

Charity organization “Charity Fund “RIDNI”

Financial statements

Prepared in accordance with IFRS

For the years ended 31.12.2022 and 31.12.2023

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INDEPENDENT AUDITOR'S REPORT

To the Owners and Management of the Charity organization "Charity Fund "RIDNI"

Qualified opinion

We have audited the financial statements of the Charity organization "Charity Fund "RIDNI" (Fund), which comprise:

- Statement of financial position (Balance sheet) as at December 31, 2023;
- Income statement, Statement of changes in net assets and Statement of cash flows for the year that ended;
- Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31 2023, its financial performance and cash flows for the year then ended, in accordance with significant accounting policies set out in Note 4, prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Basis for qualified opinion

1. Opening balances, comparative information

The comparative information of the statement of financial position (Balance Sheet) as at January 01, 2022 (the beginning of the comparative period) and the related data included in the notes to the financial statements were not audited. We were unable to obtain sufficient audit evidence about the opening balances as at January 01, 2022 in accordance with the requirements of ISA 510 on "Initial Audit Engagements – Opening Balances" using alternative procedures. As the opening balances affect the determination of the results of operations of the comparative period, we were unable to determine whether any adjustments to the results of operations of the comparative period and the amount of accumulated retained earnings at the beginning of the comparative period were necessary. Our opinion on the financial statements for the current period is modified as a result of the possible effect of this matter on the statement of financial position (Balance Sheet) as at December 31, 2023 and December 31, 2022.

Basis for qualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (further – IESBA Code), and ethical requirements applicable in Ukraine to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to the going concern

We draw attention to Notes 2 and 3 to these financial statements, which describes the events and conditions resulted from the fact that the military invasion of the Russian Federation into Ukraine took place on February 24, 2022, and is still ongoing, the consequences of which on the Fund's activities are unpredictable.

As discussed in Note 3, these events or conditions, together with other matters, discussed in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other matters

The comparative information of the statement of financial position (Balance Sheet) as at January 01, 2022 (the beginning of the comparative period) and the related disclosures included in the notes to the financial statements were not audited. Our opinion on the comparative information for the year ended December 31, 2023 and December 31, 2022 is modified accordingly.

Responsibility of management and those charged with governance for the financial statements

Management of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumptions as a basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibility of management and those charged with governance for the financial statements

Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Fund'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 Fund 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.

Auditor's responsibility for the audit of the financial statements

We communicate with those charged with governance regarding 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The audit was performed under the supervision of the Head of the Audit Department Chernovol Vadym M.

Head of Audit department



V. M. Chernovol

Registration number with the Register of auditors and audit entities: 101536

For and on behalf of BDO LLC



Director, Key Audit Partner



S. O. Balchenko

Registration number with the Register of auditors and audit entities: 101086

Kyiv, February 07, 2025

Limited Liability Company BDO. Identification code under EDRPOU: 20197074. Registration number with the Register of auditors and audit entities: 2868. Legal address: 4, Andriia Fabra Street, Dnipro, 49070. Tel. 044-393-26-87.

BDO LLC is included in the Register of auditors and audit entities in section 4 "Audit entities that have the right to conduct statutory audit of financial statements of the public interest entities". Link to the Register: <https://www.apu.com.ua/subjekty-audytorskoi-dijalnosti-jaki-majut-pravo-provodyty-obovjazzkovyj-audit-finansovoi-zvitnosti-pidpryjemstv-shho-stanovljat-suspilnyj-interes/>

Charity organization “Charity Fund “RIDNI”

**STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF
THE FINANCIAL STATEMENTS**

As at December 31, 2023

The following statement is made with a view to distinguishing the respective responsibilities of the management and those of the independent auditors in relation to the financial statements of Charity organization “Charity Fund “RIDNI” (further — the Fund).

The Fund’s management is responsible for the preparation of the financial statements (further – the financial statements) that present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, comprehensive income and cash flows and changes in equity for the year then ended in accordance with the International Financial Reporting Standards (further — IFRS).

In preparing the financial statements, the Fund’s management is responsible for:

- Selecting appropriate accounting policies and applying them consistently;
- Applying reasonable estimates and assumptions;
- Compliance with all relevant IFRS and disclosures of all significant deviations in Notes to the financial statements;
- Preparation of the financial statements on the going concern assumption, except when it is not appropriate to assume that the Fund will continue as a going concern.

