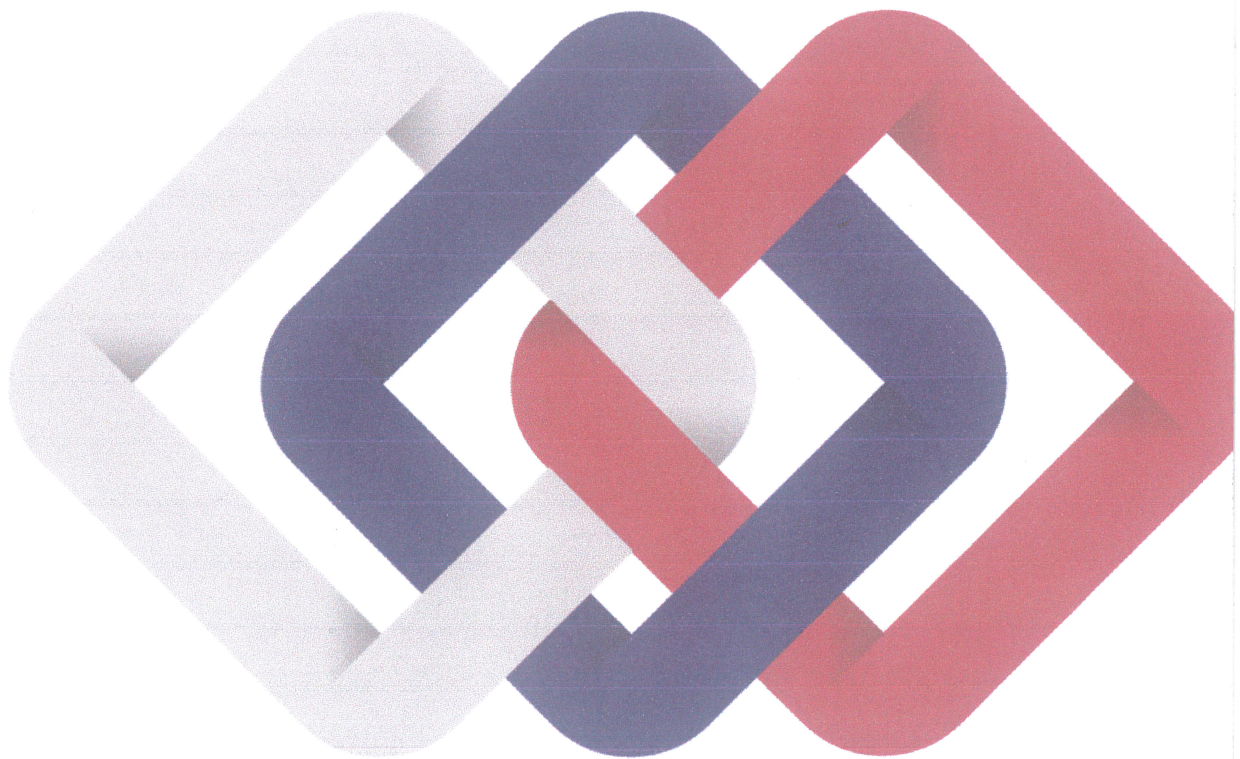


Financial Statement and Independent Auditor's Report

Gobi Oyu Development Support Fund NGO

31 December 2020



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Organization brief information

ORGANIZATION NAME:	Gobi Oyu Development Support Fund NGO	
BOARD MEMBERS:	Chairman	Tim Eckersley
	Members	Kh. Sugir N. Naranbaatar B. Erdene-Ochir Derrick Hansen D. Amarbayasgalan G.Sugar B. Bayar
	Custodial Trustee	
MANAGEMENT TEAM:	Executive Director	S. Erdenebat
	Accountant	B. Batkhuyag
	Project Manager	S. Boldmaa
	Project and program officer	B. Sugarjargal
ORGANIZATION ADDRESS:	Golomt Business Center 404, 3rd Bagh, Dalanzadgad Soum, Umnugobi Aimag, Mongolia Tel/Fax: 976-70533577 976-7053378 www.goviinoyu.mn	
REGISTRATION NUMBER:	8186995	
PRINCIPAL ACTIVITIES:	Gobi Oyu Development Support Fund aims to promote and support the well-being of South Gobi people	
NUMBER OF EMPLOYEES:	5	
AUDITOR:	Grant Thornton Audit LLC - A Certified firm of audit, accounting, financial advisory, training and appraisal	

Management's statement of responsibility for financial reporting

Management is responsible for fair presentation of the NGO's financial statements for the year ended 31 December 2020, and of its financial performance, cash flows and changes in net assets for the period, in accordance with financial guidelines and procedures approved by the Minister of Finance of Mongolia pursuant to International Financial Reporting Standards.

Management has fulfilled the following responsibilities in preparing the financial statements:


- Complied all accounting standards through selection of and consistent adherence to appropriate accounting policy, as well as reasonable and accurate calculation and assessment.
- Taken necessary actions to safeguard the organization's assets, to prevent any fraud and misconduct, and to identify such activities.
- The organization has prepared the financial statements on a going concern basis.

