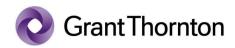


Independent Auditor's Report and Financial Statements of

# **ECPAT International**

For the Year Ended 30 June 2022





# INDEPENDENT AUDITOR'S REPORT

Grant Thornton Limited 11th Floor, Capital Tower All Seasons Place 87/1 Wireless Road Lumpini, Pathumwan Bangkok 10330, Thailand

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To the management of ECPAT International

Opinion

I have audited the accompanying financial statements of ECPAT International (the "Organisation"), which comprise the statement of financial position as at 30 June 2022, the related statement of income and expenses, and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECPAT International as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the Organisation's accounting policies as described in Note 2.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organisation in accordance with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

I draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the Organisation to report to the donors. As a result, the financial statements may not be suitable for another purpose. The report is intended solely for the Organisation and its donors and should not be used by or distributed to other parties. My opinion is not modified in respect of this matter.



Other matter

The financial statements of ECPAT International for the year ended 30 June 2021, presented as comparative information, were audited by another auditor, who expressed an unmodified opinion on those statements on 24 September 2021.

Responsibilities of Management for the Preparation of Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Organisation's accounting policies as described in Note 2, and for such internal control as management determines 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 Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.

Saranya



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

I communicate with the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Saranya a.

Ms. Saranya Akharamahaphanit

Certified Public Accountant Registration No. 9919

Grant Thornton Limited Bangkok 8 November 2022

# STATEMENT OF FINANCIAL POSITION

# **ASSETS**

		US	SD .
	Notes	30 June 2022	30 June 2021
CURRENT ASSETS			
Cash and cash equivalents	3	3,485,903	2,763,121
Donation receivables		63,004	122,852
Other receivables	4	67,346	2,127
Prepayments		47,559	43,884
Total Current Assets		3,663,812	2,931,984
NON-CURRENT ASSETS			
Deposits		8,508	9,340
Total Non-Current Assets		8,508	9,340
TOTAL ASSETS		3,672,320	2,941,324

# STATEMENT OF FINANCIAL POSITION

# **LIABILITIES AND FUND BALANCES**

		US	SD.
	Notes	30 June 2022	30 June 2021
CURRENT LIABILITIES			
Accounts payable	5	476,433	527,191
Accrued expenses		16,032	23,237
Total Current Liabilities		492,465	550,428
FUND BALANCES			
Restricted funds	6, 7	2,474,395	1,772,603
Unrestricted funds	6	705,460	618,293
Total fund balances		3,179,855	2,390,896
TOTAL LIABILITIES AND FUND BALANCES		3,672,320	2,941,324

# ECPAT INTERNATIONAL STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 30 JUNE

		USD		
	Note _	2022	2021	
INCOME				
Donation income	7	4,561,165	3,586,462	
Other income	_	688	504	
Total income	_	4,561,853	3,586,966	
EXPENSES				
Thematic programme areas :				
Sexual Exploitation of Children Online		832,365	898,740	
Sexual Exploitation in Travel and Tourism		591,656	365,754	
Legal Programme		24,178	50,913	
Child Participation and Survivors Voices		158,350	138,715	
Trafficking of Children for Sexual Purposes		201,016	283,514	
Global Boys Initiative		12,223	-	
Total thematic programme areas	_	1,819,788	1,737,636	
Network development and global partnership				
Global Strategies and Coordination		226,074	317,272	
Regional Programming and Coordination				
- Africa		100,200	95,374	
- South Asia		68,744	84,472	
- East Asia		116,551	124,666	
- Latin America		340	-	
- Eastern Europe and Central Asia		84,380	35,294	
- EU		16,879	-	
- Middle East and North Africa		-	20,902	
Total network development and global partnership	_	613,168	677,980	

# STATEMENT OF INCOME AND EXPENSES

# **FOR THE YEAR ENDED 30 JUNE**

	USD	
	2022	2021
EXPENSES (continued)	050 710	500.000
Research and Policy  Communication and Advocacy	259,719 211,822	568,868 174,583
Executive Office and Strategic Development	322,510	353,982
Administrative and Operational Expenditure	545,887	575,221
Total expenses	3,772,894	4,088,270
Change in restricted funds (project funds received in advance)	701,792	(581,033)
Excess of income over expenses	87,167	79,729
Fund balances, beginning of year	2,390,896	2,892,200
Fund balances, end of year	3,179,855	2,390,896

