



Annual Report 2022

SOS CHILDREN'S VILLAGES HUNGARY

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Dear Supporters,



“Why did you come for the Mother’s Day party when there is no point in it for you?” – 8-year-old Heni was asked the stern question.

Children in the care system are often exposed to different forms of bias. They should not be the ones to take the blame for their past, for things beyond their control. It takes immense effort for them to rise above their circumstances in the face of prejudice.

For 40 years in Hungary, we have been working to provide a loving home to children who lost parental care and to help turn their fate around. ‘Children in Social Care Day’ that came alive on the initiative of SOS was held for the second time this year to encourage media outlets and businesses to take joint action as well as to raise awareness on the difficulties of affected children, and the need for acceptance, empathy and public support.

Thank you for your valued contributions to our efforts and your attention to our work in 2023.

A handwritten signature in blue ink, consisting of stylized, flowing letters that appear to be 'GK'.

Gergely Kiss
Managing Director

1. Activities of SOS Children's Villages Hungary

With a presence in 137 countries on five continents, SOS Children's Villages takes care of more than 84,000 children in foster care and youth homes and supports through various other programmes an additional 500,000 children and adults worldwide. SOS Children's Villages have been running a network of foster parents in Hungary since 1983.

Foster care network

In 2022, as many as 223 children were raised in Hungary's SOS Children's Villages under the care of 92 foster parents, across 43 locations. The foster parent temporarily looks after the child under its care until an adoptive family is found or until the child's family circumstances are properly sorted for them to return home. Last year, only 7% of children were reunited with their families, with the majority being raised by foster parents. Children who enter child protection services often arrive in the foster family lagging behind due to neglect and previous difficulties in living conditions, and therefore are acutely traumatised. The foster parents and SOS professionals, child development teachers and psychologists work closely together to help the children catch up on their shortcomings and have a balanced childhood. A foster parent looks after each child under their care as if they were their own, catering for their physical and emotional needs, offering them the same care as they would want for a child to receive from their biological family.



Youth Programme: preparation for independent living

From the age of 18, youngsters are eligible to continue in our youth programme. At this stage they can move out from their foster family home to live among other youth of similar age, now in a more relaxed but still supervised environment. As the next step towards independence, they can move into an apartment maintained by the foundation, where they can start a life of their own managing their own finances, without a caretaker, while still enjoying the daily support of professionals of the foundation.

Our programmes help young people in obtaining proper qualification and access to employment and housing. In 2022, we had as many as 33 young people involved in our youth programme. We are seeing an increasing number of our young people start a life of their own with the right level of confidence and self-reliance.



Residential care home

With a maximum occupancy of 12, our residential care home offers accommodative care for children taken into temporary placement or social care between the ages of 12 and 18, as well as for adolescents involved in aftercare. Thanks to its structured care and support plan it caters for the integrated care of children with special or additional needs, children manifesting severe psychological or dissocial symptoms or children with dual needs, accommodating 2 persons at a time. Last year we looked after 5 children who had been taken in care. Our goal is to provide for a transformation of this programme, ensuring that our youth are placed with specialised foster parents, where they gain bespoke care and treatment specifically suited to their personal needs.





Preventing families from falling apart

Sometimes parents are temporarily unable to care for their child because of an unexpected life event. Such an event could include a long-term illness, hospitalisation, housing problems, or the parent and its child having to flee domestic abuse.

Kuckó Family Transitional Home in Kecskemét offers a solution to these crisis situations. While parents sort out their living conditions, the Kuckó provide a safe shelter for the children and their parents. The Kuckó was set up originally with 12 spaces in 2015 with the support of the European Union and co-funded by the European Social Fund, and expanded in 2018 to accommodate an additional 12 children.

Last year, we helped 88% of Kuckó's inhabitants to avoid children being removed and to keep the family together. In 2022, we looked after a total of 40 children and 19 parents.

Reuniting families and helping new families come alive

One of the most important achievements of SOS Children's Villages is the reunification of children with their biological families or their successful adoption. In 2022, **14 of our children were placed into adoptive families and 5 children were reunited with their parents.** To ensure the success of family reunifications we not only deal with children but their biological parents as a matter of priority.

We help and facilitate the child's being in touch with their parents, organise regular get-togethers, and ensure that parents have a chance to follow up on their children's progress, and to be able to newly welcome them home, when the time comes.

