

**Non-entrepreneurial Non-commercial  
Legal Entity (NNLE) "Chernovetskyi Fund"**

Statement of Sources and Uses of Funds

*for the year ended 31 December 2016*

NNLE “Chernovetskyi Fund”  
Statement of Sources and Uses of Funds  
for the year ended 31 December 2016

**Contents**

Independent auditor's report.....	1
Statement of Sources and Uses of Funds .....	3
Notes to the Statement of Sources and Uses of Funds .....	4

## Independent auditor's report

To the management and founder of NNLE "Chernovetskyi Fund"

### **Opinion**

We have audited the statement sources and uses of funds of NNLE Chernovetskyi Fund (the Organization) for the year ended 31 December 2016 and related notes to the statement of sources and use of funds (together referred to as the Statement of Sources and Uses of Funds).

In our opinion, the Statement of Sources and Uses of Funds of the Organization for the year ended 31 December 2016 is prepared, in all material respects, in accordance with the cash receipts and disbursements basis of preparation described in Note 2 to the Statement of Sources and Uses of Funds.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Statement of Sources and Uses of Funds* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter - basis of accounting and restriction on use**

We draw attention to Note 2 to the Statement of Sources and Uses of Funds, which describes the basis of preparation of the Statement of Sources and Uses of Funds. This Statement of Sources and Uses of Funds is prepared to provide information on cash receipts and disbursements of the Organization to the donors. As a result, the Statement of Sources and Uses of Funds may not be suitable for another purpose. Our report is intended solely for the Organization and for the donors. Our opinion is not modified in respect of this matter.

### **Management's responsibility for the Statement of Sources and Uses of Funds**

Management is responsible for the preparation of this Statement of Sources and Uses of Funds in accordance with the cash receipts and disbursements basis described in Note 2 to the Statement of Sources and Uses of Funds, for determining the acceptability of this basis of preparation, and for such internal control as management determines is necessary to enable the preparation of the Statement of Sources and Uses of Funds that is free from material misstatement, whether due to fraud or error.

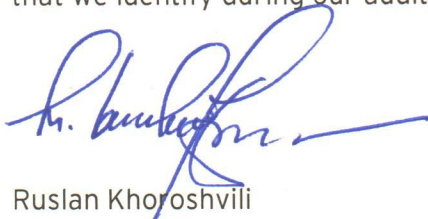
### ***Auditor's responsibility for the Statement of Sources and Uses of Funds***

Our objectives are to obtain reasonable assurance about whether the Statement of Sources and Uses of Funds as a whole is 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 this Statement of Sources and Uses of Funds.

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 Statement of Sources and Uses of Funds, 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 Organization's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Evaluate the overall presentation, structure and content of the Statement of Sources and Uses of Funds, including the disclosures, and whether the Statement of Sources and Uses of Funds represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ruslan Khoroshvili

On behalf of EY Georgia LLC

Tbilisi, Georgia

31 August 2018



NNLE "Chernovetskyi Fund"  
Statement of Sources and Uses of Funds  
for the year ended 31 December 2016

GEL	Note	2016
<b>Opening balance of cash and cash equivalents</b>		<u><u>13,840</u></u>
<b>Cash receipts</b>		
Contributions by legal entities	3	1,906,705
Direct contributions by individuals		146,745
Donations from charity boxes		59,629
<b>Total cash receipts</b>		<u><u>2,113,079</u></u>
<b>Cash disbursements</b>		
Homecare program	4	930,082
Children's house program Tbilisi	5	217,105
Children's house program Kobuleti	6	210,840
Program for special needs	7	127,014
Administrative expenses	8	294,658
Prepaid expenses		18,703
<b>Total cash disbursements</b>		<u><u>1,798,402</u></u>
<b>Closing balance of cash and cash equivalents</b>		<u><u>328,517</u></u>

The Statement of Sources and Uses of Funds was approved by management on 31 August 2018 and were signed on its behalf by:

Director

Olena Polishchuk

Chief Accountant

Yevheniia Melhunova

*The accompanying notes on 4-7 are an integrated part of this Statement of Sources and Uses of Funds.*

# NNLE “Chernovetskyi Fund”

## Notes to the Statement of Sources and Uses of Funds (continued)

### 1. Background

NNLE “Chernovetskyi Found” (the Organization), established on 10 April 2012, is a non-governmental organization providing assistance to socially unprotected citizens of Georgia: large families, orphan children, bedridden old people, disabled people.

The Organization was established on 10 April 2012 by a Georgian citizen, Giorgi Kvrivishvili with the purpose of aiding large families, orphans and old people who cannot get out of their beds. In March 2016 the founder of the Organization became Andrei Kurskyi, an Ukrainian Citizen. The legal address of the Organization office is Vazisubani Str. No. 36, Tbilisi, Georgia.

The Organization raises finances through contributions by donors and voluntary contributions by individuals and legal entities.

