7 years

Leases

Assets leased out under capital rents are recognised in the balance sheet as assets and liabilities at the fair value of the leased assets.

Payable lease payments are allocated to financial costs and liability reduction. Financial costs are recognised over the lease term. Operating lease payments are recognised as a linear expense over the lease term.

Assets leased out under operating leases are recognised in the balance sheet in the same way as other assets recognised in the balance sheet. Operating lease payments shall be recorded as a linear income over the lease term.

Provisions and contingent liabilities

A provision is recognised when the Association has a present legal or constructive obligation as a result of a contingency that occurred before the balance sheet date, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of the provision recognised in the balance sheet is the amount that management estimates is necessary to settle the obligation at the balance sheet date. If it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation more than 12 months after the balance sheet date, the provision is discounted (i.e. the present value of the outflow of resources embodying economic benefits embodied in the obligation) unless the effect of the discounting is immaterial.

Future pension payments for SOS Mothers

Future supplementary pension payments will be collected for SOS mothers who retired from the SOS Children's Villages before 01.03.2014 and who will receive a supplementary pension from the SOS Children's Villages. Life expectancy is based on data from Statistics Estonia.

Pension payments from the pension fund will be made from 2014 onwards, and according to current estimates, the last payment will be made in 2032.

The pension balance has been discounted using a discount rate of 4% (interest calculation).

One-time compensation for SOS Mothers

One-time compensation payments are collected for SOS Mothers who have worked in an SOS Children's Village for 10 years or more.

The allowance is paid on leaving after 10-14 years of service, at the rate of 0.25 month's pay for each year worked. After 15 or more years of service, the allowance is paid at the rate of 0.5 month's pay for each year worked. The pension provision is discounted using a discount rate of 4% (interest calculation).

Grants and donations

The Association has been accounting the donations and contributions on a gross basis. Operating costs are accounted on the basis of the matching principle.

Amounts received are recognised as income when the conditions attaching to the financing are accepted and the Association, and the amount of the financing can be measured reliably and it is probable that it will be received. The contributions received are recognised as income in the economic outturn account.

Assets acquired with the help of donations or contributions are entered in the balance sheet at their acquisition cost. Donations (financial or other kind) are recorded in the balance sheet as income when it has been received and confirmed by the management team and all terms and

conditions related have been fulfilled.

Assets received via non-financial targeted financing are recognized in the balance sheet at their fair value as estimated by the management and on the basis of the asset nature recognized as fixed assets, cost or items in stock.

Revenue recognition

The time of recognition of revenue in the case of a sale of a service is the time at which the service is provided to the buyer. The recognition of donations and contribution as income is described in the section on donations and contributions

Related parties

The Association considers parties to be related if one party either controls the other party or has significant influence over the other party's decisions. Related parties are the Management Board and the members of the Supervisory Board of the Association, unless these persons are unable to exercise significant influence over the decisions of the Association.

In addition, related parties are the direct relatives of the persons described above and their related companies.

SOS Children's Villages Estonia is a member of Children's Villages International and part of the budget revenue for SOS Children's Villages Estonia comes through SOS Children's Villages International.

Reserves

According to SOS Reserve Policy there are three types of reserves:

- 1) Liquidity Reserve - cash minimum level to run budgeted expenditures and income as planned. The amount kept as liquidity reserve is 1/12 of budgeted yearly running costs.
- 2) Continuity Reserve - set aside for use in financial emergencies to sustain operations financially. To define the appropriate minimum and maximum level of continuity reserve, a stress test model is used.
- 3) Restricted reserve - designated funds for a special purpose

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2021	31.12.2020
Money on bank accounts	1 963 603	1 654 756
Total cash and cash equivalents	1 963 603	1 654 756

Note 3 Current financial investments

(In Euros)

	Total	
	Other	
31.12.2019	1 260 629	1 260 629
Other	459 829	459 829
31.12.2020	1 720 458	1 720 458
Other	-699 960	-699 960
31.12.2021	1 020 498	1 020 498

At the end of the year 2021 current financial investments were short-term deposits. In short-term deposits are part of continuity reserv and SOS Mothers pension reserv in the sum of 1 020 498 euros.