Tim Eckersley, the Board Chairman of the Gobi Oyu Development Support Fund NGO, and S. Erdenebat, the Executive Director, and B. Batkhuyag, the Accountant, declare that the accompanying financial statements presented in page 1 to 20 of this report give a true and fair view of the financial position of the Organization as of 31 December 2020, and of its financial performance and its cash flows for the period, in accordance with financial guidelines and procedures approved by the Minister of Finance of Mongolia pursuant to International Financial Reporting Standards.



Board Chairman
Tim Eckersley
Date:





Accountant
B. Batkhuyag
Date:

Independent auditor's report

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advisory services

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To the Board of the Gobi Oyu Development Support Fund NGO:

Opinion

We have audited the financial statements of the Gobi Oyu Development Support Fund NGO, which comprise the statement of financial position as of 31 December 2020, including: the Statement of financial position, the Statement of financial performance for the year ended, the Statement of changes in net assets, the Statement of cash flows, a summary of significant accounting policies, and Notes to the financial statements.

In our opinion, the accompanying financial statements of the Gobi Oyu Development Support Fund NGO give a true and fair view of the financial position as of 31 December 2020 and of its financial performance and its cash flows for the year then ended, in all material respects, in accordance with financial guidelines and procedures approved by the Minister of Finance of Mongolia pursuant to International Financial Reporting Standards.

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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Code of Ethics for Professional Accountants of Mongolia, and we have fulfilled our other ethical responsibilities in accordance with those ethical 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 of the NGO is responsible for the preparation and fair presentation of the financial statements in accordance with financial guidelines and procedures approved by the Minister of Finance of Mongolia pursuant to International Financial Reporting Standards, 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 NGO'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.

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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



B. OSORGARAV
MANAGING PARTNER

GRANT THORNTON
AUDIT LLC
MINNESOTA
REGISTERED PROFESSIONAL ACCOUNTANT
NO. 2577542


10 September 2021

Statement of financial position

In thousand MNT	Note	31 December 2020	31 December 2019
Assets			
Current assets			
Cash and cash equivalents	4	7,004,136	5,378,788
Short-term investment	5	1,559,256	1,130,316
Receivables from employees	6	2	-
		8,563,394	6,509,104
Non-current assets			
Property and equipment, Net	7	52,792	47,195
Intangible assets, Net	8	-	463
		52,792	47,658
Total assets		8,616,186	6,556,762
Current liabilities			
Account payables	9	2,599,954	2,973,962
		2,599,954	2,973,962
Net assets			
Unrestricted resource		-	-
Accumulated results of performance	10	6,016,232	3,582,800
		6,016,232	3,582,800
Total liabilities and net assets		8,616,186	6,556,762

The financial statements were approved on 10 September 2021 by:




 B. Batkhuyag
 Accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 20.

Statement of financial performance

In thousand MNT	Note	2020	2019
<i>Operating income</i>			
Donations, aids, and gifts	11	14,629,916	13,162,600
Other income	12	503,711	517,780
		15,133,627	13,680,380
<i>Operating expenses</i>			
Donations and aids expenses	13	(322,596)	(349,089)
Program implementation expenses	14	(138,650)	(155,558)
Project implementation expenses	15	(11,639,467)	(9,637,287)
General, administrative expenses	16	(599,316)	(491,125)
		(12,700,029)	(10,633,059)
<i>Non-operating profit (loss)</i>			
Loss on disposal of fixed assets	17	(166)	-
		(166)	-
Net results of performance for the year		2,433,432	3,047,321

The statement of financial performance is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 20.

Statement of changes in net assets

In thousand MNT	Unrestricted resource	Accumulated results of performance	Total
Balance 1 January 2019	-	535,479	535,479
Results of performance for the year	-	3,047,321	3,047,301
Balance 31 December 2019	-	3,582,800	3,582,780
Results of performance for the year	-	2,433,432	2,433,432
Balance 31 December 2020	-	6,016,232	6,016,232

The statement of changes in net assets is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 20.

Statement of cash flows

In thousand MNT	Note	2020	2019
Cash flows from operating activities			
Cash inflow (+)		14,761,956	14,446,440
Donations, aids, and gifts		14,616,774	13,162,600
Other cash inflow		145,182	1,283,840
Cash outflow (-)		(13,193,741)	(15,576,008)
Paid to employee		(183,750)	(167,162)
Paid to social insurance administration		(21,650)	(42,380)
Paid for fuel, transportation, spare parts		(11,031)	(12,841)
Paid to taxation department		(42,280)	(17,960)
Insurance premium		(97)	(116)
Other payments paid to suppliers		(12,934,934)	(15,335,550)
Net cash flow from operating activities		1,568,215	(1,129,568)
Cash flow from investing activities			
Cash inflow (+)		-	-
Proceeds from sale of property and equipment		-	-
Cash outflow (-)		(270,299)	(261,285)
Acquisition of long-term assets			(4,400)
Acquisition of investments		(270,299)	(256,885)
Net cash flow from investing activities		(270,299)	(261,285)
Cash flow from financing activities			
Cash inflow (+)		327,432	391,384
Proceeds from interest and bonus		327,432	391,384
Cash outflow (-)		-	-
Loan payments		-	-
Net cash flow from financing activities		327,432	391,384
Net total cash flow		1,625,348	(999,469)
Balance cash and cash equivalents at the beginning of year	4	5,378,788	6,378,257
Balance cash and cash equivalents at the end of year	4	7,004,136	5,378,788

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 20.