Recode your life

As part of our programme **Recode your life**, SOS offers children in social care, as well as those underprivileged, a variety of tutoring sessions in English, coding and other areas focusing on skill and personal development. We are specifically looking for children who have learning difficulties or are otherwise struggling in the school system. With our programme we are aimed helping children recover their motivation to learn and to gain access to relevant knowledge which they might later use when entering the labour market.

At present, a total of 220 children participate in the programme, both from within and outside of SOS, currently **including 175 young refugees**. The programme is driven by an organisation called **Global Human Dignity Foundation**, along with our professional and financial support.

Refugee programme

The Hungarian SOS team had already committed its fair share of support in the refugee crisis back in 2015. In 2022, we were there at three locations, lending a helping hand to families fleeing the war.

In a joint effort with **Not-for-Profit Social Alliance “Strázsa Tanya”**, operating in **Szabadszállás**, we have been actively dealing with refugee families facing difficulties around daily care, due to a family member's struggle with long-term illness or disability. One distinguishing feature of the programme was that refugees were not only provided with food and shelter but also received specialised assistance, such as support around official paperwork or with the schooling of their kids. Refugees also gained access to development sessions, language courses and leisure time activities on the ranch.

In partnership with the Budapest Methodological Centre of Social Policy and Its Institutions (BMSZKI), we have offered support in the care of several hundreds of refugees. We made contributions to cover various expenses such as for medication, free-time activities of children, or costs related to family reunification, procurement and development of equipment to joint spaces of the residential home, translation, the obtaining of official paperwork, or the retainer fees of specialist workforce engaged in the care and support of refugees at BMSZKI.

The programme also helped to provide meals for refugees at **Migration Aid's** Budapest shelter on Madrid Street. In 2022, we contributed to supplying meals to around 3,500 refugees.



Running a child protection alert system

SOS Children's Villages strongly condemns all forms of child abuse, whether it occurs within the organisation or outside. It is important for us to provide a caring and protective environment for children who are displaced from their biological families. One that prevents child abuse and gives adequate response, should such occur. This is why we introduced a child protection alert system in 2013. All team members are obliged to forward to the relevant team of experts within 24 hours any alerts received, which will then be investigated within 48 hours. We will inform the competent bodies and persons about the alert and take the necessary legal action. If reported, we also investigate cases that occurred before 2013. In 2022, we received 28 reports from children and team members about cases involving physical or psychological/emotional harm. All cases were duly investigated, escalated and reported with the Ministry in accordance with the applicable procedure. We identified no criminal offences committed against any of our children within the network. We offer to our staff dealing with case management in child abuse regular workshops focusing on key pressure points of child abuse, offering them a platform for sharing of relevant knowledge and experience.

NUMBER OF CHILDREN IN SOS' CARE IN 2022

Programme	Number of children
Children living with foster carers	223
Number of children involved in youth programme or placed into external aftercare	33
Number of children living in residential care homes	5
Kuckó Temporary Child Home	40
Recode your life	220
Refugee programme	1968

2.

Our events in 2022

Transformations within SOS

The Kőszeg Children's Village was put up for sale at the end of 2022. Going forward, SOS Children's Villages in Vas County will offer professional counselling and specialised programmes rather than a foster care network. However, the foundation will not abandon its existing network of foster families in Vas County and we will continue to support them until 2025. At the end of 2022, only 1 out of 9 foster families lived in the children's village of Kőszeg, the other families were raising their children in their own property. From 1 July 2023, the families will be employed by the Foster Care Network „Evangelikus Mózeskosár”, but SOS will continue to provide solid professional support and programmes to the network and the county and will continue to be present in the lives of the families and the region.



In the rest of the country, SOS will expand its network of foster parents and launch new projects. Among others, a special foster care programme will be launched focusing on the care of children struggling with acute psychological and behavioural disorders.



Looking for foster carers who have it a bit different.

We have launched our recruitment campaign for foster carers specialising in bespoke care (BC). Bespoke care parents care for children who struggle with complex social or learning difficulties, psychological or mental disorders or are otherwise disturbed or handicapped. Often these children, including mainly adolescents and teenagers, have been through multiple levels of the care system. Only one child is placed into each family, given that care for such a vulnerable child requires increased attention.