In the row "Other" are shown the addition of long-term deposits in the sum of 40 EUR, end of short-term deposits in sum of 200 000 EUR and the reclassification from short-term investments to long-term investments in the sum of 500 000 EUR.

Note 4 Receivables and prepayments

(In Euros)

	31.12.2021	Within 12 months
Accounts receivable	6 104	6 104
Accounts receivables	6 104	6 104
Other receivables	14 531	14 531
Accrued income	14 531	14 531
Prepayments	6 140	6 140
Other paid prepayments	6 140	6 140
Total receivables and prepayments	26 775	26 775
	31.12.2020	Within 12 months
Accounts receivable	15 560	15 560
Accounts receivables	15 560	15 560
Other receivables	25 128	25 128
Accrued income	25 128	25 128
Prepayments	2 741	2 741
Other paid prepayments	2 741	2 741
Total receivables and prepayments	43 429	43 429

Note 5 Inventories

(In Euros)

	31.12.2021	31.12.2020
Raw materials	30 938	21 523
Heating oil	30 938	21 523
IT equipment	0	900
Total Inventories	30 938	22 423

Note 6 Tax prepayments and liabilities

(In Euros)

	31.12.2021	31.12.2020
	Tax liabilities	Tax liabilities
Personal income tax	108 161	98 542
Fringe benefit income tax	191	278
Social tax	204 063	189 391
Contributions to mandatory funded pension	6 053	8 196
Unemployment insurance tax	13 437	12 342
Total tax prepayments and liabilities	331 905	308 749

Note 7 Long-term financial investments

(In Euros)

		Total
	Other	
31.12.2019	397 726	397 726
Other	-222 359	-222 359
31.12.2020	175 367	175 367
		Total
	Other	
31.12.2020	175 367	175 367
Other	485 506	485 506
31.12.2021	660 873	660 873

At the end of year 2020 long-term financial assets was children money-gift insurance contract in the sum of 175 367 EUR.

At the end of year 2021 long-term financial assets were long-term deposits in the sum of 500 000 EUR and children money-gift insurance contract in the sum of 162 903 euros.

Long-term financial asset money-gift insurance contract is an insurance contract in the name of SOS Children Village Association of Estonia. Children MG-s are partly invested into forementioned insurances.

In the row "Other" are shown the addition of long-term deposits in the sum of 500 000 EUR and the revenue of the MG insurance contract in the sum of 10 506 EUR and payments from the MG contract in the sum of 25 000 EUR.

Note 8 Property, plant and equipment

(In Euros)

											Total
	Land	Buildings				Machinery and equipment	Other property, plant and equipment			Unfinished projects and prepayments	
			Transportation	Computers and computer systems	Other machinery and equipment			Unfinished projects	Prepayments		
31.12.2019											
Carried at cost	23 513	4 284 532	265 515	111 001	174 577	551 093	89 274	0	451 458	451 458	5 399 870
Accumulated depreciation	0	-3 245 558	-231 192	-82 015	-137 971	-451 178	-43 899	0	0		-3 740 635
Residual cost	23 513	1 038 974	34 323	28 986	36 606	99 915	45 375	0	451 458	451 458	1 659 235
Acquisitions and additions		74 421	167 833	29 344	16 056	213 233	26 830		5 700	5 700	320 184
Acquisition of land and buildings, except new buildings and renovations		74 421									74 421
Other acquisitions and additions			167 833	29 344	16 056	213 233	26 830		5 700	5 700	245 763
Depreciation		-132 085	-26 772	-21 459	-22 781	-71 012	-17 625				-220 722
Disposals (in residual costs)			-5 160			-5 160					-5 160
Reclassifications		425 000	26 458			26 458			-451 458	-451 458	0
Reclassifications from prepayments		425 000	26 458			26 458			-451 458	-451 458	0
31.12.2020											
Carried at cost	23 513	4 783 953	321 922	98 225	186 125	606 272	111 522	0	5 700	5 700	5 530 960
Accumulated depreciation	0	-3 377 643	-125 240	-61 354	-156 244	-342 838	-56 942				-3 777 423
Residual cost	23 513	1 406 310	196 682	36 871	29 881	263 434	54 580	0	5 700	5 700	1 753 537
Acquisitions and additions	60 061	214 139	58 000	11 995	27 918	97 913	20 754	318 699	-5 700	312 999	705 866
Acquisition of land and buildings, except new buildings and renovations	60 061	214 139									274 200
Acquisition of buildings, new building, renovations								318 699		318 699	318 699
Other acquisitions and additions			58 000	11 995	27 918	97 913	20 754		-5 700	-5 700	112 967
Depreciation		-153 900	-57 527	-18 900	-17 209	-93 636	-20 169				-267 705
31.12.2021											
Carried at cost	83 574	4 998 092	359 233	98 018	205 265	662 516	129 821	318 699	0	318 699	6 192 702
Accumulated depreciation	0	-3 531 543	-162 078	-68 052	-164 675	-394 805	-74 656				-4 001 004
Residual cost	83 574	1 466 549	197 155	29 966	40 590	267 711	55 165	318 699	0	318 699	2 191 698