Independent Auditor's Reasonable Assurance Engagement

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To the Board of the Gobi Oyu Development Support Fund NGO

Scope

We have performed a Reasonable Assurance Engagement in relation to the Statement of Budget and Performance for the reporting period in order to provide an opinion as to whether the subject matter detailed below ('Subject Matter') meets, in all material respects, the criteria as presented below as of 31 December 2020.

Subject matter

The Subject Matter for our assurance is:

- To express an opinion on the Statement of Budget and Performance for the operating expenses
- To assure that the proceeds from the donors have been utilized according to the contractual provisions

Criteria

In conducting the assurance engagement, we expressed conclusion on the following criteria and other matters:

- Whether funding and expenditure of projects and programs, funded by donors in 2020, implemented by the Gobi Oyu Development Support Fund NGO have been made in accordance with the Cooperation Agreement concluded with donor organizations,
- Whether the financing agreement has been concluded for projects and programs being implemented, whether the funding was made appropriately in accordance with the schedule specified in the agreement, and whether the received funding was utilized on the work specified in the contract period,
- Whether the funding provided by the donor organization have been allocated in accordance with the Financial Guidelines and have been disbursed within the budget approved by the Board,
- Whether the financial transactions meet the requirements of the primary documents and are supported by relevant and reliable evidences.

Management's Responsibility

The management of the Gobi Oyu Development Support Fund NGO is responsible for the preparation and fair presentation of its statement of budget and performance.

Our independence

We have complied with the Code of Ethics for Professional accountants issued by International Ethics Standard Board for Accountants including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the Subject Matter is presented in accordance with the criteria, in all material aspects. Our assurance engagement has been planned and performed in accordance with the International Standards on Assurance Engagements as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants, with special reference to ISAE 3000 revised.

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of the works performed

The assurance procedures we undertook included, but were not limited to:

- Reviewing policies and procedures established by NGO;
- Reviewing any changes to policies and procedures established by NGO;
- Reviewing authorizations/approvals of expenditures and validity with supporting documents;
- Reviewing allocation of expenditures in conformity with the agreed budget;
- Checking arithmetic exactitude of the accounts, supporting documents and financial statements and reports;
- Confirming effectiveness of Project and financial accounting and reporting processes;
- Verifying the expenditures correspond to the agreed budgets;
- The maintenance of proper books and records;
- Reviewing existence of adequate bid and purchasing procedures for materials and services, conformity of Procurement Procedure under the Agreement;
- Reviewing disposition an implementation of observations, adjustments and recommendations resulting from previous financial review reports
- Confirming internal systems and process were functioning as indicated and obtaining supporting evidence.

The procedures were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling records.


Limitations in our assurance

In accordance with the terms of our engagement, this Independent Reasonable Assurance report on financial statements have been prepared solely for donor organizations and for no other purpose or in any other context.

Opinion


In our opinion,

- Expenditure activities on projects and programs implemented in 2020 by the Gobi Oyu Development Support Fund NGO under funding from donor organizations have been in accordance with the Cooperation Agreement.
- Projects and programs being implemented have concluded financing agreements, and the funding was made in accordance with the schedule specified in the agreement. The performance was executed in accordance with the period and intention specified in the agreement. Performance of operating expenses was done in accordance with the budget approved, except for an excess of MNT 31.5 million for expenses of the acquisition of properties and office supply.
- Funding provided by donors was distributed in accordance with the "Gobi Oyu Development Support Fund" Funding Guideline for Financing Projects and Programs and was utilized within the budget approved by the Board.
- Financial transactions met the requirements of the primary documents and are supported by relevant and reliable evidences except for expenditures of having no e-receipts of MNT 11.5 billion (according to the package law of taxation revised in 2020)



B. OSORGARAV
MANAGING PARTNER

Ulaanbaatar city, Mongolia
Date: 2021/09/10



Statement of budget and performance for operating expenses

№	Expenditure classification	Budget	Performance	Expenditure saving/excess	
				дүн	хувь
1.1	Wages /Salary, insurance/	234,834	227,927	6,908	13 <
1.2	Office expenses	38,311	49,576	(11,265)	29 >
	<i>Administrative expenses /Internet, telephone, post/</i>	<i>7,365</i>	<i>6,601</i>	<i>764</i>	<i>10 <</i>
	<i>Office lease expenses</i>	<i>16,988</i>	<i>16,988</i>	<i>-</i>	<i>-</i>
	<i>Office supply expenses</i>	<i>13,958</i>	<i>25,987</i>	<i>(12,029)</i>	<i>86 ></i>
1.3	Advertising and meetings and conference expenses	188,385	96,012	92,373	51 <
	Expenses related to meetings and conferences of the Board and the Relationship Committee	38,765	4,555	34,210	88 <
	Expenses for announcements, advertising and handouts	149,620	91,457	58,163	39 <
1.4	Other	58,819	33,860	24,959	42 <
	Monitoring expenses	10,636	1,703	8,933	84 <
	Training expenses	5,000	282	4,718	94 <
	Expenses for consulting services provided by Custodial Trustee	8,000	8,000	-	-
	External audit expenses	16,500	12,100	4,400	27 <
	Transportation expenses	18,683	11,775	6,908	37 <
2.1	Overhead (One time)	155,398	146,870	8,528	79 <
	Activities aimed at target groups to mark the 5th Anniversary of the Cooperation Agreement	155,398	127,357	28,041	92 <
	Asset acquisition	-	19,513	(19,513)	100 >
	Total project expenditure	675,747	554,245	121,502	82 <

Note: Budget was planned in accordance with the "Gobi Oyu Development Support Fund" Funding Guideline for Financing Projects and Programs. During the reporting period, some office property and equipment became obsolete and written off and it resulted to an excess in expenses of stationery due to the acquisition of new assets and their accessories and supplies such as printer toner.

