

**« EDUCATION FOR EMPLOYMENT -
E.F.E TUNISIA »
AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2019**

MAZARS

SUMMARY

- General report
- Financial statements as of December 31, 2019

To the members of the Board of Directors
of the Association Education For Employment
- E.F.E Tunisia

Apt 12-1^{er} Etage, Immeuble Solaris, Rue du Lac
d'Annecy **1053-Les Berges du Lac - Tunis**

AUDITORS' GENERAL REPORT
ON THE FINANCIAL STATEMENTS AS AT
31 DECEMBER 2019

I. Report on the Financial Statements

Opinion

We have audited the financial statements of the association Education For Employment- E.F.E Tunisia, which comprise the balance sheet as at December 31, 2019 show a total of 1 441 708 TND, and the income statement show a net negative surplus of 242 925 TND, and cash-flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

These accounts have been prepared by the management on the basis of the information available at that date in an evolving context of the health crisis related to the Covid-19.

In our opinion, the accompanying financial statements of the Company are prepared, in all material respects, in accordance with the accounting system of enterprises in Tunisia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) applicable in Tunisia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Tunisia, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Observation

Without calling into question the opinion expressed above, we draw your attention to note to the financial statements n °5 concerning events after the closing date and related to the COVID-19 pandemic.

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

Management is responsible for the preparation of the financial statements in with the accounting system of enterprises in Tunisia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

II. Report on other legal and regulatory requirements

As part of our statutory audit mission, we also carried out the specific verifications required by the regulatory texts in force in this area.

In accordance with the provisions of Article 40 of Legislative Decree No. 2011-88 of 24 September 2011, we note that the information given in the registers prepared by the association for the year 2019 are updated.

The registers are :

- ✓ The register of members;
- ✓ The register of the deliberations of the management bodies ;
- ✓ The register of activities and projects;
- ✓ The register of donations.

Mourad FRADI

Tunis, XX, 2020

EDUCATION FOR EMPLOYEMENT

Apt 12-1^{er} Etage, Immeuble Solaris, Rue du Lac d'Annecy
1053-Les Berges du Lac - Tunis

**FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019**

SUMMARY

- Statement of Financial Position as of December 31, 2019
- Statement of revenue and expenses as at December 31, 2019
- Statement of cash flow as at 31 December 2019
- Notes to the financial statements

EDUCATION FOR EMPLOYMENT

1235186/L/P/N/000

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STATEMENT OF FINANCIAL POSITION

Expressed in TND

ASSETS	Notes	31-déc-19	31-déc-18
ASSETS			
Cash and cash equivalents	2.1.1	1 304 141	764 041
Other current assets	2.1.2	56 133	122 385
Financial fixed assets		20 404	20 404
Tangible Fixed Assets	2.1.3	59 207	44 042
Intangible Fixed Assets	2.1.4	1 823	1 377
Total assets		1 441 708	952 249
LIABILITIES			
Bank loans and other financial liabilities	2.2.1	134	1 137
Other current liabilities	2.2.2	268 548	162 130
Suppliers	2.2.3	251 675	110 556
Provision		14 592	14 592
Total Liabilities		534 949	288 415
ACTIFS NETS			
Surplus or Deficit deferred	2.3	663 834	726 814
Surplus or deficit of the year	2.3	242 925	<62 980>
Total NET ASSETS		906 759	663 834
TOTAL LIABILITIES AND NET ASSETS		1 441 708	952 249

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**Statement of revenue and expenses
as at December 2018 (Expressed in Dinars)**

	Notes	31-déc-19	31-déc-18
<u>OPERATING INCOME</u>			
Operating Grants	3.1.1	2 821 448	1 473 493
Other earnings	3.1.2	3 753	9 212
Total income		2 825 201	1 482 705
<u>EXPENSES</u>			
Purchases of consumed Supplies	3.2.1.1	98 931	133 056
Staff Expenses	3.2.1.2	816 856	517 873
Depreciation and provisions		34 619	41 123
Other current expenses	3.2.1.3	1 631 514	851 978
Net financial expense		350	262
Other losses	3.2.2	6	1 393
TOTAL EXPENSES		2 582 276	1 545 685
Excess of income over expenses for the year		242 925	<62 980>