Disposed property, plant and equipment at selling price

	2021	2020
Machinery and equipment	4 300	32 400
Transportation	4 300	32 400
Total	4 300	32 400

Note 9 Intangible assets

(In Euros)

		Total
	Computer software	
31.12.2019		
Carried at cost	8 000	8 000
Accumulated depreciation	-8 000	-8 000
Residual cost	0	0
31.12.2020		
Carried at cost	8 000	8 000
Accumulated depreciation	-8 000	-8 000
Residual cost	0	0
31.12.2021		
Carried at cost	8 000	8 000
Accumulated depreciation	-8 000	-8 000
Residual cost	0	0

Note 10 Operating lease

(In Euros)

Accounting entity as lessee

	2021	2020
Operating lease expenses	17 287	10 537

SOS Children's Villages Estonia Association rents an office in Tallinn. The contract was signed on March 1, 2019 for 5 years. The rental cost for the reporting year was EUR 9 907. The rental cost for 2021 was EUR 4 560.

In April 2012, the SOS Children's Village Estonia Association signed an agreement with the Narva-Jõesuu City Government, whereby the Narva-Jõesuu City Government gave the SOS Children's Village the free use of 6 family houses at an acquisition cost of 1 454 000 euros. The contract is valid until 31 December 2036. According to the contract, SOS Children's Villages undertakes to use the houses for the purpose of providing a substitute home service.

In January 2013, SOS Children's Villages Estonia Association signed an agreement with the Narva-Jõesuu City Government, whereby the Narva-Jõesuu City Government provided SOS Children's Villages with free use of office space at Koidu 25 from January 2013. In autumn 2020, the location of the office space was changed and it is located at the new address Aia Street 1-4. The contract is valid until January 27, 2023.

In December 2014, SOS Children's Villages Estonia Association signed an agreement with the Juuru municipality, whereby the Juuru municipality gave 5 family houses to SOS Children's Villages free of charge from 1 January 2016. The acquisition cost of the 5 houses, including external facilities, to be put at the disposal of the SOS Children's Village is EUR 1 774 404. The contract is valid until 31 December 2029. Under the terms of the contract, the SOS Children's Villages undertakes the obligation to use the houses for the purpose of providing

a substitute home service.

In April 2015, the Põltsamaa City Government gave free use of 16.4 m² of office space until March 31, 2017. Since 01.04.2017 SOS Children's Villages has paid rent for the space. The rental cost for 2021 was EUR 630. The contract is valid until December 31, 2021 and was extended until December 31, 2022.

In December 2016, the SOS Children's Home Estonia Association signed an agreement with the Kohtla-Järve city government, whereby the Kohtla-Järve city government provided the SOS Children's Village with an apartment free of charge from December 2016. The contract is valid until 31 December 2026. SOS Children's Village undertakes the obligation to provide substitute home services or other child welfare services in the apartment.

In December 2017, the SOS Children's Village Estonia Association signed an agreement with the Kohtla-Järve city government, whereby the Kohtla-Järve city government provided the SOS Children's Village with an apartment free of charge from December 2017. The contract is valid until December 31, 2027. SOS Children's Villages undertakes the obligation to provide substitute home services or other child welfare services in the apartment.