<https://www.sos.hu/kiveteles/>

Trauma-informed training

Children and young people raised in social care tend to be highly vulnerable due to their adverse childhood experiences: relevant research suggests that 75% of children had been exposed to trauma before they were taken into care.

We aspire to equip those engaged in safeguarding with the right tools and skills to understand trauma and how best to respond to the needs of children and young people.

In 2022, we ran a training course previously developed as part of our project „Safe spaces, thriving children” to professionals dealing with refugees, duly supported by a Ukrainian-Hungarian interpreter.



In 2022, a total of 3 training sessions were held within an international collaboration project, involving 45 participants. In these trainings, young people with a background in care participate as co-trainers. Our training, offered in 8 languages and available as e-learning, was accredited in 2022.

<https://childhub.org/hu/online-learning-materials/trauma-and-alternative-care>

Going live with web-based modules for foster care training

The e-learning version of the theoretical module of our foster parent training has now gone live. Fresh applicants now have the chance to complete a part of the 60-hour foster parent training in an online fashion, while doing revisions in group work and through webinars.

Leaving Care programme

Every day, 7 young people leave child protection and start a life of their own. SOS' Leaving Care Project offers them guidance along their way towards an independent life.

The goal of our Leaving Care Project which has been running for the fifth year now is to prepare those leaving child protection for an independent live of their own. Thanks to a grant from the European Commission, we have devised and rolled out a tailor-made training programme to educate domestic professionals, including our local team working with SOS youth on how best to aid young people's efforts towards an independent life. This is a special initiative for it allows youngsters coming from a background in care to take part in the project as experts or co-trainers. A total of 16 people completed this training course in 2022.



Together we can – international project in decision making

In October 2022 our international project dubbed „Together we can – Children in decision-making was launched. Built around the participation of young people and with a playful design, the programme is aimed at encouraging the active social engagement of children and youth, as well as raising the awareness of professionals and decision-makers working with them, with the help of e-learning materials.

The professional board of the project include the following members: az Department for Equal Opportunities and Children's Rights of the Office of the Commissioner for Fundamental Rights, Budapest Methodological Centre of Social Policy and Its Institutions, Integrated Legal Protection Service (children's rights advocates), Varga László Junior School Kecskemét, Hajnalcsillag School of the Reformed Church in Kecskemét, National Child Protection Service and Pilis Kindergarten.





Start of our mentorship programme for foster parents

We place a strong emphasis on mentoring and practical support for foster parents within the organisation, which is why we have set up our mentorship programme for foster parents. In this programme, foster parents who have been working in the field for several years share their experience to help new foster parents in their daily work. The mentors were trained for the task in an interactive workshop, after which they could start working with the new foster parents.

Survey on public sentiment

Children in state care often experience first-hand prejudice or discrimination. SOS Children's Villages conducted an online survey to find out how people feel about those living or having grown up in the care system. Nearly 2,000 people completed the survey.

7 % of those surveyed are of the view that it is the child's fault if it ends up in the care system. The same amount of people responded that they could not really tell whether it was the child to blame. Men are more inclined to be on the strict end, with every seventh blaming the child, while this ratio is every sixteenth with women. Every seventh person answered that they could not fathom the thought of their own child dating someone with a background in care. Our prejudice survey gave the basis for our October 7 Campaign, launched on the Day of Children in Care, which did in fact confirm us in our belief that we have yet a long way to go in fighting negative sentiment.

Minden harmadik ember egyetért azzal az állítással, hogy az állami gondozottak gyakrabban szegnek törvényt.



Ne ítéld előre!

Október 7.
az állami gondoskodásban élő
gyerekek napja

Összefogás 
az állami gondoskodásban
élő gyerekekért

www.sos.hu/oktober7

Volunteer programme

In 2022, our volunteers have largely supported the work of the Coordination Office by translating professional material, carrying out administrative tasks and coaching our colleagues. They were involved in all the work phases of our patronage project: our storytelling volunteers wrote letters about the children based on interviews with the foster parents, which were translated into English and German by our translation volunteers. The videos about the children were edited by volunteers and the patronage letters were also prepared for mailing by volunteers.

We are doing our best to ensure a safe and calm environment for the children and young people in our care, so our volunteers are not normally involved with them directly. An exception to this is our online tutoring programme, which continued in 2022 with 24 volunteers tutoring 29 children and young people in our care. The programme helped boost the self-esteem and motivation of pupils who did better in school.