The Fund’s management is also responsible for:

- Development, implementation and maintenance of effective and sound internal control system in the Fund;
- Keeping proper accounting registers disclosing at any time and with sufficient accuracy, the Fund’s financial position and enabling the management to provide for the compliance of the financial statements with IFRS;
- Taking such steps as are reasonably available to them to safeguard the Fund’s assets;
- Preventing and detecting fraud and other irregularities.

These financial statements for the financial year ended December 31, 2023, were approved on February 07, 2025 on behalf of the Fund’s management:

Director _____

Chief Accountant _____

Charity organization “Charity Fund “RIDNI”

(BALANCE SHEET) STATEMENT OF FINANCIAL POSITION

as at December 31, 2023

(in thousands of Ukrainian hryvnias, unless otherwise stated)

	Note	January 01, 2022 (unaudited)	December 31, 2022	December 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents	12	3 584	10 711	6 966
Inventories		-	130	1 925
Accounts receivable	11	472	1 964	17
Prepayments made		149	772	154
Total current assets		4 205	13 577	9 062
Non-current assets				
Property, plant and equipment and intangible assets, net	9	235 246	241 832	245 130
Total non-current assets		235 246	241 832	245 130
TOTAL ASSETS		239 451	255 409	254 192
LIABILITIES AND NET ASSETS				
Short-term liabilities				
Current payables	13	216	181	2 420
Prepayments received		740	740	1 030
Payables to the budget		62	161	226
Other liabilities		-	59	16
Lease liabilities	10	-	694	221
Total liabilities		1 018	1 835	3 913
Long-term liabilities				
Lease liabilities	10	-	192	-
Total liabilities		-	192	-
Net assets				
Temporarily restricted assets		3 584	10 841	8 891
Unrestricted assets	8	234 849	242 541	241 388
Total net assets		238 433	253 382	250 279
TOTAL LIABILITIES AND NET ASSETS		239 451	255 409	254 192

(Director)

(Chief Accountant)

Charity organization “Charity Fund “RIDNI”

INCOME AND EXPENSE STATEMENT

For 2023

(in thousands of Ukrainian hryvnias, unless otherwise stated)

	Note	2022	2023
<hr/>			
Income			
Donations and grants	14	17 906	34 561
Proceeds from lease	14	4 073	4 801
Donated assets received	14	12 160	-
Other income		1 133	656
Total income		35 272	40 018
<hr/>			
Expenses			
Expenses under existing programs	15	12 866	34 164
General and administrative expenses	16	2 014	3 351
Other expenses	17	5 442	5 606
Total expenses		20 322	43 121

(Director)

(Chief Accountant)

Charity organization “Charity Fund “RIDNI”

STATEMENT OF CHANGES IN NET ASSETS

For 2023

(in thousands of Ukrainian hryvnias, unless otherwise stated)

	Temporarily restricted assets	Unrestricted assets	Exchange differences	Total
Net assets as at December 31, 2021 (unaudited)	697	237 735	-	238 432
Increase (decrease) in net assets for year	5 491	9 458	-	14 949
Exchange differences from translation of statements from measurement currency to presentation currency	-	-	-	-
Net assets as at December 31, 2022	6 188	247 193	-	253 381

(Director)

(Chief Accountant)

Charity organization “Charity Fund “RIDNI”

STATEMENT OF CHANGES IN NET ASSETS

For 2023

(in thousands of Ukrainian hryvnias, unless otherwise stated)

	Temporarily restricted assets	Unrestricted assets	Exchange differences	Total
Net assets as at December 31, 2022	6 188	247 194	-	253 382
Increase (decrease) in net assets for year	(2 452)	(651)	-	(3 103)
Exchange differences from translation of statements from measurement currency to presentation currency	-	-	-	-
Net assets as at December 31, 2023	3 736	246 543	-	250 279

(Director)

(Chief Accountant)

STATEMENT OF CASH FLOWS

For 2023

(in thousands of Ukrainian hryvnias, unless otherwise stated)

	Note	2022	2023
Cash flows from operating activities		9 249	(7 065)
Increase (decrease) in net assets for period		14 949	(3 103)
Adjustment for:		(5 700)	(3 962)
depreciation of non-current assets	9	5 363	5 383
donated received non-current assets (or their revaluation)	9	(11 086)	(9 333)
carrying amount of right-of-use assets		23	(12)
Profit (loss) from operating activities before changes in net current assets		(2 122)	3 320
Decrease (increase) in receivables	11	(1 622)	152
Decrease (increase) in payables	13	123	2 551
Decrease (increase) in prepayments made	11	(623)	617
Net cash flows from operating activities		7 127	(3 745)
Cash flows from investing activities			
Purchase of non-current assets		-	-
Net cash flows from investing activities		-	-
Net cash flows from financing activities		-	-
Net cash flows for reporting period		7 127	(3 745)
Opening balance	12	3 584	10 711
Closing balance	12	10 711	6 966

_____/

(Director)

_____/

(Chief Accountant)

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

1. GENERAL INFORMATION

Charity organization “Charity Fund “RIDNI” (further – the Fund) is a charitable organization established to carry out charitable activities in the interests of society and certain categories of individuals.