In December 2017, SOS Children's Villages Estonia Association signed an agreement with the city government of Kohtla-Järve, whereby the city government of Kohtla-Järve gave SOS Children's Villages free use of the office space at Keskallee 19 from December 2017 until December 31, 2022.

In July 2020, the Rapla Municipality granted the SOS Children's Village Estonia Association the use of the municipality's property in Juuru free of charge for 5 years for the construction of a sports field. The football pitch was built on the property with funds provided by the UEFA Foundation of Children. The construction of the football pitch was completed in April 2021.

In May 2021, the SOS Children's Villages Estonia Association signed a lease agreement with a private person, whereby SOS Children's Villages will rent an apartment for continuous care services from June 2021. The contract was valid until May 2021 and extended until May 31, 2022. The rental cost for 2021 was EUR 6 750.

In August 2021, SOS Children's Village Estonia Association signed an agreement with Põltsamaa municipality, whereby Põltsamaa municipality provided SOS Children's Village with a free apartment from August 2021. The contract is valid until August 2031. SOS Lasteküla undertakes the obligation to provide substitute care services in the apartment.

In August 2021, SOS Children's Villages Estonia Association signed a cooperation agreement with Stay Larsen OÜ, whereby Stay Larsen OÜ provided SOS Children's Villages with free use of accommodation in Tallinn from August 2021. The agreement is valid until July 2022. The accommodation is used as a living space for young people.

Note 11 Payables and prepayments

(In Euros)

	31.12.2021	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Trade payables	48 403	48 403			
Employee payables	257 204	257 204			
Tax payables	331 905	331 905			6
Other payables	19 084	19 084			
Other accrued expenses	19 084	19 084			
Children money-gifts	162 903	29 402	117 607	15 894	
Total payables and prepayments	819 499	685 998	117 607	15 894	

	31.12.2020	Allocation by remaining maturity			Note
		Within 12 months	1 - 5 years	Over 5 years	
Trade payables	40 737	40 737			
Employee payables	274 758	274 758			
Tax payables	308 749	308 749			6
Other payables	3 851	3 851			
Other accrued expenses	3 851	3 851			
Children money-gifts	179 238	25 860	103 439	49 939	
Total payables and prepayments	807 333	653 955	103 439	49 939	

Liabilities to children are insurance contract and money on bank account total in the sum of 162 903 EUR.

At the end of 2020 the liabilities to children were 179 238 EUR.

Note 12 Provisions

(In Euros)

	31.12.2020	Establishing/Adjustments	Provision used	Interest calculation	31.12.2021
Pension fund for SOS Mothers	61 714	22 369	-8 069	-11 942	64 072
One-time compensation for SOS Mothers	206 933	35 171	0	-28 506	213 598
Total provisions	268 647	57 540	-8 069	-40 448	277 670
Including:					
Current	8 020	8 069	-8 069	0	8 020
Non-current	260 627	49 471		-40 448	269 650
	31.12.2019	Establishing/Adjustments	Provision used	Interest calculation	31.12.2020
Pension fund for SOS Mothers	66 282	14 970	-8 069	-11 469	61 714
One-time compensation for SOS Mothers	161 309	78 581	0	-32 957	206 933
Maintenance and repair fund for SOS Põltsamaa family houses	30 629	-30 629	0	0	0
Total provisions	258 220	62 922	-8 069	-44 426	268 647
Including:					
Current	38 649	-22 560	-8 069	0	8 020
Non-current	219 571	85 482	0	-44 426	260 627

Pension fund and one-time compensation for SOS Mothers

As of spring 2014, SOS Estonia has local SOS Mothers pension system and all SOS Mothers have agreed with it. This means, that the old SOS pension system is not valid in SOS Estonia any more. According to new pension system, every year SOS Estonia pays certain % (2-8% and % is depending how many years SOS Mother has worked in SOS) of salary into individualized SOS Mother Pension Insurance account and these amounts are budgeted yearly RC budget. In addition to that, SOS Estonia's pension regulation foresees a one-time compensation for SOS Mothers, when they leave from work (1/4 from monthly salary for every working year in SOS Estonia, if SOS Mother has worked for 10 years and ½ from monthly salary for every working year in SOS Estonia, if SOS Mother has worked for 15 years). This compensation is paid out from collected Pension Fund. To compensate the difference between the old and new pension system for already working SOS Mothers, additional compensation amount was offered separately for every working SOS Mother (based on how many years they had been working in SOS Estonia).