In 2022, a total of 121 volunteers supported the work of SOS Children's Villages, devoting as many as 1353 hours of their time, in the value of 5.1 million HUF.

3. Fundraising, our income

Children living in SOS Children's Villages enter the foster care system burdened by serious family conflicts and emotional trauma, and therefore require a lot of attention, psychological support, development and love. To provide a high-quality service we make use of regular donations from private individuals and businesses, as well as funds from diverse grants.

Fundraising income accounts to 38% of the Foundation's total income, with the remainder coming from financial support collected from foreign donations by SOS Children's Villages International, from government funding and other sources of income. Our 2022 income from fundraising and grant contributions totalled 998 million Forints.

a. FUNDRAISING FROM DONATIONS

Sponsorship by private individuals:

Private individuals can support our activities through ad hoc or recurring sponsorship, by donating 1% of their personal income tax, or by making a legacy donation. In 2022, we raised a total amount of 723 million Forints in donation coming purely from private individuals.

Corporate sponsors

Our corporate sponsors have supported the Foundation with financial sponsorship, targeted donations for our major projects, in-kind donations and volunteer work and the organisation of programmes. In 2022, a total of 256 million Forints was donated by our corporate partners.

Best Partners and platinum-level sponsors who have made one-off lump sum contributions or long-term commitments to SOS include: AKA-Alföld Koncessziós Autópálya Zrt., Black Rock, Budapest Marriott Hotels, C&A Mode Kft., CEZ Magyarország Kft., Dr. Imperial Logistics International, OBSERVER Budapest Kft., Oetker Magyarország Kft., Magyar RTL Televízió Zrt., Mars Magyarország Értékesítő Bt., MVM Zrt, National Media and News Authority, NN Biztosító Zrt., Pepco Hungary Kft., Prímaenergia Zrt., WING Zrt., XXI. Század Media Kft.

Successful grants

The "Safe Places, Thriving Children / „Embedding Trauma-Informed Practices into Alternative Care Settings" project was running for two years (2020-2022), co-funded by the European Union's Rights, Equality and Citizenship (REC) programme. The project aimed to provide children and young people growing up in alternative care with the support they need to develop and live up to their full potential. The amount of the grant was 128,000 euros.



In December 2021, we were awarded the Digital Village programme for 2022, which was granted by Allianz, in a total value of €30,000. As part of this project, we have created an e-learning platform where SOS staff as well as children and young people in SOS can access and test their knowledge on various educational/training and orientation materials. In addition to the above, we launched a children's rights knowledge contest on another digital platform where children and young people living in SOS could show what they have learned about their rights and how they can put it into practice by uploading photos, videos and other creative content. The best entries received valuable prizes.

In October 2022, we launched our two-year project "Together we can: strengthening children's participation in decision-making, with a special focus on crisis situations (including COVID-19)", co-funded by the European Union's Citizens, Equality, Rights and Values programme. The project is implemented in cooperation with sister organisations SOS Children's Villages in Bulgaria, Hungary, Italy and Spain. The aim of the "Together we can" project is to promote the participation in decision-making of underprivileged or vulnerable children and young people and/or those coming from a background in alternative, at both local, regional and national level on issues that affect them. The grant amount is €130,000.

In the past year, millions of refugees were forced to flee the war in Ukraine. As part of the consortium appeal „Regional humanitarian aid for a Ukraine in crisis”, SOS launched an aid programme.

Joining forces with SOS Children’s Villages Canada (SOS CA), SOS Children’s Villages Denmark (SOS DK), Hermann-Gmeiner-Fonds-Deutschland e.V. (HGFD), RTL Foundation, Canada’s Ministry of Foreign Trade and Development (DFATD) and Denmark’s International Development Agency (DANIDA), the Hungarian SOS can offer support to thousands of Ukrainian refugees. The programme has been running from 2022-2023.



Our income from private individuals, corporate sponsorships and public grants

Fundraising incomes	Y2021 In MN HUF	Y2022 In MN HUF	Y2022 % breakdown
Personal income tax (1%) contributions	31	31	3%
One-off private donations	163	145	15%
Recurring private donations	418	547	55%
Corporate sponsorships	283	220	22%
Corporate material donations	67	36	4%
Grants, other targeted donations	22	9	1%
FUNDRAISING INCOME IN TOTAL	984	988	100%

b. Fundraising campaigns

DM / EDM campaigns

In 2022, we sent out personalised donation appeal letters on six occasions, addressing 35,000 of our ad hoc sponsors as well as 15,000 of our regular patrons who make monthly contributions to children who had lost parental care.