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Cash Flow Statement
(Expressed in Dinars)

	Notes	31-déc-19	31-déc-18
<u>Cash Flow from Operating Activities</u>			
Receipts of income from activities and events			
Receipts of operating grants		2 821 448	1 377 095
Receipts of other income and contributions		122 181	4 144
Disbursement of amounts paid to suppliers		<1 577 866>	<1 022 522>
Disbursement of salaries paid to staff		<420 040>	<263 144>
Other disbursements from current activities		<404 624>	<275 675>
Other disbursements (Cash)		3	
Cash Flow from Operating Activities		541 102	<182 102>
<u>Cash Flow from Investing Activities</u>			
Payments for acquisitions of Tangible and Intangible Fixed Assets			<2 859>
Receipts on disposal of tangible and intangible assets			
Cash Flow from Investing Activities		0	<2 859>
<u>Cash Flow from Financing Activities</u>			
Cash Flow from Financing Activities		0	0
Treasury Variance		541 102	<182 961>
Cash at the beginning of the year		762 904	945 865
Cash at closing	4	1 304 006	762 904

**NOTES TO THE FINANCIAL STATEMENTS AS
AT 31 DECEMBER 2019**

**NOTES TO THE FINANCIAL STATEMENTS AS
AT 31 DECEMBER 2019**

(Figures in Tunisian Dinars)

NOTE 1- APPLIED ACCOUNTING PRINCIPELS

1-1- Presentation of accounts and the financial statements:

Association EDUCATION FOR EMPLOYMENT TUNISIA financial statements as at 31 December 2019 were prepared in accordance with accounting hypothesis and conventions provided by the corporate accounting system of 1996.

The income and cash flow statements are presented in accordance with the authorized model.

1-2- Accounting System:

Association EDUCATION FOR EMPLOYMENT TUNISIA accounting system are presented as follows:

The accounting records are kept on PC computer and on the foundation's local server.
The input is carried out directly on accounting documents.

The accounting software currently in place allows for the preparation of the general subsidiary ledger, auxiliary trial balance and General ledger trial balance.

1-3- Applied Accounting Principles:

The most significant Accounting principles and methods applied by **Association EDUCATION FOR EMPLOYMENT TUNISIA** for the preparation of its financial statements are as follows:

1-3-1- Recognition of tangible and intangible fixed assets:

Tangible and intangible fixed assets are recognized at their acquisition costs including VAT and handling charges incurred directly for their acquisition costs and their put into service. They are depreciated on a straight-line basis based on the following rates:

Material and tools	15%
Telephone Equipment	20%
Design, Fittings and installations	10%
Office Equipment	20%
Computer Equipment	33,33%

1-3-2- Monetary Unit:

Association **EDUCATION FOR EMPLOYEMENT TUNISIA** accounts are presented in Tunisian dinars.

1-3-3- Going Concern:

The financial statements as at 31 December 2019 are prepared with going concern perspective.

NOTE 2- INFORMATION AS REGARDS THE STATEMENT OF FINANCIAL POSITION

2-1 Assets

2-1.1 Cash and Cash equivalents:

This caption totaled 1 304 141 TND as at 31/12/2019 detailed as follows:

	<u>2019</u>	<u>2018</u>
BIAT EFE NEAAC	536 650	0
BIAT E.F.E TN	24 474	17 085
BIAT DROSOS	378 627	461 706
BIAT MEPI	1 371	1 371
BIAT EFE CITI	71 544	6 412
BIAT EFE MEPI ALGERIE	19 151	19 217
BIAT EFE SPARK*	0	26 300
BIAT EFE BAD*	0	21
BIAT EFE OSF	3 828	231 536
CAISSE EFE	179	393
BIAT EFE JOBS	97 535	0
BIAT EFE STEP	167 784	0
Total	1 304 141	764 041

*This is a closed bank account.