At present there are 3 former SOS-Mothers, who already get pension from SOS Estonia and their pension will be paid from the collected Pension Fund as well. Until the end of 2014 their pensions were paid from RC budget as a part of current salary cost. The pension's payments for 2022 are shown as short-term liability as of 31.12.2021.

With council decision from 31.03.2022, this pension system is valid to SOS Mothers, who started to work before 01.04.2022.

Note 13 Grants with special terms

(In Euros)

	31.12.2019		Received	Recognized in statement of revenues and expenses	31.12.2020	
	Receivables	Liabilities			Receivables	Liabilities
Grants for operating expenses						
Governmental subsidies		5 000	3 575 291	3 580 291		
Other subsidies		0	2 181 822	2 181 822		
Project income		27 838	82 684	84 301	23 779	50 000
Total grants for operating expenses		32 838	5 839 797	5 846 414	23 779	50 000
Total grants		32 838	5 839 797	5 846 414	23 779	50 000
	31.12.2020		Received	Recognized in statement of revenues and expenses	31.12.2021	
	Receivables	Liabilities			Receivables	Liabilities
Grants for operating expenses						
Governmental subsidies			3 987 109	3 987 109		
Other subsidies			2 503 915	2 503 915		
Project income	23 779	50 000	116 976	166 976		
Total grants for operating expenses	23 779	50 000	6 608 000	6 658 000		
Total grants	23 779	50 000	6 608 000	6 658 000		

The liability at the end of 2020 was UEFA Foundation of Children allocated financing in sum of 50 000 Eur to build a stadium. On October 29, 2020 we signed a contract with OÜ G-Floors to build a mini-stadium for Juuru SOS Children's Village. The construction work went on until April 2021 due to COVID and a snowy winter.

Note 14 Grants and donations

(In Euros)

	2021	2020
Grants and donations related to income	6 491 024	5 762 113
Total grants and donations	6 491 024	5 762 113
Provision from local government	3 987 109	3 580 291

Monetary and non-monetary grants and donations		
	2021	2020
Monetary grant	1 842 344	2 177 243
Non-monetary grant	2 894	4 579
Total grants and donations	1 845 238	2 181 822

Note 15 Other income

(In Euros)

	2021	2020
Profit from sale of plant, property and equipment	4 300	27 240
Project income	166 976	84 301
Other	14 371	463
Total other operating income	185 647	112 004

Note 16 Miscellaneous operating expenses

(In Euros)

	2021	2020
SOS programme SOS families budget cost	758 815	716 929
SOS programme children activities and medical cost	102 146	103 941
SOS programme public services and maintenance cost	430 026	295 983
SOS programme transport and other cost	175 490	218 654
Fundraising expenditures	127 255	106 190
National Office expenditures	124 842	130 591
SOS membership fee	92 282	92 571
Total miscellaneous operating expenses	1 810 856	1 664 859

Note 17 Labor expense

(In Euros)

	2021	2020
Wage and salary expense	2 934 658	2 552 177
Social security taxes	958 763	859 262
Pension expense	42 190	77 264
Other expenditures	118 929	94 860
Total labor expense	4 054 540	3 583 563
Average number of employees in full time equivalent units	152	145

Average number of employees in the year of 2021 was 152.

Average number of employees in the year of 2020 was 145.

Note 18 Related parties

(In Euros)

Number of members by the end of economic year		
	31.12.2021	31.12.2020
Number of private person members	15	17

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2021	2020
Remuneration	125 954	116 884

There were no related-party transactions in 2021.

Note 19 Events after the reporting date

The Association signed a construction contract with Restaur Baltic OÜ on 1 February 2021 for the construction of a semi-detached house in Lääne-Harju municipality.

By the time the activity report is submitted, the semi-detached house is completed and landscaping works are underway. The occupancy permit has not yet been issued. On 5 May, Restaur Baltic was informed that a contractual penalty had been applied from 4 May until the handover of the construction.

The contractor has justified the non-performance of the contract on the grounds of the COVID-19 virus, inflation and the war in Ukraine, where 4 Ukrainian builders left the site to fight.

