

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

statement of sources and uses of funds

*for the year ended 31 December 2018*



NNLE “Chernovetskyi Fund”  
Statement of Sources and Uses of Funds  
for the year ended 31 December 2018

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## Independent auditor's report

To the management and founder of  
NNLE "Chernovetskyi Fund"

### **Opinion**

We have audited the statement of sources and uses of funds of NNLE "Chernovetskyi Fund" (the Organization) for the year ended 31 December 2018 and related notes to the statement of sources and Uses 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 2018 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.





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***Auditors' 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.

A handwritten signature in blue ink, appearing to read 'Ruslan Khoroshvili', with a long horizontal line extending to the right.

Ruslan Khoroshvili

On behalf of EY LLC

9 August 2019

Tbilisi, Georgia



NNLE "Chernovetskyi Fund"

Statement of Sources and Uses of Funds

for the year ended 31 December 2018

GEL	Note	2018
<b>Opening balance of cash and cash equivalents</b>		<u>639,695</u>
<b>Cash receipts</b>		
Contributions by legal entities	3	3,128,567
Donations from charity boxes		26,793
Direct contributions by individuals		174,213
<b>Total cash receipts</b>		<u>3,329,573</u>
<b>Cash disbursements</b>		
Homecare program	4	749,802
Children's house program Tbilisi	5	225,271
Children's house program Kobuleti	6	249,830
Program for special needs	7	149,819
Day center and dining room program	8	1,419,367
Program "Dining in regions"	9	268,702
Administrative expenses	10	481,868
<b>Total cash disbursements</b>		<u>3,544,659</u>
<b>Closing balance of cash and cash equivalents</b>		<u>424,609</u>

The Statement of Sources and Uses of Funds was approved by management on 9 August 2019 and were signed on its behalf by:

Director

Olena Polishchuk

Chief Accountant

Yevheniia Melhunova

*The accompanying notes on 4-8 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

for the year ended 31 December 2018

### 1. Background

NNLE “Chernovetskyi Found” (the Organization), established on 10 April 2012, is a non-governmental, not for profit organization providing assistance to socially unprotected citizens of Georgia: large families, orphans, elderly citizens, people with special needs.

The founder of the Organization is Leonid Chernovetsky, a citizen of Ukraine. The legal address of the Organization is Georgia, Tbilisi, the intersection of Gorgasali alley and st. Krtsanisi, section 18/19.

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

During 2018, 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 citizens) 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 goods and diapers on a daily basis. Participating in the implementation of the project are medical doctors, nurses, nurse assistants, recreation therapists and social workers. In total Organization took care of 677 beneficiaries in 2018.
- ▶ Children’s house program Tbilisi. On 28 May 2013 the Organization opened a family type children’s house in Tbilisi. During 2018 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, drawing, tennis, computer science, and applied skills.
- ▶ Children’s house program Kobuleti. On 23 November 2014 the Organization opened family type children’s house in Kobuleti, Georgia that can accommodate 20 children. During 2018 it hosted 17 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. In addition, children are taught drawing, tennis, computer science, applied craftsmanship skills.
- ▶ 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 2018 the Organization provided medical aid, clothes, hygiene materials, specialized equipment, food, school books and other equipment to 79 families.
- ▶ Day center and dining room program consists of this programs: dining room, day center and social patrol. Social patrol was operating till 31 July 2018. Vehicles with determined food amount ride along Tbilisi and hand food to socially vulnerable people. The Organization has three cars and every day they went to 31 different locations from 10 a.m. to 6 p.m. and next day they visit additional different 31 locations. As a whole, they cover 62 locations. Day center is the social program, which was implemented in May 2017. Its services can be used daily, once a day.



# NNLE “Chernovetskyi Fund”

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

### 1. Background (continued)

- ▶ The services include: consultation with a doctor, the shower, and free beauty salon, humanitarian clothing warehouse, computer corner, library and the cinema room. Dining room program service is used by beneficiaries every day, once per day.
- ▶ The program “Dining in regions”. In February 2018, dining room was opened in Kutaisi for socially vulnerable groups of the population. Its services can be used daily, once a day.

### 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.

### 3. Contributions by legal entities

Contributions by legal entities are as follows:

	<u>2018</u>
Serviden Enterprises Limited	2,725,459
Tbilisi City Hall	256,745
Social Service Agency	52,793
Other entities	93,570
<b>Total</b>	<b><u><u>3,128,567</u></u></b>

### 4. Homecare program

Cash disbursements on the homecare program are as follows:

	<u>2018</u>
Employee benefits	440,515
Medicine for program beneficiaries	262,943
Rent expenditure	25,262
Utilities	10,912
Other	10,170
<b>Total</b>	<b><u><u>749,802</u></u></b>



## NNLE “Chernovetskyi Fund”

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

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

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

	<b>2018</b>
Employee benefits	77,220
Rent expenditures	69,859
Food	21,611
Technical equipment	12,421
Utilities	12,326
Clothing for children	10,137
Medicine	2,099
Stationary	1,328
Security services	600
Other	17,670
<b>Total</b>	<b>225,271</b>

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

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

	<b>2018</b>
Employee benefits	115,695
Rent expenditure	60,747
Food and hygiene materials	41,797
Utilities	16,792
Medicine	3,884
Clothing	3,288
Furniture	1,276
Stationary	946
Other	5,405
<b>Total</b>	<b>249,830</b>

#### 7. Program for special needs

Cash disbursements on the special needs program are as follows:

	<b>2018</b>
Assistance for large families	149,819
<b>Total</b>	<b>149,819</b>



## NNLE "Chernovetskyi Fund"

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

#### 8. Day center and dining room program

Cash disbursements on the day center and dining room program are as follows:

	<b>2018</b>
Social Patrol	693,271
Employee benefits	426,065
Food	159,636
Rent expenditures	75,787
Utilities	33,215
Hygiene materials	9,182
Inventory	7,478
Medicine	2,302
Other	12,431
<b>Total</b>	<b>1,419,367</b>

#### 9. Program Dining in regions

Cash disbursements on the dining in Kutaisi and Batumi are as follows:

	<b>2018</b>
Salary	105,557
Food expenses	74,690
Rent	61,200
Utility	7,880
Inventory	4,561
Hygiene materials	2,410
Repair	2,388
Security	1,825
Stationary	501
Computer expenses	40
Other	2,862
Batumi dining room program	4,788
<b>Total</b>	<b>268,702</b>

#### 10. Administrative expenses

	<b>2018</b>
Employee benefits	288,031
Marketing expenditures	54,174
Rent expenditures	25,262
Furniture, fixtures & equipment	16,822
Utilities	10,588
Stationary	4,207
Bank commission fees	2,281
Repair works	2,216
Hygiene materials	1,505
Security services	324
Other	76,458
<b>Total</b>	<b>481,868</b>



## NNLE “Chernovetskyi Fund”

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

#### **10. Administrative expenses (continued)**

During 2018 the Organization paid GEL 68,895 to the management of the Organization as salary expenses.

As at 31 December 2018, the number of the Organization’s employees was 110, including 15 employees for administration work and 95 employees working on special programs.

#### **11. Transactions with related parties**

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 and the founder of the Organization is Leonid Chernovetskyi. During 2018, the Organization received GEL 2,725,459 of charity contributions from Serviden Enterprises Limited, which is related party to the Leonid Chernovetskyi.