Last year, we also had to respond to an unexpected situation: war broke out in Ukraine. Fights in the immediate vicinity of SOS's Kiev location required the urgent evacuation of children and families, so we set off on a quick fundraising appeal. We kept our supporters informed about the situation of the families by email and social media. Our campaign raised 13 million forints, and thanks to international support, families were able to flee the war zone physically unharmed.

Peak fundraising periods include the time around the filing of tax returns and 1% personal tax donations as well as Christmas. Our 1 % campaign was primarily held online, through which we raised approximately 31 million Forints in donations from 3,500 private individuals.



Day of Children in Care

Our week-long autumn fundraising campaign with RTL Klub to mark Children in Care Day was a great success. From the 3rd to 7th October, viewers on primetime TV could gain an insight into the everyday life of SOS Children's Villages featuring the work of the Foundation's professionals. The reports were aired in Fókusz Plus on weekdays and also on Saturdays.

Thanks to the programme featuring SOS over the course of a week, viewers donated 5.5 million Forints. RTL topped up the donation by an additional 10 million Forints.



Face-to-Face on the street and in the online space

Our Face-to-Face (F2F) street-based individual fundraising campaign has been running for seven years. F2F is a direct dialogue-based fundraising format where our own fundraisers (the Facers) approach passers-by on the street, in department stores, markets or supermarkets, briefly introduce them to the activities of SOS Children's Villages and invite them to become regular sponsors.

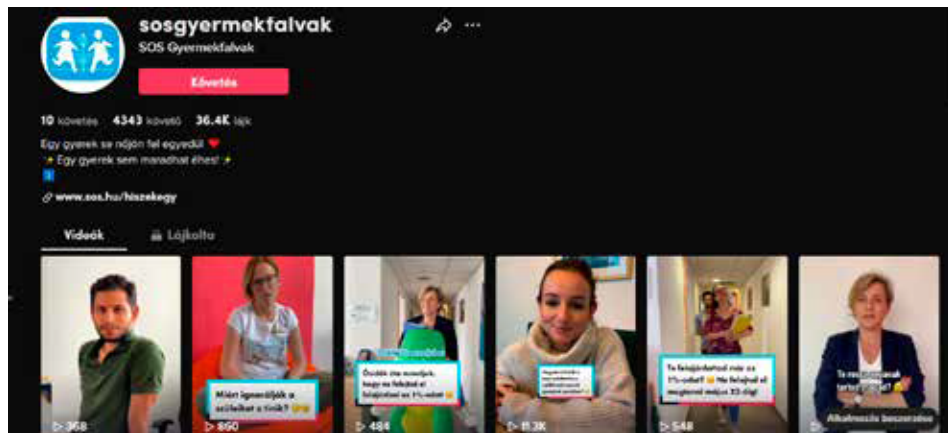
In 2022, facers spoke to nearly 50,000 people about our work and signed 5,000 new sponsorship contracts. We now have 70 recruiters present in Budapest, Debrecen, Szeged, Békéscsaba, Pécs, Szombathely, Kaposvár, Esztergom and Zalaegerszeg.



General outreach activities

Newly in the metaverse

We have now gone live on several social media outlets, as we have launched our Instagram and TikTok channels. In 2022, we had 51 thousand followers on FB, 1,700 on Instagram and 4,300 on TikTok. We share day-to-day content in a bid to sensitise, inform and educate people on child protection, safeguarding and parenting.



Don't judge too quickly!

Since 2021, SOS has celebrated the Day of Children in Care on 7th October. We reached out to national media outlets asking them to release highlights on the issue of child protection on or around that day. In 2022, we kicked off with the campaign again with similar success, extending it to companies and including influencers such as Győző Szabó, Gabi Tóth, Fanni Weisz and Nóra Ördög. This time our focus was on prejudice against people in care, with the campaign dubbed „Don't judge too quickly!”

70 media outlets and 35 companies joined the campaign, which resulted in 113 pro bono appearances, reaching mainstream media and so to millions in the public. Thanks to a week-long presence in RTL Klub's programme Fókusz, the stories of children in care reached nearly 600,000 viewers. On our own platforms, we reached 450,000 people during the week-long campaign.