In March 2022, SOS Children's Villages launched the SOVA Chat (SOVA is from social responsibility, sotsiaalne vastutus in Estonian) environment sova.ee. Children and young people aged 7-15 in need can use their regular smart devices to chat and ask our specialists for help with their concerns. The chat is open daily from 14.00 to 22.00. From 1 May onward, the chat will also be available in Ukrainian. This service is provided in cooperation with the Finnish SOS Children's Villages Association.

In the future, we plan to open the chat for Russian-speaking children and to extend the service working hours.

In cooperation with the NGO Oma Pere, support services will continue to be offered to foster, guardianship and adoptive families.

Under the new contract, the service for crisis and specialized professional care families, which started as a result of a public procurement in 2020, will continue until at least the end of 2022.

In March, two new family strengthening programmes were opened in the municipalities of Toila and North Sakala, and preparations are underway to open the programme also in the municipality of Saku.

In March, we welcomed 5 unaccompanied minors from Ukraine. Three of them settled in Harjumaa and two in Ida-Virumaa. In addition to the children, we have also recruited two Ukrainian women. Since 1 of June, we have taken in four more unaccompanied minors and two Ukrainian employees with their two biological children.

In April and May, major renovations were carried out in the three family houses of the Keila Children's Village where families had moved out during the reorganization. We are ready to take in unaccompanied minors or refugee families in case of necessity.

On 11 March 2022, Mrs Sirje Karis took the responsibilities of being the patron for SOS Children Village. This restored the tradition of the spouse of the President of the Republic of Estonia having been the patron of SOS Children's Villages throughout history, a tradition that was interrupted during the previous presidency.

From the beginning of the year until the submission of the activity report, the Association has had to work without having a human resources team in-house. During this period, human resources services have been purchased from SMARTFUL Growth OÜ. The new HR Manager will start on 30 of May and the contract with SMARTFUL Growth OÜ will end on 22 of June.

The Labour Inspectorate has assessed the Association's working environment and made observations regarding certain shortcomings. Not all the shortcomings have yet improved yet and the respective actions need to continue.

For several months, several of the Association's executives took part in a study commissioned by the Ministry of Social Affairs and financed by the European Social Fund and conducted by Haap Consulting and Stories For Impact. The aim of the study was to assess the impact and implementation of the activities and amendments to the Social Welfare Act implemented with the support of the European Social Fund in the period 2014-2020 in the Republic of Estonia. The study sought answers to the questions of whether, to what extent and how the amendments to the law and the supported activities have influenced the field of substitute care and contributed to achieving the objectives of the field. The main focus was on increasing the role of family-based substitute care, improving the quality of substitute care and changing the financing of substitute care. The study also resulted in recommendations for the state, local authorities and service providers.

Note 20 Funds held in Trust

Funds held in Trust	Children's Money-Gifts	31.12.2021	31.12.2020
Balance at 01 January		179 238	209 866
Received money-gifts during the year from SOS		5 399	7 298
Disbursed money-gifts during the year		-32 239	-40 567
Interests + local money-gifts		10 505	2 641
Total		162 903	179 238

Note 21 Reserves

Reserves	31.12.2021	31.12.2020
Total At 1 January	1 798 000	1 267 000
Liquidity reserve		
At 1 January	498 000	470 000
Additions	-20 000	28 000
At 31 December	478 000	498 000
Continuity reserve		
At 1 January	1 300 000	1 164 000
Additions	118 000	136 000
At 31 December	1 418 000	1 300 000
Total At 31 December	1 896 000	1 798 000

Note 22 List of Council Members

Name	Description	Address
Gert Tiivas	Chairman of the council	Jalgpalli 21, Tallinn, Estonia
Helle Niit	Member of the council	Jalgpalli 21, Tallinn, Estonia
Kiira Kure	Member of the council	Jalgpalli 21, Tallinn, Estonia
Aive Hiiepuu	Member of the council	Jalgpalli 21, Tallinn, Estonia
Andres Sutt	Member of the council	Jalgpalli 21, Tallinn, Estonia
Alo Tammsalu	Member of the council	Jalgpalli 21, Tallinn, Estonia