

Independent auditors' report

To the members of Charitable Organization «Charitable Foundation "Hope and Trust"»

We, the audit firm "Glavbuh" LLC (hereinafter – the Firm) in accordance with the Law of Ukraine "On audit activity" and the terms of the signed contract № 36 dated 30.11.2017 between the Firm and Charitable Organization «Charitable Foundation «Hope and Trust», audited the accompanying financial statements, which consist of the statement of financial position, statement of comprehensive income as of December 31, 2017

Management's Responsibility

Organization's management is responsible for the preparation of these financial statements. Responsibility of the management includes the design, implementation and use of internal control regarding the preparation and fair presentation of the financial statements, selection and application of the appropriate accounting policy, as well as accounting estimates, which conform to the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit.

We conducted our audit in accordance with International Standards on Auditing. As requested, our audit procedures also included the additional procedures identified in your instructions. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level.

Charitable organization «Charitable Foundation «Hope and Trust»
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Explanatory paragraph

We were not able to be present at the inventory of stocks as at 31 December 2017 for confirming cost of goods and material as at 31 December 2017.

Opinion

In our opinion, except as discussed in the previous paragraph, the financial statements give a true and fair, in all essential aspects, view of the financial position, financial results as of December 31, 2017, according to the National provision (standard) of financial accounting in Ukraine (UA-GAAP).

Audit Firm «Glavbuh» LTD
February 08, 2018, outgoing No. 15



Director
Vladimir Nosov

Charitable organization «Charitable Foundation «Hope and Trust»
04080, Kyiv, Frunze street, 20-22

FINANCIAL STATEMENTS

OF CHARITABLE ORGANIZATION «CHARITABLE FOUNDATION «HOPE AND TRUST»
FOR 2017

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**Statement of financial position
as of December 31, 2017
(in thousands of Ukrainian hryvnias)**

	Notes	31 December 2017	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	138,5	7,2
Total non-current assets		138,5	7,2
CURRENT ASSETS			
Inventories	4	106,4	3,2
Cash and cash equivalents	3	515,1	24,8
Total current assets		621,5	28,0
TOTAL ASSETS		760,0	35,2
LIABILITIES AND NET ASSETS			
ACCUMULATED FUNDS AND OTHER RESERVES			
Earmarked funding	7	621,1	28,0
Accrued expenses		-	-
(Deferred income)		-	-
NET ASSETS			
Of the previous financial year		-	-
Of the current year		-	-
Total net assets		621,1	28,0
CURRENT LIABILITIES			
Accounts payable		-	-
Accrued expenses	6	138,5	7,2
(Deferred income)		-	-
Other accounts payable		0,4	-
Total current liabilities		138,9	7,2
TOTAL LIABILITIES AND NET ASSETS		760,0	35,2

Director



Tkalya Svetlana

Charitable organization «Charitable Foundation «Hope and Trust»
04080, Kyiv, Frunze street, 20-22

Notes on pages 6 - 10 are integral part of these financial statements. Auditors' report is on the page 1.

**Statement of comprehensive income
for 2017**
(in thousands of Ukrainian hryvnias)

	Notes	2017	2016
REVENUE			
Income from charitable activities	1	2879,6	755,5
TOTAL REVENUE		<u>2879,6</u>	<u>755,5</u>
EXPENSES			
operating expenses	2	(2879,6)	(755,5)
TOTAL EXPENSES		<u>(2879,6)</u>	<u>(755,5)</u>
NET ASSETS, the beginning of year		-	-
Changes (accrued/paid)		-	-
NET ASSETS, the end of year		<u>-</u>	<u>-</u>

Director



Tkalya Svetlana

Notes on pages 6 - 10 are integral part of these financial statements. Auditors' report is on the page 1.

Charitable organization «Charitable Foundation «Hope and Trust»

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**Notes to the Financial Statements
for 2017**

(in thousands of Ukrainian hryvnias)

1. GENERAL INFORMATION

Charitable organization «Charitable Foundation «Hope and Trust» (hereinafter – the Organization) is a charitable organization. The organization does not get a profit from its activity.

The purpose of activities of Charity Foundation "Hope and Trust " is forming of healthy society by prevention of the social and negative phenomena in the territory of Ukraine with follows purposes:

- promotion of a healthy lifestyle and assistance in promotion of modern approaches in preservation and promotion of health of the nation
- assistance to public authorities in implementation of nation-wide and other programs for questions of a public health
- advokation and promoting of the measures directed to preserving a public health and holding information and educational campaigns among a general population
- expansion and ensuring access of persons from among risk groups in social and medical services and implementation of innovative methods of prevention of socially dangerous diseases.
- assistance to development and deployment of long-term comprehensive programs of protection of the rights, overcoming stigmatization and discrimination, social adaptation and resocialization, medico-psychological recovery of persons of risk groups

The subject of Organization's activities is a provision of charitable assistance to all who need it.

2. BASIC ACCOUNTING PRINCIPLES

Conceptual basis

These financial statements have been prepared in accordance with the National provision (standard) of financial accounting in Ukraine (UA-GAAP).