The campaign was also recognised at two of the advertising industry's biggest awards, winning a special prize from the Hungarian PR Association and the Creative Prizma award for best communication campaign in the non-profit category. We also won the Civil Award for best communication campaign.



4 Financial overview

The Foundation's total income increased significantly in 2022, by 26% as compared to the previous year. This growth in revenue is mostly reflected in the foreign funds item. Over the spring of 2022, in a joint effort with the international SOS organisation, the Foundation launched a project aiding Ukrainian refugees. In the year in review, we spent HUF 306 million from the 1,103,220 EUR of project funding pooled by a consortium of 6 sponsors (SOS CV Canada, GAC-MHD, HGFD, RTL Foundation, SOS CV Denmark, DANIDA).

Our refugee project was originally intended to last for 12 months, but it was subsequently extended until mid-June 2023. Details on the scope and relevant outcomes of the Ukrainian refugee project can be found in a separate chapter.

Source of income	Y2021 MN HUF	Y2022 MN HUF	Y2022 % breakdown
Foreign funds	259	527	20%
Ongoing (normative) subsidy from the state	453	549	21%
Income from grants	22	9	1%
Fundraising revenue (excluding grants)	964	979	38%
Other revenue (operating income, VAT refund on foreign donation, exchange gains, bank interest, sale of assets, compensation)	346	519	20%
TOTAL INCOME	2044	2583	100%

The amount of normative subsidy from the state is proportional to the maximum number of children sanctioned and the number of foster parents. Although, due to reorganisation in recent years, the number of children has significantly decreased, the number of foster parents has increased significantly with a view to rationalising the average number of children in foster families. The amount of the normative state subsidy was subsequently re-adjusted in 2022 in line with the increase in the minimum wage, so that the amount of the state subsidy increased significantly compared to the previous year, but still only represented 21% of our total revenue in the year under review.

The income from grants item includes the amounts used for YouthPower, Digital Village and TogetherWeCan projects. In 2022, supporting Ukrainian refugees was our largest project in terms of foreign funding, since we did not seem to be able to rely on any specific grant funding for this urgent need.

Within fundraising income, revenues from regular sponsorship has increased the most, while the item for corporate donations and ad hoc sponsorships has decreased. The key focus continues to be on strengthening our regular sponsorship base. More details can be found under fundraising activities.

The other revenues item duly reflects the recent sale of the office and farm facilities of the Kecskemét Children's Village, accounting for the largest share (HUF 200 million), and it also includes bank interest received on short-term bank deposits that increased significantly as compared to the previous year.

The Foundation's total income of HUF 2,583 million exceeded the total expenses incurred (HUF 2,275 million), so the organisation closed the accounting year with a not-for-profit earning (profit) of HUF 307 million. The not-for-profit earning is used to build up reserves, ensuring a balanced financial basis for professional work and continued solvency.

Expenditures incurred by each organisational unit	Y2021 MN HUF	Y2022 MN HUF	Y2022 % breakdown
Expenses related to professional (business-as-usual) activities			
National foster parent network / ONSZH	821	923	41%
National Youth Care	168	252	11%
Family strengthening (Kuckó)	90	108	5%
Children's rights activities	20	24	1%
Ukrainian Refugee Appeal	0	306	13%
Business-as-usual activities in total	1099	1613	71%
Central operational costs	269	323	14%
Expenditure on fundraising activities	363	339	15%
TOTAL EXPENDITURE	1731	2275	100%

2022 was the first year of implementation of the new strategy (Reforing Sustainability Strategy - RSS). After COVID's decline, the outbreak of war, the surge in prices and the rising inflation made it difficult to achieve the goals we had set ourselves.

Compared to the previous year, our expenses have increased dramatically. Inflation has had an impact on all cost centres and types of costs, requiring us to significantly raise the amount of benefits paid to care receivers, along with salaries and commission fees. Fuel prices have increased to a significant degree and, from the autumn onwards, we have been facing drastic increases in utility charges. A number of measures have been taken to reduce utility charges (e.g. where possible, a residential tariff for foster parents and tenants) and efforts have been made to rationalise expenditure, so that by the end of the year we were nearly within the budget available.