In addition, most of the expense savings were connected due to the cancellation of trips and meetings due to the COVID-19 pandemic in the reporting year.

Notes to the financial statements

1. Nature of operations and general information

The Gobi Oyu Development Support Fund NGO was established on 17 December 2013 as a non-governmental organization, with obtaining the State Registration Certificate No 64947 and the State Registration No 8186995.

Principal activity: In accordance with the Cooperation Agreement, the Gobi Oyu Development Support Fund NGO aims to contribute to the sustainable development of Umnugobi Aimag with key objectives of implementing and funding projects and programs that will contribute to the socio-economic development of soums and local community in partnership with Oyu Tolgoi LLC.

The NGO operates in financing projects and programs in the following areas and manages them effectively and adequately:

1. Water management
2. Environmental management (Rehabilitation, biodiversity and ecological balance)
3. Traditional animal husbandry and pastureland management
4. National history, culture and tourism
5. Basic social services. (Health, education, vocational training and employment)
6. Local business development and procurement of goods and services
7. Infrastructure and capital projects
8. To finance projects and programs aimed at contributing to the sustainable development of partner soums, and to manage and organize them effectively and adequately.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the financial guidelines and procedures approved by the Minister of Finance in compliance with International Financial Reporting Standards (IFRSs) approved by the International Accounting Standards Board ("IAS").

Currently, IFRSs do not contain a clear guidance on the nonprofit's accounting treatment approach and presentation of financial statements. Where IFRSs do not provide a guidance on how to treat with transactions of nonprofit sector, accounting policies are based on IFRS Basic Concepts, which are set out in detail in the financial reporting framework on International Accounting Standards Board (IASB).

2.2 Functional and presentation currency

The national currency of Mongolia is the Mongolian Tugriks ("MNT"), which is the NGO's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Organization.

Financial statements are presented in Mongolian tugriks (unless stated otherwise), since management considers that this currency is more useful for the users of these financial statements. All financial information presented in Mongolian tugriks has been rounded to the nearest thousand.

3. Significant accounting policies

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash deposit at bank account. Monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Mongolia prevailing on the reporting date.

3.2 Property and equipment

Property and equipment are measured at initial cost in the financial statements. The initial cost includes the cost of acquisition, taxes and non-refundable taxes, and any direct costs attributable to bringing the asset to its intended location and making it available for use.

Property and equipment are stated at net carrying amount less subsequent accumulated depreciation

In disposing of property and equipment, initial cost and accumulated depreciation shall be charged. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated useful lives are as follows:

Vehicle	- 10 years
Furniture	- 10 years
Computer and its accessories	- 2 years

3.3 Revenue

Revenue is measured at the fair value of payments received or expected to be received from an NGO-approved financing institution, bank interest income and other non-operating income. Revenue is also recognized on an accrual basis of accounting.

Oyu Tolgoi LLC signed a Cooperation Agreement with its partner communities – composed of the Umnugobi aimag, and the Khanbogd, Manlai, Bayan-Ovoo and Dalanzadgad soums. The agreement sets out how the parties will work together towards sustainable development in important areas such as water, environment, pastureland management, cultural heritage, tourism, local business development and procurement. Under the agreement, Oyu Tolgoi will make a contribution of USD 5 million every year to a Development Support Fund (DSF) – administered jointly between Oyu Tolgoi and the Community – for community programmes and projects in the Umnugobi aimag. As the funding is non-refundable, the NGO will recognize and record revenue each time it is received. But, revenue related to goods and services received free of charge and donations shall be recognized in the amount equal to the fair value of the goods and services received when the grant is received or the conditions related to the grant are met, and shall be deferred until these conditions are met.

The total revenue of the Gobi Oyu Development Support Fund NGO is classified as operating income (aid and donation revenue) and non-operating income.

3.4 Expense

Expenses are recognized when there is a decline in future economic benefits in association with a decrease in assets or an increase in liabilities. Expenses are recognized on an accrual basis.

In aligning with the Thematic Schedules of the Cooperation Agreement, the Gobi Oyu Development Support Fund NGO follows up the Funding Guideline that sets out the principles applicable to funding criteria including funding principles, priority areas, allocation target, and eligibility of applicants in accordance with the Board Resolution No10, 4 July 2018. These principles such as direction and rates approved by this resolution may be updated from time to time, and the change shall be an integral part of the policy.