Basis of presentation

The financial statements are expressed in Ukrainian hryvnias, all amounts are rounded to the nearest thousand. They are prepared on a historical cost basis, except some accounts of fixed assets which are considered at fair value.

The preparation of financial statements in conformity with UA-GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policy and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for determining the values of assets and liabilities, when these values can not be determined from other sources. Actual results may differ from these estimates.

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1. REVENUE

Revenue recognition.

Revenue is recognized in the Organization's statement of financial results on accrual basis. Revenue from charitable activities includes funds received in the form of relevant Grants. The organization gets funding in the form of grants for the implementation of program activities. Use of the received funds is limited by the contractual obligations which should be performed by the implementation of target expenses on specific programs.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

in thousands of Ukrainian hryvnias

	2017	2016
Income from charitable activities	2879,6	755,5
Total	2879,6	755,5

2. EXPENSES

Expenses recognition.

According to National provision (standard) of financial accounting № 16 "Expenses" the analysis of expenses, recognized in profit or loss, is reflected using a classification based on the cost function.

The cost of guarantees and other costs, which may be incurred due to the provision of services and which can be reliably estimated, are reflected in the same period as the related revenue.

All expenses are divided into two categories:

- ☐ administrative expenses – expenses on maintenance of the Organization
- ☐ operating expenses – expenses on implementation of the statutory tasks, realization of the main activity.

During of 2017 expenses comprised:

in thousands of Ukrainian hryvnias

	2017	2016
Expenses from charitable activities	(2879,6)	(755,5)
Total	(2879,6)	(755,5)

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3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in bank, cash-in-transit and cash on hand.

As of December 31, 2017 cash and cash equivalents included:

in thousands of Ukrainian hryvnias

	2017	2016
Cash in bank	515,1	24,8
	515,1	24,8

4. INVENTORIES

Inventories are stated at the lower of two estimates: cost or net realizable value. The disposals of inventories are accounted by the «first in, first out» (FIFO) method.

As of December 31, 2017 the inventories included:

in thousands of Ukrainian hryvnias

	2017	2016
Materials	106,4	3,2
Spare parts	-	-
Other materials	-	-
Total	106,4	3,2

These inventories are intended for the implementation of charitable projects. The distribution of printed materials is not for sale, but for the charitable program purposes, and it is aimed at the realization of the Organization's statutory activities.

5. FIXED ASSETS

Owned assets

Fixed assets held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost less any accumulated depreciation except buildings and constructions, as well as construction in progress which is stated at market price (see notes to the accounting policy for the investment property).

The gain or loss arising on the disposal of an item of fixed assets is determined as the difference between the sales proceeds and the current cost of the asset and is reflected in the statement of comprehensive income.

Depreciation

Depreciation is charged to the income statement on a straight-line method based on the cost which is amortized considering the following useful lives:

Asset category	Useful life, years
Furniture	2 - 5
Office and computer equipment	3 - 6

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No depreciation is charged on construction in progress.

As of December 31, 2017 the fixed assets included:

in thousands of Ukrainian hryvnias

	Office equipment and inventory	Other equipment	Total
Cost			
January 1, 2017	9,5	-	9,5
Additions	135,8	8,0	143,8
Disposals	-	-	-
As of December 31, 2017	145,3	8,0	153,3
Depreciation			
January 1, 2017	(2,3)	-	(2,3)
Depreciation charged for 2017	(12,2)	(0,3)	(12,5)
As of December 31, 2017	(14,5)	(0,3)	(14,8)
Balance cost as of December 31, 2016	7,2	-	7,2
Balance cost as of December 31, 2017	130,8	7,7	138,5

6. ACCRUED EXPENSES (DEFERRED INCOME)

As of December 31, 2017 the deferred income included:

in thousands of Ukrainian hryvnias

	2017	2016
Balance cost of fixed assets	138,5	7,2
	-	-
Total	138,5	7,2

7. EARMARKED FUNDS

Structure of funds

The organization works with two types of funds:

- ✓ Non-earmarked funds,
- ✓ Earmarked funds.

Non-earmarked funds are funds which the Organization can use at its discretion in realization of public tasks and they are not restricted by the Donors' conditions.

Earmarked funds are funds used by the Organization according to the special Donors' conditions. During the audit period the Organization has worked only with earmarked funds.

The main donors of Organization are:

- The International Charitable Foundation "Alliance for Public Health"

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- The International Renaissance Foundation

As of December 31, 2017 the earmarked funds included:
in thousands of Ukrainian hryvnias

	2017	2016
Funds are received from donors	3616,5	778,2
Used funds	(2995,4)	(750,2)
Total	621,1	28,0

8. PENSION SUPPORT OF THE STAFF

The Organization does not have any pension arrangements, except the participation in the State pension system of Ukraine, which requires current contributions by the employer calculated as a percentage of payroll expenses, such expenses are charged in the period when the relevant salaries are earned. In addition, the Organization does not provide any post-retirement benefits or compensations.

9. COMPARABLE INFORMATION

Where it was necessary, comparable information has been adjusted to conform to changes in presentation of the financial statements in the current year.