# STATEMENT OF CASH FLOWS

# FOR THE YEAR ENDED 30 JUNE

	USD	
	2022	2021
Cash: Brought forward, 1 July 2021 / 1 July 2020		
Cash and deposits at financial institutions	2,763,121	3,173,487
Addition:		
Income		
Income receipts during the year	4,561,853	3,586,966
Non-cash receipts/payments:		
Advance to staff for work purposes closing balance	(2,000)	(2,127)
Receivables from ECPAT member organisations and partners closing balance	(61,414)	-
Other receivables closing balance	(3,932)	-
Accounts payable closing balance	476,433	527,191
Accrued expenses closing balance	16,032	23,237
	425,119	548,301
Deductions:		
Disbursements for various projects	(3,772,894)	(4,088,270)
Change in prepayment and deposit	(2,843)	11,119
Advance to staff for work purposes opening balance	2,127	2,428
Receivables from ECPAT member organisations and partners opening balance	-	3,497
Other receivables opening balance	-	2,431
Accounts payable opening balance	(527,191)	(358,219)
Accrued expenses opening balance	(23,237)	(30,029)
Change in donation receivables	59,848	(88,590)
·	(4,264,190)	(4,545,633)
Cash: Carried forward, 30 June 2022 / 30 June 2021		
Cash and deposits at the financial institutions	3,485,903	2,763,121

ECPAT INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022

### 1. GENERAL INFORMATION

ECPAT International (the "Organisation") was established in May 1990 and registered as a Foundation ("Stiching") under Netherlands' law in 2000, statutory domiciled in Amsterdam, with registration number KvK 34139743. ECPAT International's main office is located at 328/1 Phayathai Road, Bangkok, Thailand, with permission from the Thai Ministry of Labour to operate as a foreign entity in Thailand since 2005.

ECPAT International is governed by the Board of Trustees.

The main objective of the Organisation is to end the sexual exploitation of children. The Organisation seeks to encourage the world community to ensure that children everywhere enjoy their fundamental rights free and secure from all forms of commercial sexual exploitation.

ECPAT International acts as the International Secretariat of the ECPAT International Network, a network consisting of over 100 independent member organisations located in over 100 countries in all regions of the world.

The International Secretariat is the administrative and coordinating unit of the ECPAT Network, including the responsibility for advocacy, campaigning, partnerships and research at the global level and coordination of these activities at regional levels. For this coordination role ECPAT International does not receive membership fees from the Network. Activities are funded through external grants and donations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The Organisation maintains its books and records in US Dollars. The financial statements have been prepared in accordance with a modified cash basis of accounting with certain practices considered as appropriate for not-for-profit organisations.

### Income and expenses

The Organisation recognises income using the modified cash basis of accounting. The Organisation recognises income when cash is received and when committed funds are due for instalment but not yet received. On finalisation or termination of a grant, the Organisation derecognises income when cash is refunded to donor for the unutilised fund balance.

Restricted donation income is allocated to specific project or programmes depending on the specifics of the project as outlined in the respective donation agreement. Restricted funds made available to the Organisation without detailed conditions for specific project purpose are allocated, within the conditions of the grant agreement, to those projects that (partially or fully) are not supported by specific donations.

Expenditures are recognised as incurred on an accrual basis.

Expenses related to funding commitments to partner organisations for the purpose of project implementation are considered incurred at the moment of advance payment to partner or, if prior, when expenses are incurred and verified. In cases where partner organisations do not fully expend their advances by the end of the implementation period and remaining balances are refunded to the Organisation, such refunds shall be recognised as negative expenditure in the year of refund.

### Equipment

Purchases of equipment are recognised as expenses and are matched against the current year receipts of funds. The reason for such treatment of equipment is the importance of matching expenses with donation income disbursements.