As at December 31, 2023 and December 31, 2022, the Fund's members were Mr. Yuri Yaremowych Fedoriv, a citizen of Ukraine.

The Fund's activities are financed by grant donations, donations from individuals and legal entities, and rental income.

The legal address of the Fund is: office 68, 20D Porokhova St., Lviv city, Lviv region, Ukraine.

Actual location: 200A Kulparkivska St., Lviv city, Lviv region, Ukraine.

Fund's website: <https://ridni.org.ua/>

The Charitable Foundation was founded in 2012.

The mission of the Fund is to overcome orphanhood and develop the family concept. We work to ensure that every child grows up in a doting family with spiritual values and has a happy future. To do this, we provide children and adults with psychological, social, and educational support. We provide counseling support to adoptive parents, foster parents of family-type orphanages and foster families.

Our greatest value is the safety and well-being of every child. This motto is the key to our Fund's activities, as our work is aimed at ensuring that children grow and thrive in safety and love.

The Fund's activities are focused on key areas:

- Cross-sectoral sustainable development projects;
- Dealing with vulnerable families and preventing orphanhood;
- Mental health and social support for children, parents and professionals.

The Fund's activities and mental health products are distributed throughout Ukraine.

As of December 31, 2023, the Fund had 23 employees (2022: 14 employees).

2. OPERATING ENVIRONMENT

Ukraine's economy demonstrates characteristics of a developing country and its future development will be significantly affected by fiscal and monetary policies, implemented by the government, together with legal, regulatory, and political developments, which are subject to rapid change.

On February 24, 2022, the Russian armed forces launched a full-scale invasion of Ukraine, which affected all spheres of life and the economy of Ukraine. At the beginning of the full-scale war, parts of Kyiv, Chernihiv, Sumy, Kharkiv, Mykolaiv and Kherson regions were occupied, but were later liberated. As at December 31, 2023, Crimea and major parts of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation and are the area of active hostilities.

Since October 2022, Russia has launched attacks on energy infrastructure across Ukraine using missiles and attack UAVs, causing damage and power outages, as well as planned and emergency power outages for both

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

households and businesses. As a result of all these events, Ukraine's GDP declined by 29.2% in 2022. However, in 2023, real GDP grew by 5.3%. In 2023, the full-scale war was still ongoing, and Ukraine suffered even more losses and destruction. In particular, due to ongoing shelling of critical and energy infrastructures, the situation remains tense and affects not only the Ukrainian but also the global economy, and its further impact and duration are difficult to predict and estimate.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter — IFRS) under the historical cost basis. The Fund has adopted International Financial Reporting Standards as of January 01, 2022 in accordance with the provisions of IFRS 1 “First-time Adoption of International Financial Reporting Standards”. In accordance with IFRS 1, the financial statements for the year ended December 31, 2023, will be the first full set of financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board and the comments of the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee, as agreed by the International Accounting Committee and effective as of the date of preparation of the financial statements. An explanation of how the transition from Ukrainian National Accounting Standards to IFRS has affected the financial position of the Fund is disclosed in Note 7.

The preparation of financial statements in accordance with IFRS principles requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in the process of applying the Fund's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in paragraph 4 of these Notes.

Presentation currency

The financial statements are presented in Ukrainian hryvnia, which is the Fund's functional currency. All financial information presented in Ukrainian hryvnias is rounded to the nearest thousand, unless otherwise stated.

Going concern

The Fund's management prepared these financial statements on a going concern basis. In forming this professional judgment, the Fund's management considered its financial position, current plans, access to financial resources, and analyzed the impact of macroeconomic trends and the war of the Russian Federation against Ukraine on the Fund's activities.

The Fund has no assets on the territories where active hostilities are taking place. Since the beginning of the war, all of the Fund's assets have remained intact and have not incurred any losses as a result of hostilities.