Under a cooperation agreement, a financing agreement is concluded for the implementation of the project, and the project and program expenses are recognized in the accounting on an accrual basis and payable to the contractor is recorded. In other words, the expenses of implementing a project or program and the donation will be recognized as an expense when it is clear that the eligible applicant will be granted without the condition of withdrawal under the contract or if the eligible applicant fully meets the conditions for fulfilling the project, program or donation under the contract.

3.5 Tax

In accordance with Article 4 and Article 23.1 of the Law of Mongolia on Non-Governmental Organizations and Article 4.1.1 and Article 26 of the Law of Mongolia on Corporate Income Tax, a non-governmental organization shall be a taxpayer and shall be exempt from corporate income tax. The Gobi Oyu Development Support Fund NGO is a non-

profit organization that is subject to be exempt from corporate income tax in accordance with Article 21 of the Law of Mongolia on Corporate Income Tax.

In respect with salary and salary equivalent income earned by employees and any income earned by other people, the Organization is responsible to withdraw 10 percent of individual income tax and pay such tax to the budget in accordance with the Personal Income Tax Law of Mongolia.

3.6 Social and Health Insurance Premiums

The Organization is responsible for withdrawing, paying and reporting health and social insurance fee from salary and salary equivalent income earned by employees in accordance with the Law on Social Insurance and the Law on Health Insurance of Mongolia.

4. Cash and cash equivalents

In thousand MNT	31 December 2020	31 December 2019
Cash in hand	654	576
Cash at bank		
- Khan Bank account 5585638858	5,294,344	4,300,576
- Khan Bank account 5585644465	147,445	64,713
- Khan Bank account 5585672708	16,115	5,021
- Khan Bank account 5585673654	194,330	58,733
- Khan Bank account 5585675200	1,219,468	949,169
- Khan Bank account 5608101254	131,780	-
Total cash and cash equivalents	7,004,136	5,378,788

5. Short-term investment

In thousand MNT	31 December 2020	31 December 2019
Term deposit – 5585675222	-	1,130,316
Term deposit – 5608103160	1,559,256	-
Total short-term investment	1,559,256	1,130,316

Note: The short-term investment is the MNT savings account 5585675222 at Khan Bank dedicated to a Next Generation Fund that was set up within the framework of "Gobi Oyu Development Support Fund" Funding Guideline for Financing Projects and Programs in accordance with the Cooperation Agreement. A savings agreement was signed with the Khan Bank branch of Umnugovi Aimag to place savings deposit of MNT 200,498.0 thousand equivalent to USD 100,000 with annual interest of 16 percent (monthly interest of 1.3 percent) for a period of one year on 20 December 2016 on the basis of the Next Generation Fund specified at Clause 4.1 of the "Gobi Oyu Development Support Fund" Funding Guideline for Financing Projects and Programs and the Procedure for the Next Generation Fund approved by Board Resolution №05 on 19 September 2016.

During the reporting period, MNT 270,299 thousand was additionally contributed to the savings account and MNT 158,651.09 thousand of interest income was recorded. A total of MNT 1,559,256 thousand of savings balance was reported at the end of the reporting year.

6. Account receivables

In thousand MNT	31 December 2020	31 December 2019
Receivables due from employees	2	-
Total account receivables	2	-

Note: There are discrepancies related to the implementation of the Government Resolution of 9 April 2020 on "A set of measures to protect the health and income of citizens, save jobs and stimulate the economy during the outbreak of coronavirus (COVID-19)".

7. Property and equipment

In thousand MNT	Furniture	Computer and accessories	Vehicle	Other assets	Total
Cost					
Balance 1 January 2019	11,360	33,944	18,000	11,494	74,798
Additions	1,950	2,450	-	-	4,400
Deductions	-	-	-	-	-
Balance 31 December 2019	13,310	36,394	18,000	11,494	79,198
Additions	-	19,513	-	-	19,513
Deductions	238	23,177	-	-	23,415
Balance 31 December 2020	13,072	32,730	18,000	11,494	75,296
Accumulated depreciation					
Balance 1 January 2019	1,262	13,272	1,799	1,728	18,061
Established depreciation	1,076	9,919	1,799	1,149	13,942
Disposals	-	-	-	-	-
Balance 31 December 2019	2,337	23,191	3,598	2,877	32,003
Established depreciation	1,302	9,492	1,804	1,152	13,750
Disposals	71	23,177	-	-	23,248
Balance 31 December 2020	3,568	9,506	5,402	4,029	22,504
Carrying amount					
Balance 31 December 2019	10,973	13,203	14,402	8,617	47,195
Balance 31 December 2020	9,505	23,224	12,598	7465	52,792

Note: During the reporting period, five computers with their accessories costing a total of MNT 19,513 thousand were purchased. Moreover, nine assets worth of MNT 25,204.9 thousand were written off by the Executive Director's Order No.08 dated 30 June 2020 and Order No.15 dated 31 December 2020.