For the year ended 30 June 2022, the equipment acquisitions amounted to USD 8,094 (2021: USD 31,418)

### Foreign currency transactions

The Organisation operates three currencies - Thai Baht, US Dollar, and Euro - and maintains its accounting records in US Dollar ("USD"). Transactions denominated in Thai Baht and Euro currencies were translated to USD at the rates of exchange of the last day of the preceding month. Transactions denominated in currencies other than Thai Baht and Euro were translated to USD at the exchange rates on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the exchange rate ruling at that date.

Gains or losses on foreign exchange arising on settlements and transactions are recognised as income or expense in the statements of income and expense as incurred.

### Interest income

Interest income generated on bank accounts is accounted for as other income under income and considered unrestricted income. Unrestricted funds can be allocated towards any purpose within the organisation's overall objectives and statutory mission statement. Where donor or grant agreements include specific conditions for use of interest income, these conditions shall be adhered to.

### **Employee benefits**

The Organisation recognises employee severance allowances upon the moment payments are made to the employee in accordance with the Organisation's policy.

# 3. CASH AND CASH EQUIVALENTS

	USD	
	2022	2021
Cash on hand	4,957	5,802
Cash at banks – current accounts	3,085,754	2,385,172
Cash at banks – savings accounts	395,192	372,147
Total	3,485,903	2,763,121

# 4. OTHER RECEIVABLES

USD	
2022	2021
61,414	-
3,932	-
2,000	2,127
67,346	2,127
	61,414 3,932 2,000

Receivables from ECPAT Member Organisations and Partners are unspent project funds advanced to partners.

# 5. ACCOUNTS PAYABLE

		USD		
	Note	2022	2021	
Other accounts payable		165,183	205,964	
Staff savings plan	11.2	311,250	321,227	
Total		476,433	527,191	

# 6. FUND BALANCES

			USD	
	Note	Restricted funds	Unrestricted funds	Total
Fund balances as at 1 July 2021		1,772,603	618,293	2,390,896
Donation income	7	4,466,010	95,155	4,561,165
Other income		21	667	688
Total funds balances		6,238,634	714,115	6,952,749
Utilisation of funds	7	3,764,239	8,655	3,772,894
Fund balances as at 30 June 2022		2,474,395	705,460	3,179,855

### Unrestricted funds balance

The Organisation aims to ensure a sustainable organisation so that in case of temporarily funding shortage or unforeseen circumstances the ongoing operations of the Organisation are not affected. Therefore, the Organisation aims to maintain an unrestricted reserve of nine months of core operational costs. The Organisation does not wish to build any other reserves than reserves to ensure continuity. The nine months timeframe is bases on a prudent assessment of organisational risks and the time required to source additional funding. This reserve is primarily built up from unrestricted donations from private donors and foundations. The Organisation has no investments. The unrestricted funds balance at 30 June 2022 is USD 705,460. This amount is below the targeted continuity reserve. The Organisation has the intention to bring the amount to the targeted level in the coming years.

### 7. DONATION INCOME

_	USD		
	For the year ended 30 June 2022		
	Restricted Donations	Unrestricted Donations	Total
Brot fur die Welt	50,008	-	50,008
Carlson Family Foundation	135,000	-	135,000
DCI / ECPAT Netherlands	438,700	-	438,700
Deutsche Gesellschaft fur Internationale			
Zusammenarbeit (GIZ) GmbH	230,153	-	230,153
Fund to End Violence Against Children	267,185	-	267,185
GlobalGiving Foundation	15,000	-	15,000
New Venture Fund	500,000	-	500,000
Oak Foundation	790,946	-	790,946
Socol Pte Ltd.	50,000	50,000	100,000
Sundry donations	-	45,155	45,155
Swedish International Development			
Cooperation Agency (Sida)	1,632,346	-	1,632,346
The Code of Conduct in Travel and Tourism			
(TheCode.org)	145,357	-	145,357
UBS Optimus Foundation	53,397	-	53,397
WePROTECT Global Alliance	157,918	-	157,918
Total -	4,466,010	95,155	4,561,165
-			