During 2016, the Organization's activities included the following lines/programs:

- ▶ Homecare program – The beneficiary groups include bedridden patients and people who need outside care, patients with chronic diseases (mostly elderly people) and patients in recovery period. Qualified nurses and their assistants provide necessary medical and psycho-social assistance to the bedridden and home confined patients in their homes. The Organization provides them with the necessary medications, food hygiene means and diapers on a daily basis. Participating in the implementation of the project are medical doctors, a neurologist, an oncologist, nurses, nurse assistants, recreation therapists and social workers. In total Organization took care of 794 beneficiaries in 2016.
- ▶ Children house program Tbilisi – On 28 May 2013 the Organization opened a family type children house in Tbilisi. During 2016 it hosted 10 children from Tbilisi and other regions of Georgia, who were deprived of care and custody. The children are given 24-hour care including education and are fully supplied with clothes, shoes and school supplies. The children also participate in dancing, singing, gymnastics and painting lessons.
- ▶ Children house program Kobuleti – On 23 November 2014 the Organization opened the children house in Kobuleti, Georgia that can accommodate 20 children. During 2016 it hosted 20 children from extremely poor families from different regions of Georgia. The children are given 24-hour care including education. The Organization obtains the necessary equipment and techniques for education and development of the children. The children are fully supplied with clothes, shoes and school supplies. The children also attend a music school for piano.
- ▶ Program for special needs – help for large families – program is designed to help socially vulnerable people and large families. Information about beneficiaries is posted on the Organization's website. The Organization receives donations for each beneficiary separately and helps them to satisfy their needs. During the year 2016 the Organization provided medical aid, clothes, hygiene materials, specialized equipment, food, school books and other equipment for home to the 78 number of families.

### 2. Basis of preparation of the Statement of Sources and Uses of Funds

This Statement of Sources and Uses of Funds is prepared to provide information on cash receipts and disbursements of the Organization to the donors of the Organization and is prepared on the accounting basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in Georgia. On this basis, revenue is recognized when received rather than when earned, and expenditures are recognized when paid rather than when incurred. For expenditures that are not program-specific, the Organization applies employee based allocation between the program and administrative activities.

All financial information is presented in Georgian Lari, unless otherwise is stated.



## NNLE "Chernovetskyi Fund"

### Notes to the Statement of Sources and Uses of Funds (continued)

#### 3. Contributions by legal entities

Contributions by legal entities are as follows:

	<b>2016</b>
Serviden Enterprises Limited	1,357,155
Lugamino Holdings Limited	306,846
Tbilisi City Hall	174,641
Social Service Agency	59,700
Other entities	8,363
<b>Total</b>	<b>1,906,705</b>

#### 4. Homecare program

Cash disbursements on the homecare program are as follows:

	<b>2016</b>
Employee benefits	527,873
Hygiene materials	163,837
Medicine for program beneficiaries	166,464
Rent expenditure	30,164
Utilities	10,398
Security services	4,064
Furniture	1,742
Other	25,540
<b>Total</b>	<b>930,082</b>

#### 5. Children's house program Tbilisi

Cash disbursements on the children's house program Tbilisi are as follows:

	<b>2016</b>
Employee benefits	70,581
Rent expenditures	59,550
Food	25,438
Utilities	16,106
Clothing for children	10,393
Medicine	7,592
Furniture	2,534
Security services	600
Other	24,311
<b>Total</b>	<b>217,105</b>

## NNLE "Chernovetskyi Fund"

### Notes to the Statement of Sources and Uses of Funds (continued)

#### 6. Children's house program Kobuleti

Cash disbursements on the children's house Kobuleti program are as follows:

	<b>2016</b>
Employee benefits	76,104
Food and hygiene materials	48,869
Rent expenditure	46,569
Utilities	15,759
Clothing	8,897
Medicine	6,594
Furniture	3,675
Stationary	2,029
Other	2,344
<b>Total</b>	<b>210,840</b>

#### 7. Program for special needs

Cash disbursements on the program for special needs are as follows:

	<b>2016</b>
Assistance for special needs program beneficiaries	117,489
Assistance for large families	9,525
<b>Total</b>	<b>127,014</b>

#### 8. Administrative expenses

	<b>2016</b>
Employee benefits	153,530
Furniture, fixtures & equipment	30,527
Rent expenditures	30,164
Marketing expenditures	20,440
Professional services	19,294
Utilities	10,398
Stationary	8,451
Security services	4,064
Other Bank commission fees	1,228
Other	16,562
<b>Total</b>	<b>294,658</b>

During the year 2016, the Organization paid GEL 54,587 to the management of the Organization as salary expenses.

As at 31 December 2016, the number of the Organization's employees was 68, including 10 employees for administration work and 58 employees working on special programs.



## NNLE “Chernovetskyi Fund”

### Notes to the Statement of Sources and Uses of Funds (continued)

#### **9. Transactions with related parties**

The Organization conducts transactions with related parties in the ordinary course of its activities. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial and operational decisions. Related parties comprise the individuals (and their close family members) / legal entities that has control or significant influence over the Organization.

The main donor of the Organization is Leonid Chernovetskyi. During the year 2016, the Organization received GEL 1,357,155 and GEL 306,846 of charity contributions from Serviden Enterprises Limited and Lugamino Holdings Limited, respectively, which are related parties to the Leonid Chernovetskyi.