8. Intangible assets

In thousand MNT	Financial software	Budget program	Total
Cost			
Balance 1 January 2019	990	800	1,790
Additions	-	-	-
Deductions	-	-	-
Balance 31 December 2019	990	800	1,790
Additions	-	-	-
Deductions	990	800	1,790
Balance 31 December 2020	-	-	-
Accumulated amortisation			
Balance 1 January 2019	404	326	730
Additions	330	266	596

In thousand MNT	Financial software	Budget program	Total
Disposals	-	-	-
Balance 31 December 2019	734	593	1,327
Additions	256	207	463
Disposals	990	800	1,790
Balance 31 December 2020	-	-	-
Carrying amount			
Balance 31 December 2019	256	207	463
Balance 31 December 2020	-	-	-

Note: In the reporting year, financial software and budget programs worth MNT 1,790 thousand that expired and recovered its cost by depreciation were written off by the Executive Director's Order No. 08 dated 30 June 2020 and Order No.15 dated 31 December 2020.

9. Current liabilities

In thousand MNT	31 December 2020	31 December 2019
Account payables	2,599,954	2,973,962
Total current liabilities	2,599,954	2,973,962

Note: In accordance with the cooperation agreement, a financing agreement was concluded for implementation of projects and programs, and the project and program expenses were recognized in the financial records on an accrual basis and payables to the contractor was recorded.

10. Net assets

In thousand MNT	31 December 2020	31 December 2019
Unrestricted resource	-	-
Restricted resource	-	-
Accumulated result of performance	6,016,232	3,528,800
Total net assets	6,016,232	3,528,800

11. Financing income

In thousand MNT	2020	2019
Proceeds from aid, donation, and gifts	14,629,916	13,162,600
Total financing income	14,629,916	13,162,600

Note: The Oyu Tolgoi LLC made a Cooperation Agreement on 22 April 2015 with Umnugobi Aimag and Khanbogd Soum. The Gobi Oyu Development Support Fund NGO was established in accordance with the Article 8.1 of the Agreement in order to ensure the execution of the Cooperation Agreement. According to the Article 8.3 of the Agreement, the Oyu Tolgoi LLC will provide an aggregate amount of USD 5,000,000 or MNT equivalent per calendar year. According to the Agreement, MNT 14,616,773.8 thousand of financing income was recorded in the reporting year.

12. Other income

In thousand MNT	2020	2019
Interest income	503,711	517,780
Total	503,711	517,780

Note: MNT 176,278.98 thousand of interest income was earned in the short-term investment - savings account No. 5585675222 (16 percent per annum) at Khan Bank. In addition, interest income of MNT 327,432.4 thousand was recorded on the balance of MNT current accounts at Khan Bank.

13. Aid and donation expenses

In thousand MNT	2020	2019
Aid and donation expenses	322,596	349,089
Total	322,596	349,089

Note: In accordance with the Procedure of Donation Fund, it was intended to address issues facing the Umnugovi aimag and soums. For example: aid and donations were provided to Covid-19 disease prevention activities - MNT 210,000 thousand (65 percent); Food support measures - MNT 43,079 thousand (13 percent); Traffic accident prevention activities - MNT 28,016 (9 percent); and Naadam and commemorative event - MNT 41,500 thousand (13 percent).

14. Program implementation expenses

In thousand MNT	2020	2019
Student scholarship program implementation expenses	138,650	155,558
Total	138,650	155,558

Note: According to commitments set out at Cooperation Agreement, the Next Generation Fund has provided scholarships/sponsorships to a total of 47 students who are successfully studying at universities in professions that are in need for Umnugovi Aimag.

15. Project implementation expenses

In thousand MNT	2020	2019
Social infrastructure	8,183,605	4,832,223
Basic social services	2,449,147	1,822,437
Water management	43,824	448,901
Local business development	766,416	1,400,025
Environmental management	36,835	41,717
Traditional animal husbandry	-	843,537
National history, culture and tourism	159,640	248,446
Total	11,639,467	9,637,287

Program and project implementation expenses disaggregated by contract are as follows:

15.1. Social infrastructure

Contract number	Projects and programs title	Contractor	Contract amount
GODSF/2020-12	Public school for 1,200 children in Dalanzadgad	Khunnu Gobi LLC	4,626,167
GODSF/2020-09	Additional work for Museum of Umnugobi Aimag - Interior, elevator, porch	Aglut LLC	2,089,053
GODSF/2020-08	Additional work for Museum of Umnugobi Aimag – Equipment	Erdene Gun Gobi LLC	493,990
GODSF/2020-05	Additional work for Museum of Umnugobi Aimag – Additional work	Aglut LLC	471,702
GODSF/2020-01	Additional work for Museum of Umnugobi Aimag -Equipment - xopro	Tangad-Araa LLC	137,454
GODSF/2020-10	Khanbogd soum's school and kindergarten complex building - Additional roofing work	Binder Altai Oyu LLC	135,800
KCMJI/2020-02	Equipping up the outdoor sport field	J. Burmaa	56,712
GODSF/2020-11	Power line extension in Khanbogd Soum	Khuyag-Erchim LLC	50,000

Contract number	Projects and programs title	Contractor	Contract amount
GODSF/2018-34	Khanbogd Soum's public school - management	Khanbogd Soum's public school	45,000
КСБГ/2020-03	Street lighting	Dalan-Od LLC	39,500
КСБД/2020-01	Peaceful environment	Det LLC	38,227
Total			8,183,605