USD

_	For the year ended 30 June 2021		
- -	Restricted Donations	Unrestricted Donations	Total
Brot fur die Welt	32,873	-	32,873
Carlson Family Foundation	(31,351)	31,351	-
Conrad N. Hilton Foundation	100,000	-	100,000
DCI / ECPAT Netherlands	353,318	-	353,318
Deutsche Gesellschaft fur Internationale			
Zusammenarbeit (GIZ) GmbH	29,091	-	29,091
ECPAT Germany	5,933	-	5,933
Fund to End Violence Against Children	245,592	-	245,592
GlobalGiving Foundation	12,000	-	12,000
Irish Aid	93,089	-	93,089
New Venture Fund	765,749	-	765,749
Oak Foundation	350,000	-	350,000
Sundry donations	-	48,636	48,636
Swedish International Development			
Cooperation Agency (Sida)	1,126,754	-	1,126,754
Terre des Hommes Netherlands	56,506	-	56,506
The Code of Conduct in Travel and Tourism			
(TheCode.org)	86,723	-	86,723
UBS Optimus Foundation	108,972	-	108,972
WePROTECT Global Alliance	171,226	-	171,226
Total	3,506,475	79,987	3,586,462

### Additional Information:

The following information lists the specifics of each restricted donation and the remaining funds for the years ended 30 June 2022 and 2021

The remaining funds are intended for expenditures in the following financial year(s) in accordance with the conditions of each donation agreement.

	USD			
	Remaining Funds	Income Financial Year	Expenditures Financial Year	Remaining Funds
Donor and Project	30 June 2021	2021/2022	2021/2022	30 June 2022
Brot für die Welt				
Empowering CSOs to Lead Victim-Centered Advocacy	5,754	50,008	47,524	8,238
Carlson Family Foundation (through ECPAT USA)				
Global Boys' Initiative Programme	-	135,000	12,806	122,194
Conrad N. Hilton Foundation				
Support Ending Child Sexual Exploitation	81,627	-	81,627	-
DCI / ECPAT Netherlands				
Down to Zero-Building Back Better	-	299,017	299,017	-
Down to Zero-Voices for Change	(26,636)	21,798	(4,838)	<del>-</del>
She Leads	14,819	112,301	70,724	56,396
Together for the Protection & Empowerment of Youth in Thailand (FBK II)	10,623	5,584	16,207	-
Deutsche Gesellschaft für Internationale				
Zusammenarbeit (GIZ) GmbH				
Prioritizing Child Protection as Part of Sustainable and Responsible Travel and Tourism Recovery	7,948	230,153	205,816	32,285
ECPAT Germany				
Boys' Initiative Programme	5,718	-	5,718	-

USD

	USD				
	Remaining Funds	Income Financial Year	Expenditures Financial Year	Remaining Funds	
Donor and Project	30 June 2021	2021/2022	2021/2022	30 June 2022	
Fund to End Violence Against Children					
OCSEA National Assessments-Contextual Research I	674,544	127,306	690,810	111,040	
OCSEA National Assessments-Contextual Research II	-	120,798	34,517	86,281	
Developing a digital learning tool (through University of Kent)	-	19,081	19,487	(406)	
GlobalGiving Foundation					
Facebook's Trusted Partner Programme	11,963	15,000	11,998	14,965	
Irish Aid					
Empowering CSOs to Lead Victim-Centered Advocacy Efforts towards the Sexual Exploitation of Children	114,509	-	114,509	-	
New Venture Fund					
Core funds 2019 – 2022					
(Ignite Philanthropy-Inspiring the end to violence against girls and boys)	312,039	500,000	728,342	83,697	
Using the Power of Evidence to Enhance Advocacy on SEC II	66,721	<del>-</del>	66,721	-	
Oak Foundation					
Ending Online Child Sexual Abuse and Exploitation of Children - EU	15,661	-	15,661	-	
Electronic Communications Code and Digital Services Act, EU	234,921	-	234,921	-	
Child Safety-Related Technical Review Project (through Tides Foundation)	54,875	-	54,875	<u>.</u>	
Beacon 2.0 project: Technical Platform Accountability in EU and Core Support	<u>-</u>	690,946	12,011	678,935	
Prevent Child Sexual Abuse (through Swiss Philanthropy Foundation)	-	100,000	100,000		

