

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

statement of sources and uses of funds

for the year ended 31 December 2021



NNLE "Chernovetskyi Fund"
Statement of Sources and Uses of Funds
for the year ended 31. December 2021

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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 2021 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 2021 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 of Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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.

Responsibilities of management 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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Auditor's responsibilities 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.

We communicate with those charged with governance 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 LLC

3 August 2022

Tbilisi, Georgia

NNLE "Chernovetskyi Fund"
Statement of Sources and Uses of Funds
for the year ended 31 December 2021

GEL	Note	2021
Opening balance of cash and cash equivalents		239,372
Cash receipts:		
Contributions by legal entities	3	638,018
Donations from charity boxes		28,691
Direct contributions by individuals		448,517
Income received from selling of goods		7,030
Other		20,394
Total cash receipts		1,142,850
Cash disbursements		
Program for special needs	4	517,037
Administrative expenses	5	607,626
Total cash disbursements		1,124,663
Closing balance of cash and cash equivalents		257,559

The Statement of Sources and Uses of Funds was approved by management on 3 August 2022 and were signed on its behalf by:

Director

Tea Rokva



Executive director

Yevhenia Melhunova

The accompanying notes on 4-6 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 2021

1. Background

NNLE "Chernovetskyi Fund" (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 Mr. Leonid Chernovetskyi, a citizen of Ukraine. The legal address of the Organization is Georgia, Tbilisi, Nutsubidze II Micro district Zhgenti street #48.

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

In 2021, the Organization's activities included the following program:

- Program for special needs – 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. In 2021, the Organization provided medical aid, clothes, food, equipment and other assistance to 199 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.

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

3. Contributions by legal entities

Contributions by legal entities are as follows:

SERVIDEN ENTERPRISES LIMITED	<u>2021</u> 560,209
Chernovetskyi Investment Georgia	70,972
Other entities	<u>6,837</u>
Total	<u>638,018</u>

NNLE "Chernovetskyi Fund"

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

4. Program for special needs

Cash disbursements to beneficiaries of program for special needs are as follows:

	<u>2021</u>
Help to beneficiaries	321,117
Directly attributable salary expenses	<u>195,920</u>
Total	<u>517,037</u>

5. Administrative expenses

	<u>2021</u>
Employee benefits	230,972
Marketing expenditures	180,642
Rent	77,336
Audit expenses	29,833
Furniture, fixtures & equipment	11,816
Utilities	13,937
Insurance	3,263
Security services	1,826
Stationary	2,397
Bank commission fees	1,441
Software	834
Hygiene materials	1,037
Other	<u>52,690</u>
Total	<u>607,626</u>

In 2021, the Organization paid GEL 129,117 to management of the Organization as salary expenses.

In 2021, average number of personnel of the Organization's was 16 employees including 8 employees for administration and 8 employees working on program.

6. 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 Mr. Leonid Chernovetskyi. In 2021, the Organization received charity contributions from Chernovetskyi Investment Georgia and SERVIDEN ENTERPRISES LIMITED of GEL 631,182. These companies are under control by Mr. Leonid Chernovetskyi.

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