15.2. Basic social services

Contract number	Projects and programs title	Contractor	Contract amount
КСБО/2019-06	'Game owners' program	P. Oyu-Erdene	6,000
	Joint program to promote women's health	United Nations	1,350,729
GODSF/2020-07	Let's do water sports and get fit	Tsamkhag-Urguu LLC	231,206
KCCB/2020-01	Lifelong education - Lifetime guarantee	Ts. Sainzaya	8,846
KCCB/2020-02	English-speaking children of Sevrei Soum	O. Uruk	2,750
KCCB/2020-04	From bagh development to Soum development	Ch. Narantsetseg	5,380
KСМЛ/2020-01	New school, new environment, new initiatives	T. Enkhtuul	32,350
KСМЛ/2020-04	Medical sterilization and disinfection	D. Oyunchuluu	8,995
KСМЛ/2020-05	Warm house and comfortable environment	N. Puntsagbold	22,504
KСМЛ/2020-06	Clean environment and tidy institution	M. Munkh-Od	9,604
КСЦО/2020-02	Supply of ambulance car	Urgats Capital LLC	23,000
КСДЗ/2020-01	Safe environment - Life guarantee	Gobi Durvulj Khairkhan LLC	36,000
КСДЗ/2020-02	Methodology program for development through Montessori curriculum	Sh. Gerelmaa	5,000
КСДЗ/2020-03	Town of the new century and cultured citizen	A. Jamiyandelger	37,969
КСДЗ/2020-04	Healthy Body - Key to Success	T. Uuganbayar	24,492
КСДЗ/2020-05	Healthy food - Healthy body	Ch. Duurenjargal	5,000
КСЦО/2020-01	Let's learn and grow together	Tovon Ochir LLC	15,000
КСМО/2020-01	Toys-Child Development	A. Baigalkhuu	8,000
КСМО/2020-02	Weather forecast on time	A. Gantsetseg	4,000
КСМО/2020-03	Citizen-friendly service	Erkhet Rai LLC	19,850
КСДЗ/2020-06	Develop children and youth through five sports	N. Taiwan-Yertunts	24,820
КСМО/2020-05	The color of the rising family	Iveelt Tal LLC	14,703
КСМО/2020-06	Peaceful living environment	ITSO LLC	6,578
КСНМ/2020-01	Standard address	B. Azbileg	19,393
КСНМ/2020-02	School fence	D. Ganbold	28,945
КСНМ/2020-03	Child development	B. Altantuya	15,000
КСНМ/2020-04	Electronic system for veterinarians	T. Munkhzul	4,870
КСНМ/2020-05	Playground	Kh. Bat-Erdene	14,000
КСМО/2020-07	Green school	Khas Bat Munkh LLC	12,700
КСБГ/2020-01	Health center's kitchen equipment	Balj Khumul Undarga LLC	10,000
КСЦО/2020-03	Children bed in dormitory	Ts. Battengel	9,990
КСБГ/2020-02	Bulgan fitness equipment	Ankhsan Cooperative	7,000
КСБГ/2020-04	Furnishing the cabinet of traditional Mongolian script	Logmon LLC	6,000
КСБО/2020-01	Postal service	Nemekht Suuri LLC	41,700
КСБО/2020-02	Success	Nemekht Suuri LLC	41,700
КСБО/2020-03	New technology, teacher development, child development	Mongol Merged LLC	42,000
КСХБ/2020-02	Let's say Yes for the sake of the children	Bright Future of Galbyn Gobi NGO	12,000
КСХБ/2020-04	Education for children with special needs	D. Ganchimeg	24,702
КСХБ/2020-05	Let's choose health, not smoking	E. Undrakhnaran	8,000
КСХБ/2020-06	Dental cabinet	Med Buyan LLC	10,000
КСХБ/2020-07	Historical trajectory	B. Tumurbaatar	20,000

Contract number	Projects and programs title	Contractor	Contract amount
KCXБ/2020-09	Smart underground well	Khandizel, Locally owned, self-sustained entity	22,000
KCXБ/2020-10	Let's play stringed instruments	O. Turbold	6,470
KCXM/2020-01	Special playground	B. Ulziitogtokh	7,500
KCXM/2020-02	Garbage-free soum - Khurmen soum	S. Batsaikhan	9,700
KCXM/2020-03	Works of art	B. Bayaraa	6,000
KCXM/2020-05	Dormitory-Our development environment	Ts. Sunjidmaa	20,000
KCXM/2020-06	Medical center analyzer supply program	Nugan LLC	16,000
KЦО/2020-04	Let's create an eco-environment together	Az Bilegtei LLC	45,088
KCXБ/2020-11	Healthy food storage	Ch. Munkhbazar	27,000
KСБГ/2020-06	Furnishing the music cabinet	Bulgan Lus LLC	8,000
KСБГ, КСМЛ, КЦО, КСБО, КСМО, КСНМ, KCXB	Contingency fund	Soums of Umnugobi Aimag	50,613
Total			2,449,147

15.3. Water management

Contract number	Projects and programs title	Contractor	Contract amount
KCCB/2020-05	Sevrei Pastureland Users Group NGO	Pasture irrigation work in Sevrei Soum	23,480
KСБД/2020-03	Gan Munkh Bakharkhal Construction LLC	Smart underground well	20,344
Total			43,824