2-1.2 Other Current Assets:

Other current assets totaled 56 133 TND as at 31/12/2019 detailed as follows:

	<u>2019</u>	<u>2018</u>
Royalties on salaries	49	49
Various Debtors	33 498	7 113
Accrued Expenses	17 668	9 510
Suspense Acts	2 065	2 064
Withholding/sales	4 397	4 397
Receivable product	9 314	105 713
Provision for impairment	<10 859>	<6 462>
Total	56 133	122 385

2-1.3 Tangible Fixed Assets:

The net value disclosed in the balance sheet corresponds to the acquisition value of the association's fixed assets elements totaling 195 689 TND reduced by the accumulated depreciation totaling 136 482 TND as at 31 December 2019.

Acquisitions are recognized at the purchase cost including VAT.

The Depreciation table is presented under appendix I. It traces the development of its components.

2-1.4 Intangible Fixed Assets:

The net value disclosed in the balance sheet corresponds to the acquisition value of the association's fixed assets elements totaling 95 012 TND reduced by the accumulated depreciation totaling 93 189 TND as at 31 December 2019.

Acquisitions are recognized at the purchase cost including VAT.

The Depreciation table is presented under appendix I. It traces the development of its components.

2-2 Liabilities

2-2.1 Bank loans and other financial liabilities:

This account totaled 134 TND as at 31/12/2019 detailed as follows

	<u>2019</u>	<u>2019</u>
BIAT EFE NEAAC	0	593
BIAT MEPI PRO	0	464
BIAT EFE ACCENTURE	134	68
BIAT MSI*	0	12
Total	<u>134</u>	<u>1 137</u>

*This is a closed bank account.

2-2.2 Other Current Liabilities:

Other current liabilities totaled 226 976 TND detailed as follows as at 31/12/2019:

	<u>2019</u>	<u>2018</u>
Withholding tax 1.5 %	444	445
Withholding tax 15%	1 200	1 200
Withholding tax 5%	1 770	1 770
Due taxes and Duties	48 553	29 964
CNSS	31 168	30 928
CNRPS	6 435	0
Provision for paid vacation	79 146	21 806
Accrued Expenses	97 079	74 319
Due salaries	1 158	563
Other Creditors	1 595	1 135
Total	<u>268 548</u>	<u>162 130</u>

2-2.3 Trade payables:

This account totaled 251 675 TND as at 31/12/2019 detailed as follows:

	<u>2019</u>	<u>2018</u>
Suppliers – Purchases of goods / services	252 335	110 556
Suppliers – Invoices not issued	<660>	
Total	<u>251 675</u>	<u>110 556</u>

2-3 Net Assets

The difference between income and expenditure for the year resulted in a surplus of 242 925 TD, this surplus was added to the surplus from previous years of 663 834 TD:

	Allocations	Contributions allocated to fixed assets	Investment grants	Other net assets	Reserve	Surplus or Deficit deferred	Surplus or deficit of the year	Total
<i>Balance as of December 31, 2018</i>	0	0	0	0	0	726 814	-62 980	663 834
<i>Contributions received as grants</i>								0
<i>Contributions allocated to fixed assets</i>								0
<i>Investment grants</i>								0
<i>Resorption of contributions allocated to fixed assets</i>								0
<i>Absorption of investment subsidies</i>								0
<i>Other net assets</i>								0
<i>Allocation of the surplus from the previous year</i>						-62 980	62 980	0
<i>Surplus for the year</i>							242 925	242 925
<i>Balance as of December 31, 2019</i>	0	0	0	0	0	663 834	242 925	906 759

NOTE 3- INFORMATION AS REGARDS THE INCOME STATEMENT

3-1 Operating Income

3-1.1 Revenues:

	<u>2019</u>	<u>2018</u>
Subsidy MEPI	0	<18 619>
Subsidy DOROS	204 985	624 720
Subsidy OSF	0	516 800
Subsidy NEA	988 896	71 502
Subsidy SPARK	<11 942>	30 127
Subsidy CITI	144 588	96 398
Subsidy ACCENTURE	0	152 565
Subsidy JOBS	1 327 119	0
Subsidy STEP	167 802	0
Total	2 821 448	1 473 493

3-1.2 Other operating revenues:

	<u>2019</u>	<u>2018</u>
Contribution POULINA	0	4 362
Contribution IBIS SFAX	2 758	0
Contribution (Others)	995	4 850
Total	3 753	9 212

3-2 Expenses

3-2.1 Operating Expenses:

		<u>2019</u>	<u>2018</u>
Purchases of consumed supplies	3.2.1.1	98 931	133 056
Staff Expenses	3.2.1.2	775 636	517 873
Depreciation & provisions Allowances		34 619	41 123
Other operating expenses	3.2.1.3	1 631 162	851 978
Total		2 540 348	1 544 030

EDUCATION FOR EMPLOYEMENT TUNISIA
Statutory Auditors' Report - Fiscal Year ended December 31, 2019

3-2.1.1 Purchases of consumed supplies:

	<u>2019</u>	<u>2018</u>
Purchase of supplies /Training session	35 725	27 108
Purchase of studies and services	6 102	2 093
Carburant	0	230
Achat non stocké de fournitures /formations	0	0
Water	430	110
Electricity	10 289	6 494
Office Supplies	20 342	22 367
Office Supplies /training	26 043	74 654
Total	98 931	133 056

3-2.1.2 Staff Expenses:

	<u>2019</u>	<u>2018</u>
Salaries	668 909	433 855
Paid vacation	48 602	16 151
Social Contribution	97 157	68 741
Workmen's compensation	2 447	1 919
Others benefits	<259>	<2 793>
Total	816 856	517 873

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3-2.1.3 Other Operating Expenses:

	<u>2019</u>	<u>2018</u>
Fees trainers2	320 130	215 593
Fees	686 540	266 876
Receptions	195 689	88 638
Travels	29 364	18 414
Rent head office E.F.E	68 236	63 584
Lodging on missions	147 918	83 977
Transportation of candidates and Trainers	23 713	7 460
Insurance Premiums	0	0
Telecom Charges	27 844	30 961
Adverts	28 505	7 141
ADSL charges	666	882
Various Rent	19 705	10 921
Transportation of staff	0	3 998
Training Expenses	22 062	12 899
Cleaning	11 517	5 010
Car Rentals	18 970	5 576
FOPROLOS	7 179	4 375
Courses charges	8 809	3 658
Bank commissions	4 211	2 201
Visa charges	1 814	433
Gifts	1 758	0
travel stamp	680	0
Registration and stamp duty	1 092	0
Repairs and maintenance	4 958	19 301
Taxi charges	144	61
Insurance Travel	0	19
Total	1 631 514	851 978

3-2.2 Other ordinary losses:

	<u>2019</u>	<u>2018</u>
Pénalités	2	6
Regulation difference	4	1 387
Total	6	1 393

NOTE 4- INFORMATION AS REGARDS CASH FLOW STATEMENT

The cash flow statement gave rise to a negative variance of 541 102 TND as at 31 December 2019 detailed as follows:

Cash Flow from Operating for 541 102 TND

Cash Flow from Investing is zero TND

NOTE 5- SUBSEQUENT EVENTS

E.F. E's business has not been impacted by the Covid-19 pandemic. Indeed, for certain projects mainly, we have adapted the activities implemented according to the context of the pandemic, namely, the establishment of the "sahti.tn" platform as well as the training which was provided remotely.