The Fund is sufficiently provided with labor resources. The key management personnel continues to effectively

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

manage the Fund and takes all appropriate measures to support the stable operation of the Fund that are necessary under the circumstances.

The Fund fully complies with the laws of Ukraine. Taxes, duties and other mandatory payments to the state and local budgets are paid in full.

The Fund does not intend to liquidate or reduce the scope of its activities.

The Fund's management cannot foresee all changes that may have an impact on the economy as a whole, including the possible consequences of military actions on the Fund's financial position in the future. However, management reasonably believes that the Fund will have sufficient resources to operate in the next twelve months from the date of these financial statements. Management will continue to monitor the potential impact and will take all possible measures to minimize any negative effects.

Based on the current facts and circumstances, the Fund's management does not anticipate any problems related to the Fund's further operations.

Given these and other measures, the Fund's management concluded that it is appropriate to use the going concern basis for preparing the financial statements.

Litigations

During 2022-2023, the Fund is not involved in litigation or other claims. As of 31.12.2023, there are no outstanding legal issues.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Fund makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are constantly evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Apart from the judgments involving estimates, the Fund's management also uses professional judgment when applying the accounting policies. Professional judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Revaluation at the date of initial application of IFRS

At the date of initial application of IFRS, the Fund revalued its existing property, plant and equipment to fair value, which requires the exercise of judgment and the use of assumptions. The Fund's management engaged external appraisers to estimate the fair value of property, plant and equipment as at January 01, 2022, considering the revalued amount to be the reasonable cost in accordance with paragraph 30 of IFRS 1.

Useful life of property, plant and equipment (depreciation)

Depreciation of property and equipment is charged over their estimated useful lives. The useful lives are based on the estimates of the Fund's management, and the Fund assesses the useful lives of property, plant and

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

equipment at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors. These estimates may have a material impact on the carrying amount of property, plant and equipment and on depreciation expenses during the period.

Evaluation of inventories

Management reviews inventory balances to identify obsolete or slow-moving inventory. The process of identifying such inventories involves analyzing the historical dynamics of the inventory and current operating plans for the inventory.

Inventories that are obsolete, have lost their properties and do not meet their properties and, as a result, cannot be used for their intended purpose in the course of the Fund's activities are subject to write-off with expenses charged to the period in which such inventories were identified.

Contingencies and other liabilities

Contingent tax liabilities. The Fund is a non-profit organization and is subject to special tax requirements. The Management believes that the Fund complies with all requirements of the current tax legislation and does not expect any accruals for the period 2022-2023 that may lead to cash outflows in the future.

5. NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to IAS 1 Presentation of financial statements (to be effective from January 01, 2024)

The amendments relate to the classification of current and non-current liabilities, in particular:

- it is clarified that a liability is classified as non-current if the entity has the right to defer settlement of the liability for at least 12 months – this right must exist at the end of the reporting period;
- the classification depends only on the existence of such a right and does not depend on the likelihood that the Fund plans to exercise this right.

The following amendments are Non-Current Liabilities with Contingencies, which provide that an entity may classify a liability arising from a loan agreement as non-current if the entity's right to defer settlement of the liability is conditional on the fulfillment of a specific condition within 12 months after the end of the reporting period.

Amendments to IFRS 7 Statement of Cash Flows and IFRS 7 Financial Instruments regarding disclosure requirements for supplier financing arrangements. The new amendments will provide an opportunity to increase transparency of supplier financing arrangements, namely to assess the impact of the arrangements on the Fund's liabilities and cash flows. The amendments also apply to arrangements such as supply chain financing, accounts payable financing or reverse factoring.

The amendments to IFRS 7 and IAS 7 include requirements to disclose: the terms of financing arrangements; the carrying amount of financial liabilities that form part of financing arrangements with suppliers and the line

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

items in which those liabilities are recorded; the carrying amount of financial liabilities under which suppliers have already received payment from financial service providers; and the range of payment terms for financial liabilities that form part of those arrangements.

In 2024, two new sustainability standards, IFRS S1 and IFRS S2, will also come into force:

IFRS S1 contains a number of disclosure requirements to enable entities to communicate with investors about sustainability-related risks and opportunities in the short, medium and long term perspective.

IFRS S2 introduces disclosure requirements for climate-related information and is intended to be used with IFRS S1

In IFRS 16 Leases, the amendments relate to the Lease liability in sale and leaseback transactions.

The amendments clarify how entities should account for sales and leases after the transaction date. The lessee will now have to account for variable lease payments arising from a sale and leaseback transaction in the lease liability. The new model for accounting for variable payments will require reassessment and possibly restatement of sale and leaseback transactions.