One of the major reasons for the year-on-year increase in spending was the HUF 306 MN spent on the Ukrainian refugee project. To ensure transparency, the income and accrued expenses of the refugee project are recorded in the accounts as a separate cost item, and a separate bank account has been opened to manage the project's cash flow. The EUR amounts received (3 transfers were made in 2022) were used at the exchange rate applicable at the time of transfer to the HUF bank account of the project, and are reported as earmarked grants under liabilities until used. Under the contract, the total amount of the grant received in EUR (including exchange rate gains) must be used for the purposes indicated in the project plan.

Overall, the Foundation's aggregate expenditure in the financial year 2022, excluding the newly launched Ukrainian refugee project, increased by 14% compared to the previous year.

For the time being, we cannot provide a precise distribution of costs to each organisational unit in Navision (the name of the accounting software that will soon be replaced). Accurate cost allocation would require excessive manual work, so the data only reflect a breakdown by magnitude.

When looking at the organisational units, we can see that almost all of them reflect the above-mentioned increase in utility and fuel prices, as well as the impact of wage increases and benefit increases, including for the **National Network of Foster Parents (ONSH)**. Although the number of children and foster families has increased slightly, we are able to rent more and more homes as a result of families moving out of the Foundation's properties, so that we are not burdened with housing costs and the proceeds from rentals increase our operating income.

Youth care and **Aftercare** also operated at a higher cost level than the previous year due to inflation. Among the expenses, we can see a very significant item in maintenance costs in 2022: we renovated 6 municipal apartments to support independent housing for young adult aftercare at a cost of 52 million HUF. We can also see a massive increase in training, education and supervision efforts, with rolling out more professional trainings and team buildings as compared to the previous year. The number of young people in out-of-home placements requiring aftercare has not changed significantly between the two years, while the number of residents in the Helvetia residential home has been steadily decreasing in line with the strategic change in direction.

Our **family strengthening service in Kecskemét (KUCKÓ)** operated with two professional units throughout 2022. The number of car receivers was similar to the previous year. In the year in review, we spent more on maintenance and training than in the previous year, in addition to the impacts of inflation. In order to support families more effectively, both professional units have added an extra childminder to their teams from 2022. We have also succeeded in signing a contract with another municipality to cover the costs, so as a new partner, the Municipality of Orosháza is providing HUF 5.6 million per year to support the temporary care of families in need who come to us.

Our **activities and efforts in the field of children's rights** will continue to be funded through grants, and the evolution of costs reflects the implementation of the commitments made in the grant application. The grants in the year under review have aided the digital development of the organisation and helped encourage the independence, social participation and social inclusion of young people who are spreading their wings.

The **total expenditure of our professional activities, including the refugee project**, represented 71% of the full-year effect of our expenditure. The **fundraising** team remained at a 7% lower cost level compared to the previous year. There are several reasons for this, firstly, after the news about the radical increase in utility rates, street fundraising has virtually stopped, so part of the street fundraising team has been temporarily laid off. This resulted in a larger amount of savings.

On the other hand, we have spent a sizeable amount on the development of a sponsorship database in 2021, while this year's spend was only a fraction of that. What adds to the year-on-year difference further is that in the previous year we received a huge free publicity opportunity, which was booked as an in-kind donation, while in the current year this free publicity opportunity was smaller in volume.

And last but not least, largely due to thorough and in-depth data analysis, campaign costs have been reduced (only the in-scope target group received DM campaign materials). Strategically, the aim remains to increase and strengthen the active sponsorship base. The amount we used on targeted outreach for long-term sponsors is expected to deliver a long-term return on investment, with an impact well beyond the analysis of the data for the year under review.

Other operating expenses include expenses for running the coordination office in Budapest, centrally organised trainings and services (e.g. IT and legal services, translations, and audit fees), membership fees and costs charged on by SOS international, as well as various other expenses related to the sale of property.

Despite the difficult economic circumstances, the Foundation achieved the vast majority of objectives set out in the strategy and the annual plan. During the period under review, the Foundation's finances were balanced and commitments were met on time. There were no business activities conducted and therefore the Foundation was not subject to corporate tax liabilities. We also met the required criteria for the indicators of public benefit in terms of resource adequacy and social support. The annual audit was carried out by ASJ Hungária Kft. and the Board of Trustees approved the annual accounts package and the audit report for the year. For further details of the management, please consult the annual accounts and the public benefit annex on the website.

The Foundation is an ethical fundraising organisation and our records are public and are available for view at the Foundation's headquarters by prior arrangement.

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