NOTE 6- NOTE ON EVENTS AND MANIFESTATIONS ORGANIZED

headings	Event 1 : Workshop de réformes des plans d'études	Event 2 : Graduation Drosos et Citi	Event 3 : Graduation NEA	Event 5 : Curriculum reform workshops with the Ministry of Higher Education (USAID JOBS)	Event 6 : TIC Trade Reference Update (USAID- JOBS)
<u>Receipts</u>					
* Registration fee	0	0	0	0	
* Sponsorship	0	0	0	0	
* Product sales	0	0	0	0	
Total	0	0	0	0	

Headings	Event 1 : Workshop on reforms of study plans	Event 2 : Graduation Drosos et Citi	Event 3 : Graduation NEA	Event 5 : Curriculum reform workshops with the Ministry of Higher Education (USAID JOBS)	Event 6 : TIC Trade Reference Update (USAID- JOBS)
<u>Spending</u>					
*Accommodation and refreshment	19 913	8 966	5 728	81 385	22 852
* Communication			1 191		
* Transportation and travel expenses			3 306		
* Design fees and printing documents		457			
* Assistance Workshops venue rental	7 490				
* Assistance Workshops consultancy fees	39 624			90 624	43 333
Total	67 027	9 424	10 224	172 009	66 185

Surplus / Deficit	-67 027	-9 424	-10 224	-172 009	-66 185
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NOTE 7- NOTE ON THE BUDGET

Postulate from start: All projects are marked by an overlap over the calendar year, a linear prorating work has been done to reflect the N and N + 1 budget over the calendar year assuming that the activities are also carried out at a linear pace over the year:

Headings	Budget N+1	Budget N	Réalisations N	Deviations N	Explanations
USAID JOBS	3 004 993	3 041 923	1 499 455	1 542 468	The USAID project actually started in September 2019, activities were held in the first and second year of the project, and the USAID Jobs project strategy was approved in February 2019, the project's Year 3 workplan is under way to be validated in October 2020.
DROSOS	437 323	396 792	387 656	9 136	The project is underway and the activities are being carried out cost savings have been carried out on the training spaces and on the hourly volume of training, optimization work has been carried out on the activities to reach more beneficiaries, while maintaining the achievement of the program objectives with the exception of the social entrepreneurship program, EFE Tunisia has extended its partnerships with other partners (Orange , House of the picture).
CITI	237 561	198 029	125 995	72 033	CITI is an ongoing project both in terms of fundraising and in terms of activities
NEAAC	181 170	1 482 735	1 006 765	475 970	The project is underway and activities are being carried out, an extension has taken place in 2018 to extend the project until 2020.
STEP	457 417	114 354	7 798	106 556	The project started in October 2019 and activities actually started in early 2020, the project is running.
	4 318 464	5 233 833	3 027 669	2 206 164	

TABLE OF INTANGIBLE AND TANGIBLE FIXED ASSETS AND AMORTIZATION AT 31/12/2019

DESIGNATION	FIXED ASSETS – GROSS VALUES			DEPRECIATION			NET VALUES
	31/12/2018	ACQUISIT°.	31/12/2019	31/12/2018	DOTATION	31/12/2019	31/12/2019
INTANGIBLE FIXED ASSETS							
Software	84 897	2 695	87 592	83 519	2 250	85 769	1 823
Site Web EFE TUNISIA	7 420		7 420	7 420		7 420	-
Total Intangible Fixed Assets	92 317	2 695	95 012	90 939	2 250	93 189	1 823
TANGIBLE FIXED ASSETS							
Computer Equipment	93 023	37 069	130 092	73 147	20 287	93 434	36 658
Office Equipment	32 144		32 144	23 847	4 183	28 030	4 114
Fittings, Design and Installations & Function Facilities	24 681		24 681	8 878	2 468	11 346	13 335
Telephone Equipment							
Tangible fixed assets in progress	2 703	6 069	8 772	2 638	1 034	3 672	5 100
Total Tangible Fixed Assets	152 551	43 138	195 689	108 510	27 071	136 482	59 207
GRAND TOTAL	244 868	45 833	290 701	199 449	29 321	229 671	61 030