The Fund does not expect the new standards and interpretations to have a material impact on the Fund's financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES**Property, plant and equipment**

At the date of initial application of IFRS, property, plant and equipment are carried at revalued cost, considered to be the deemed cost.

After the initial recognition of an item of property, plant and equipment as an asset, its subsequent accounting is carried out on the cost model.

The cost of property and equipment consists of its acquisition cost, including any unrecovered purchase taxes, and any costs incurred in bringing the property and equipment to its working condition and location. Upgrades and improvements that significantly extend the useful lives of the assets are capitalized, and the costs of the day-to-day servicing and repairs are expensed as incurred.

Repairs and maintenance are recognized as expenses as they are incurred.

Depreciation of property, plant and equipment

Depreciation is charged on a systematic basis using the straight-line method over the estimated useful lives of the assets at the following rates:

<i>Name of the group</i>	<i>Useful life (years)</i>
Land plots	-
Real estate	20-40
Other property, plant and equipment	5-12

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

Impairment of assets

The Fund assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists or annual impairment testing is required, the Fund estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired. In estimating value in use, the future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Inventory accounting

Inventories are used to support the Fund's activities and to achieve the goals and objectives and to provide charitable assistance.

The cost of inventories includes all expenditures that are necessary to bring them to their present condition and location.

The cost of inventories should be determined using the first-in, first-out (FIFO) method.

Receipt of grants and other income

Information on grants (donations) is accounted for and disclosed in the financial statements in accordance with the principles set out in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. Donations received by a charitable organization are accounted for using the revenue method. Grants (donations) are recognized in profit or loss on a systematic basis over the periods in which the charitable organization recognizes as expenses the related expenses for which the grants (donations) were intended. Grants (donations) relating to depreciable assets are recognized in profit or loss over the periods and in the proportions that depreciation expense is recognized on those assets.

Grants (donations) related to assets are recognized as deferred income in the financial statements.

Sources of funding for the Fund are:

- (project) financing received on the basis of written agreements with donors;
- (to support the fund's operations and statutory activities) funding was received without written agreements and clear definition of the areas of use;
- (to support the fund's activities and statutory activities) in the form of lease payments.

Lease

At the inception of a contract, the Fund assesses whether the contract is a lease or contains a lease.

The Fund as a lessee

The Fund applies a single approach to the measurement of all leases, namely, recognizes lease liabilities for lease payments and right-of-use assets.

After the lease commencement date, the Fund measures the right-of-use asset using the cost model, namely,

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 2023 and for the year then ended
(in thousands of Ukrainian hryvnias, unless otherwise stated)

it measures the right-of-use asset at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis.

At the commencement date of a lease, the Fund measures lease liabilities by gradually reducing the aggregate amount of lease payments that have not been made at that date. Lease payments are discounted using an interest rate. The Fund uses the interest rate on long-term bank loans in the relevant currency for business entities published on the official website of the NBU, considering the impact of the current economic situation.

The Fund as a lesser

The Fund classifies each lease as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards of ownership of the underlying asset.

Provision

Provision is a liability of indefinite duration or amount. An entity recognizes provision, if:

- It has an existing obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- The amount of the liability can be measured reliably.

If the above conditions are not met, the provision is not recognized.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Transactions in foreign currency

Monetary assets and liabilities are translated into the Fund's functional currency at the official exchange rate of the National Bank of Ukraine (NBU) at the end of each respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into the functional currency of the Fund at year-end official exchange rates of the NBU are recognized in profit or loss.

As at December 31, 2022, the principal exchange rates used to translate foreign currency amounts were as follows: 1 US dollar = UAH 36.5686, 1 euro = UAH 38.951, 1 Swiss franc = UAH 39.5636.

As at December 31, 2023, the principal exchange rates used to translate foreign currency amounts were as follows: 1 USD = UAH 37.9824, 1 EUR = UAH 42.2079, 1 PLN = UAH 9.7333.

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Income tax

Pursuant to Article 133 of the Tax Code of Ukraine, the Fund is registered in accordance with the procedure established by the law governing the activities of a charitable non-profit organization and is not a payer of income tax, as it meets the criteria of a non-profit organization established by the Tax Code of Ukraine.

The Fund's income shall be used exclusively to finance the costs of its maintenance, implementation of the purpose (goals, objectives) and activities set forth in the Charter.