15.4. Local business development

Contract number	Projects and programs title	Contractor	Contract amount
PN-16.2203.1-001	Umnugovi Aimag's SME Business Support Program	Deutsche Gesellschaft fur internationale Zusammenarbeit (GIZ) GmbH	756,416
KСБГ/2020-05	Skin and hide processing plant	Altangobi Shiree Cooperative	10,000
Total			766,416

15.5. Environmental management

Contract number	Projects and programs title	Contractor	Contract amount
KCXБ/2020-01	Abundant Sea Buckthorn	Ts. Munkhchuluu	17,335
KCXБ/2020-08	Thousand Trees	A. Tsetseg	18,000
KCXM/2020-07	Green Khurmen	G. Oyuntsetseg	1,500
Total			36,835

15.6. National history, culture and tourism

Contract number	Projects and programs title	Contractor	Contract amount
GODSF/2020-03	Glory to Batmunkh Dayan Khan-Praise	Gobi Gurvan Saikhan Artists Band Group	12,400
GODSF/2020-02	Making the tsam costume and mask	Umnugobi Tsam Foundation	30,000
GODSF/2020-04	To make documentaries on inheritors of intangible cultural heritage	Toromgor Pictures LLC	10,000

Contract number	Projects and programs title	Contractor	Contract amount
KCCB/2020-03	Ceremonial Palace	Nuden Bulgiin Uguuj Cooperative	38,990
KСМЛ/2020-03	Ritual Palace	E. Munkhsoyol	4,640
KСМО/2020-04	The heritage respected eternally	Ch. Erdenetogtokh	9,870
KСХБ/2020-03	Khanbogd Khairkhan	M. Chultemsuren	15,000
KСХМ/2020-04	Khurmen decorations	U. Khandsuren	16,240
KСБД/2020-02	Interior development of the Cultural Center	Undraga-Umnugobi LLC	22,500
Total			159,640

16. General, administrative expenses

In thousand MNT	2020	2019
Advertising expenses *	218,814	106,167
Salaries and bonuses	202,520	201,829
Tax expenses**	50,371	-
Social insurance premiums	25,406	25,132
Consulting services expenses	20,100	27,600
Rental expenses	16,988	17,038
Stationery costs	16,488	8,684
Depreciation cost	14,213	14,538
Cost of supplies	7,370	4,644
Fuel expenses	6,023	10,884
Postal and communication costs	5,358	4,261
Spare parts and tools expenses	5,341	6,489
Expenses related to meetings of Board and and other meetings	4,555	28,435
Business trip expenses	1,414	1,600
Cleaning service expenses	1,115	512
Bank charges	1,014	557
Newspaper and magazine subscription expenses	804	994
Maintenance costs	440	1,952
Monitoring expenses	290	3,868
Training expenses	281	5,008
Expenses for tax on motor vehicles and self-propelled vehicles	141	142
Insurance expenses	97	116
Other expenses	173	20,675
Total	599,316	491,125

Note: The annual budget for operating expenses of Gobi Oyu Development Support Fund NGO set to 5 percent of the total annual budget of the fund. In accordance with this, The Board approved the budget for the current year by Resolution №16 of 11 December 2019, and the expenditures did not exceed this budget.

* In the reporting year, the NGO celebrated its fifth anniversary, and the expense of advertising has increased due to the signing of a contract worth MNT 118 million to create a content to promote the NGO to the public..

** In the reporting year, tax expenses have been incurred as tax was imposed on interest income on savings deposits at bank in connection with enforcement of reform of the Law of Taxation.

17. Gain (loss) on sale of fixed assets

Tөрөгөөр	2020	2019
Gain (loss) on disposal of fixed assets	166	-
	166	-

Note: Losses incurred during the reporting period when assets damaged or unusable are written off.

18. Transactions with related parties

During the reporting period, the NGO made the following transactions with related parties. At the end of the reporting period, it has the following balance.

Name of related party	Citizenship	Relation	Transaction	2020
Oyu Tolgoi LLC	Mongolian legal entity	Founder	Funding of projects and programs	14,629,916
Umnugobi Aimag, Khanbogd Soum and other partner soums	Mongolian legal entity	Governing bodies under the Cooperation Agreement	Funding, donation and support for projects and programs	-
Tim Eckersley	Citizen of Australia	Board Chairman	Meetings and conferences	-
Kh. Sugir	Citizen of Mongolia	Board member	Meetings and conferences	-
N. Naranbaatar	Citizen of Mongolia	Board member	Meetings and conferences	-
B. Erdene-Ochir	Citizen of Mongolia	Board member	Meetings and conferences	-
Derrick Hansen	Citizen of Australia	Board member	Meetings and conferences	-
D. Amarbayasgalan	Citizen of Mongolia	Board member	Meetings and conferences	-
G. Sugar	Citizen of Mongolia	Board member	Meetings and conferences	-
S. Erdenebat	Citizen of Mongolia	Executive Director	Salaries and wages	84,962

19. Contingent liabilities

As of the end of 2020, there were no contingent liabilities related to legal claims brought against the NGO during the reporting period.

20. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the 31 December 2020 reporting date and 10 September 2021.

21. Translation

These financial statements are prepared and submitted both in Mongolian and English languages. In the event of discrepancies between the Mongolian and English versions, the Mongolian version shall prevail.