

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

statement of sources and uses of funds

*for the year ended 31 December 2019*



“NNLE ‘Chernovetskyi Fund’”  
Statement of Sources and Uses of Funds  
for the year ended 31 December 2019

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

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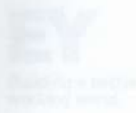
*for the year ended 31 December 2019*

Statement of Sources and Uses of Funds

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NNLE "Chernovetskyi Fund"  
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for the year ended 31 December 2019



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Financial statements are presented in the Statement of Sources and Uses of Funds for the period from 01 January 2019 to 31 December 2019. The financial statements are prepared in accordance with the requirements of the Accounting Act of Ukraine and the Accounting Standards of Ukraine.

Basic Information

The financial statements are prepared in accordance with the requirements of the Accounting Act of Ukraine and the Accounting Standards of Ukraine. The financial statements are prepared in accordance with the requirements of the Accounting Act of Ukraine and the Accounting Standards of Ukraine.

Explanation of material items, transactions and restricted assets

We have reviewed the financial statements of sources and uses of funds, which are prepared in accordance with the requirements of the Accounting Act of Ukraine and the Accounting Standards of Ukraine. The financial statements are prepared in accordance with the requirements of the Accounting Act of Ukraine and the Accounting Standards of Ukraine.

Approval of uses of management for the statement of sources and uses of funds

The management is responsible for the preparation of the financial statements and for the accuracy and completeness of the information presented in the financial statements. The management is responsible for the preparation of the financial statements and for the accuracy and completeness of the information presented in the financial statements.

## 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 2019 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 2019 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.

### 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

Tbilisi, Georgia

17 August 2020

**NNLE "Chernovetskyi Fund"**  
**Statement of Sources and Uses of Funds**  
**for the year ended 31 December 2019**

GEL	Note	2019
<b>Opening balance of cash and cash equivalents</b>		<b><u>398,325</u></b>
<b>Cash receipts</b>		
Contributions by legal entities	3	1,701,069
Donations from charity boxes		10,915
Direct contributions by individuals		271,599
Income received from selling of goods		66,905
Other		2,998
<b>Total cash receipts</b>		<b><u>2,053,486</u></b>
<b>Cash disbursements</b>		
Homecare program	4	580,388
Children's house program Tbilisi	5	167,833
Children's house program Kobuleti	6	258,755
Program for special needs	7	174,370
Day centre and dining room program	8	235,294
Dining in regions program	9	113,426
Administrative expenses	10	779,853
<b>Total cash disbursements</b>		<b><u>2,309,919</u></b>
<b>Closing balance of cash and cash equivalents</b>		<b><u>141,892</u></b>

The Statement of Sources and Uses of Funds was approved by management on 17 August 2020 and were signed on its behalf by:

Director

Tea Rokva



Executive director

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 for the year ended 31 December 2019

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

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

During 2019, 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 511 beneficiaries in 2019.
- ▶ Children's house program Tbilisi. On 28 May 2013, the Organization opened a family type children's house in Tbilisi. In 2019, 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 2019, it hosted 13 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.
- ▶ Help to beneficiaries of address projects. 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 2019 the Organization provided medical aid, clothes, hygiene materials, specialized equipment, food, school books and other equipment to 101 families.
- ▶ Day centre. Day centre is the social program, which was implemented in May 2017. Its services can be used daily, once a day. 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.
- ▶ Dining in Kutaisi program. 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.

## NNLE "Chernovetskyi Fund"

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

#### 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:

	<b>2019</b>
Chernovetskyi Investment Georgia	1,121,474
Serviden Enterprises Limited	276,309
Tbilisi City Hall	203,406
Social Service Agency	59,626
Other entities	40,254
<b>Total</b>	<b>1,701,069</b>

#### 4. Homecare program

Cash disbursements on the homecare program are as follows:

	<b>2019</b>
Employee benefits	409,872
Medicine for program beneficiaries	143,769
Rent	21,052
Utilities	5,556
Other	139
<b>Total</b>	<b>580,388</b>

In October 2019, homecare program was closed.

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

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

	<b>2019</b>
Employee benefits	76,219
Rent	57,333
Food	13,734
Clothing for children	5,603
Utilities	3,378
Medicine	1,636
Stationary	1,391
Other	8,538
<b>Total</b>	<b>167,833</b>

In September 2019, children's house program Tbilisi was closed.



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 program Kobuleti are as follows:

	<u>2019</u>
Employee benefits	89,794
Rent	76,261
Food and hygiene materials	46,959
Utilities	22,236
Medicine	3,007
Stationary	1,492
Other	19,006
<b>Total</b>	<b><u>258,755</u></b>

In September 2019, children's house program Kobuleti was closed.

**7. Help to beneficiaries of address projects**

Cash disbursements on the help to beneficiaries of address projects are as follows:

	<u>2019</u>
Help to beneficiaries of address projects	174,370
<b>Total</b>	<b><u>174,370</u></b>

**8. Day center**

Cash disbursements on the day centre are as follows:

	<u>2019</u>
Employee benefits	133,957
Food	59,154
Rent	25,262
Utilities	6,668
Hygiene materials	2,509
Medicine	868
Other	6,876
<b>Total</b>	<b><u>235,294</u></b>

In April 2019, Day centre program was closed.

**9. Program Dining in Kutaisi**

Cash disbursements on the dining in Kutaisi are as follows:

	<u>2019</u>
Employee benefits	50,931
Food expenses	26,812
Rent	28,461
Utility	4,089
Hygiene materials	1,269
Other	1,864
<b>Total</b>	<b><u>113,426</u></b>

In April 2019, Dining in regions program was closed.

## NNLE "Chernovetskyi Fund"

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

#### 10. Administrative expenses

	<u>2019</u>
Employee benefits	351,884
Marketing expenditures	183,395
Rent	79,998
Utilities	25,313
Software	24,927
Furniture, fixtures & equipment	22,883
Stationary	2,798
Bank commission fees	1,778
Security services	1,620
Hygiene materials	1,057
Other	84,200
<b>Total</b>	<b><u>779,853</u></b>

In 2019, the Organization paid GEL 59,880 to management of the Organization as salary expenses.

In 2019, average number of personnel of the Organization's was 74 employees, including 16 employees for administration work and 58 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. In 2019, the Organization received charity contributions from Chernovetskyi Investment Georgia and Serviden Enterprises Limited of GEL 1,121,474 and GEL 276,309, respectively. These companies are under control by Leonid Chernovetskyi.