Accumulated result of operations

In accordance with Ukrainian law, non-profit organizations do not have equity capital that can be distributed among participants. In the event of termination of the Fund, its assets shall be transferred to one or more charitable organizations in accordance with the procedure established by the constituent documents or by a decision of court.

The management of the Fund does not consider the accumulated result of the Fund's activities as capital and therefore does not manage capital.

7. FIRST APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the date of transition, the Fund maintained its accounting records and prepared its financial statements in accordance with the requirements of Ukrainian legislation, which do not fully comply with IFRS. In accordance with the requirements of the current legislation, the Management decided to prepare the first IFRS financial statements for the year ending December 31, 2023.

The Fund has prepared these financial statements as of December 31, 2023 and for the year then ended in accordance with IFRS.

Below is information on the reconciliation and quantification of the impact of transition from National Accounting Regulations (Standards) to IFRS as at January 01, 2022, December 31, 2022 and for the year 2023:

Indicator	Explan ation	01.01.2022 (unaudited) under NAS	Changes in the PPE	01.01.2022 (unaudited) under IFRS
Property, plant and equipment, revaluation to deemed cost (land, real estate)	A	42 364	192 506	234 870
Write-off of property, plant and equipment (cost, consisting of accumulated depreciation in the amount of UAH 1,472 ths. and residual value in the amount of UAH 1,026 ths.)	B	2 498	(2 498)	-
Write-off of intangible assets	C	2	(2)	-
Write-off of inventory	D	11	(11)	-

Explanation of adjustments on transition to IFRS:

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- At the date of transition to IFRS, in accordance with paragraph 30 of IFRS 1, the carrying amount of property, plant and equipment was determined as deemed cost based on the results of an appraisal performed by professional independent experts. The total amount of revaluation of the carrying amount amounted to UAH 192,506 thousand.
- As of the date of transition to IFRS, the carrying amount of property, plant and equipment as of 01.01.2022 in the amount of UAH 2,498 (cost, consisting of accumulated depreciation in the amount of UAH 1,472 and residual value in the amount of UAH 1,027) was written off due to the inconsistency with the definition of assets and/or cost criteria for recognition of property, plant and equipment under IAS 16 in accordance with the Fund’s accounting policy.
- As of the date of transition to IFRS, the carrying amount of intangible assets as of 01.01.2022, which amounted to UAH 2 ths. was written off due to the non-compliance with the criterion for recognizing intangible assets in paragraph 8 of IAS 38.
- At the date of transition to IFRS, the carrying amount of inventories as at 01.01.2022, which amounted to UAH 11 ths. was written off as they do not meet the definition of inventories in paragraph 6 of IAS 2 Inventories.

8. UNRESTRICTED ASSETS

Unrestricted assets are presented as follows:

Unrestricted assets:	01.01.2022 (unaudited)	31.12.2022	31.12.2023
Carrying amount of assets subject to depreciation (property, plant and equipment)	235 247	240 970	244 920
Receivables from debtors and creditors	(398)	1 571	(3 532)
Total:	234 849	242 541	241 388

9. PROPERTY, PLANT AND EQUIPMENT

Cost:	01.01.2022 (unaudited)	31.12.2022	31.12.2023
Land	33 049	33 049	33 049
Real estate	201 821	212 907	222 240
Other property, plant and equipment	488	488	488
Total:	235 358	246 444	255 777

Accumulated depreciation:	01.01.2022 (unaudited)	31.12.2022	31.12.2023
Land	-	-	-

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Real estate	-	(39)	(97)
Other property, plant and equipment	(111)	(152)	(193)
Total:	(111)	(191)	(290)
Net Value:	235 247	246 253	255 487
	Land	Real estate	Other property, plant and equipment
Net value, 01.01.2022 (unaudited)	33 049	201 821	377
Additions to property, plant and equipment	-	11 086	-
Depreciation expense	-	(5 323)	(41)
Net value, 31.12.2022	33 049	207 584	336
Additions to property, plant and equipment	-	9 333	-
Depreciation expense	-	(5 343)	(41)
Net value, 31.12.2023	33 049	211 574	295

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

In carrying out its activities, the Fund leases premises used for its activities.