	USD				
	Remaining Funds	Income Financial Year	Expenditures Financial Year	Remaining Funds	
Donor and Project	30 June 2021	2021/2022	2021/2022	30 June 2022	
Socol Pte Ltd.					
Core fund	-	50,000	-	50,000	
Swedish International Development Cooperation Agency (Sida)					
Core funds 2021 - 2025	-	1,632,346	610,668	1,021,678	
The Code of Conduct in Travel and Tourism (TheCode.org)					
Operational Support The Code Programme	97,236	145,378	80,714	161,900	
UBS Optimus Foundation					
Ending Trafficking and Sexual Exploitation of Children in Travel and Tourism	78,947	53,397	85,152	47,192	
WePROTECT Global Alliance					
Mobilising the Voices and Perspectives of Victims and Survivors of Online Child Sexual Exploitation	11,334	157,918	169,252	-	
Total	1,772,603	4,466,031	3,764,239	2,474,395	

# 8. REMUNERATION OR FEES TO BOARD OF TRUSTEES

Apart from reimbursement of expenses, the Trustees on the Organisation's Board of Trustees do not receive any financial compensation for their assignment as Trustees. Any work undertaken for the Organisation whereby Trustees perform technical or specialty services for remuneration are not deemed to be in conflict with this policy.

### 9. EXECUTIVE DIRECTOR'S REMUNERATION

The sum of USD 179,640 were paid as salary, living allowance and other remuneration to the Executive Director of the Organisation during the year ended 30 June 2022 (2021: USD 176,600).

### 10. TOTAL STAFF AND RELATED EXPENSES

The total amount paid as salaries and allowances and stipends to the staff interns of the Organisation for the financial year ended 30 June 2022 amount to USD 1,797,370 (2021: USD 1,988,968).

These amount include the sums paid to the Executive Director shown in Note 9 above and the sums paid to the interns of USD 2,436 (2021: USD 1,094).

Staff size averaged 19 and 22 during the financial years ended 30 June 2022 and 2021, respectively, and there were 18 and 21 staff members at the end of the financial years then ended.

Overview of employee's emoluments

	2021/2022
Annual emoluments per employee (in USD)	Number of employees
20,000 to 39,999	3
40,000 to 59,999	3
60,000 to 79,999	5
80,000 to 99,999	2
100,000 to 119,999	4
120,000 and more	3

Annual emoluments in this overview includes payroll expenditure (gross salary, housing allowance, and saving plan contribution), plus costs for health insurance provided by the Organisation.

For the purposes of comparison, where employees were working part-time or not employed for the full 12 months reporting period, the emoluments were re-calculated to the time equivalent for a 12 months period. Only employees who were employed more than six months in the reporting period are presented here.

### 11. EMPLOYEE BENEFITS

# 11.1 Termination Gratuity

In light of the importance of matching expenditure with donation income disbursement and the calculation of restricted fund balances, the Organisation does not have provisions to make reservations for long term liabilities with regard to staff benefit policies, more specifically entitlements for Termination Gratuity. The Organisation's funding is largely based on restricted donation income which can be applied only for actually incurred expenditure.

The liability of Termination Gratuity entitlement for employees upon their termination not reflected in the Statement of Financial Position has the value of a total accumulated amount of USD 43,796 at 30 June 2022 (2021: USD 51,282)

### 11.2 Staff savings plan

Monthly contributions from employer and employees to the staff savings plan are reserved in a dedicated bank account. The staff savings plan is implemented from 1 January 2014. The balance of savings plan reservations is presented under Accounts Payable (see Note 5). The reservation are held in a Thai Baht bank account and entitlements are defined in Thai Baht.

### 12. AUDIT FEE

The annual audit fees for the financial years ended 30 June 2022 represented USD 21,100 (2021: 20,833)

## 13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are authorized for issue by the Executive Director on 8 November 2022.