Right-of-use asset

	Total	
Net value, 01.01.2022 (unaudited)	-	-
Lease agreements were concluded	1 093	1 093
Depreciation expense	(230)	(230)
Net value, 31.12.2022	863	863
Lease agreements were concluded	94	94
Depreciation expense	(747)	(747)
Net value, 31.12.2023	210	210

Lease obligations

	31.12.2023	31.12.2022
Non-current portion of lease obligations	-	192
Current portion of lease obligations	221	694
Total:	221	886

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11. ACCOUNTS RECEIVABLE

Item	Balance as at 01.01.2022 (unaudited)	Balance as at 31.12.2022	Balance as at 31.12.2023
Accounts receivable	472	1 964	17

No provision for expected credit losses was made, as as of 01.01.2022, the amount of receivables of UAH 472 thousand was secured by a guarantee payment of UAH 740 thousand.

No provision for expected credit losses was made as at 31.12.2022, as accounts receivable was secured by a guarantee payment in the amount of UAH 740 thousand, and before the date of issuance of the financial statements for 2022 under IFRS, a legal agreement was reached and the receivables were fully repaid during 2023.

Buyer	Total debt	Total debt by maturity					
		Up to 7 days	8 - 15 days	16 - 30 days	31 - 60 days	61 - 90 days	Over 90 days
Kindergarten Healthy Family PE	1 224	478		83	487	176	
Total:	1 224	478		83	487	176	

12. CASH AND CASH EQUIVALENTS

Item	Balance as at 01.01.2022 (unaudited)	Balance as at 31.12.2022	Balance as at 31.12.2023
Cash on current accounts	3 584	2 431	3 200
Cash in foreign currency on current accounts	-	8 280	3 766
Cash on hand	-	-	-
Total cash:	3 584	10 711	6 966

As at December 31, 2023 and December 31, 2022, there are no restrictions on the use of cash and cash equivalents.

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13. ACCOUNTS PAYABLE

As at the reporting date, accounts payable were as follows:

Item	01.01.2022 (unaudited)	31.12.2022	31.12.2023
Accounts payable for goods, works and services	216	181	2 420
Arrears of payments to budget	62	161	226

14. INCOME

Item	2022		2023	
Rental income	4 073		4 801	
	<i>Balance as of 01.01.2022, (unaudited) thousand UAH</i>	<i>Received 2022</i>	<i>Balance as of 31.12.2022, thousand UAH</i>	<i>Received, 2023</i>
Targeted grants	157	11 992	5 653	31 866
Donations from individuals and legal entities for statutory activities	2 927	5 987	4 692	2 484
Donations from implementation of projects, holding campaigns	540	148	527	233
Total amount of targeted funding was received:	3 624	18 127	10 872	34 583
				<i>Balance as of 31.12.2023, thousand UAH</i>
				2 701
				5 667
				631
				8 999
Item	2022		2023	
Donated assets received	12 160		-	

All income received by the Fund is used exclusively to achieve the goals and objectives of the charitable organization.

15. OTHER OPERATING EXPENSES

Operating expenses:

Item	2022	2023
Project "To Rejoice Again" (Children and War)	214	-
Project "Community Center"	438	-
Grant G+E GETEC Holding GmbH	3 331	-
Grant Razom Inc	219	-
Grant Street Child UK	2 688	-
Grant from the GO "Institute of Youth"	157	-
Grant from ICF "Ukrainian Philanthropic	100	-

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<i>Item</i>	<i>2022</i>	<i>2023</i>
Marketplace”		
Cultural and artistic project “Sporidneni”	137	-
Project “Theater for the baby”	23	-
Grant UNICEF_MHPSS	-	17 778
Grant ZAGORIY	-	270
Campaign “Carry out good deeds with Ri and Di”	-	83
Grant from the CF “SCUA”	-	7 635
Project Coffee with St. Nicholas	-	47
Grant G+E GETEC Holding GmbH	-	791
EIF	-	3 482
Other projects of the Fund	5 559	4 078
Total:	12 866	34 164

16. ADMINISTRATIVE EXPENSES

<i>Item</i>	<i>2022</i>	<i>2023</i>
Salaries of administrative staff	583	935
SSC on administrative staff salaries	130	175
Business trip expenses	66	-
Lease	357	1 179
Utilities	13	73
Expenses for promotion of projects and activities, translation, video, photography	150	68
Real estate tax	375	389
Land plot lease	-	18
Access to online services, updates, subscriptions	109	24
Tax credit not confirmed	34	-
Development expenses	99	7
Bank expenses	44	47
Expenses for donor search services	-	191
Expenses for maintenance of PPE	-	75
Expenses for support of Fund activities	-	48
Other administrative expenses	54	124
Total:	2 014	3 351

According to the Law of Ukraine “On Charitable Activities and Charitable Organizations” No. 5073-VI dated 05.07.2012, administrative expenses may not exceed 20% of the organization's income in the current year. For 2023, this ratio was 8% (2022: 12%).

17. OTHER EXPENSES

<i>Item</i>	<i>2022</i>	<i>2023</i>
Amortization	5 363	5 383
Exchange rates	56	221
Purchase and sale of currencies	23	2
Total:	5 442	5 606

18. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering any possible related party transactions, the nature of such transactions shall be considered and

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not merely their legal form.

The Fund classifies related parties into the following categories:

Owners and close members of their families;

Funds and companies under the control of or joint control of the owners;

Key management personnel.

The Fund’s income/expenses on transactions with related parties are as follows:

Item	01.01.2022 (unaudited)	2022	2023
Other expenses (material assistance)	-	-	(387)

Transactions with key management personnel

Key management personnel did not receive any remuneration except for salaries in the amount of UAH 553 for 2023 (number of key personnel is 3) and UAH 266 for 2022 (number of key personnel is 2). Key management remuneration is included in administrative expenses in the Statement of Comprehensive income.

19. CONTINGENT AND OTHER LIABILITIES

Litigation. In the normal course of business, claims against the Fund may be received from time to time. Based on its own estimates and internal and external advice, management believes that no material losses will be incurred in respect of claims that could have a material effect on the financial statements.

Contingent tax liabilities. Ukrainian tax legislation which has been enacted or substantively enacted by the end of the reporting period is subject to inconsistent interpretations when being applied to the transactions and activities of the Fund. As a result, tax positions taken by management and the formal documentation supporting such positions may be questioned by the tax authorities. Management believes that the Fund is not exposed to any tax risks arising from uncertainty in the interpretation of existing tax legislation and related documentation requirements.

20. FINANCIAL RISK MANAGEMENT

Currency risk. In accordance with IFRS 7, foreign currency risk arises from financial instruments denominated in a non-functional currency that are monetary in nature; risks arising from currency translation are not considered. As at December 31, 2023, December 31, and January 01, 2022, the Fund had no financial instruments in non-functional currency.

Credit risk. Credit risk arises as a result of the Fund's business transactions with counterparties resulting in financial assets. The main financial assets of the Fund are: accounts receivable and cash. The Fund monitors the timeliness of counterparties' obligations on an ongoing basis and considers such information when managing

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credit risks and analyzing the fulfillment of scheduled payments. The Fund's financial assets are not secured by collateral or other guarantees for loans. The maximum credit risk exposure is limited to the net value of financial assets in the separate statement of financial position. The Fund is not subject to significant credit risk with respect to cash, as it is serviced by a bank with a good reputation.

Liquidity risk. Liquidity risk is the risk that the Fund will not be able to pay its obligations as they fall due. The Fund closely monitors the scheduled repayment of its liabilities and forecasts cash receipts and payments in the normal course of business.

The following table summarizes the Fund's financial liabilities by their maturity dates based on contractual payment amounts, without discounting:

December 31, 2023	On request	Up to 1 year	1 to 5 years	Over 5 years	Total
Current payables	-	2 420	-	-	2 420
Lease liabilities	-	29	-	192	221
December 31, 2022	On request	Up to 1 year	1 to 5 years	Over 5 years	Total
Current payables	-	181	-	-	181
Lease liabilities	-	-	-	886	886
January 01, 2022 (unaudited)	On request	Up to 1 year	1 to 5 years	Over 5 years	Total
Current payables	-	216	-	-	216

21. EVENTS AFTER THE REPORTING PERIOD

As described in Note 2, Ukraine is engaged in a full-scale war with the Russian Federation and is subject to martial law.

Further, the key risk is the prolongation of the war, even if the hostilities are localized. This will require the economy to operate for a long time in extreme conditions and increase the need for assistance from partners. The impact of the war on the global economy will also increase.

In addition, there are significant risks of systematic disruptions in the rhythm of international aid and/or a more significant reduction in its volume.

The Board of the National Bank of Ukraine has decided to raise the key policy rate to 14.5% per annum as of January 24, 2025. The decision is intended to support the stability of the foreign exchange market, keep inflation expectations under control, reverse the inflation trend, and gradually slow inflation to its 5% target. Holding back price pressures will likely require further tightening of interest rate policy.

The situation is still evolving and its consequences are currently uncertain. Management is unable to predict all developments in the wider economy and what effect they might have on the financial position and performance of the Fund in the future. Management keeps monitoring the possible impact of these developments on the Fund and will take all possible measures to mitigate any consequences.