

Non-entrepreneurial Non-commercial
Legal Entity (NNLE) "Chernovetskyi Fund"
Statement of sources and uses of funds
Together with the Independent Auditors' Report
For the year ended 31 December 2023

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Contents:

Independent auditor's report 3

Statement of Sources and Uses of Funds 5

Notes to the Statement of Sources and Uses of Funds

1. General Information6

2. Basis of preparation of the Statement of Sources and Uses of Funds6

3. Contributions by legal entities.....6

4. Program for special needs6

5. Administrative expenses7

6. Transactions with related parties7

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 2023 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 2023 is prepared, in all material respects, in accordance with 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) together with the ethical requirements that are relevant to our audit of the Statement of Sources and Uses of Funds in Georgia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER PARAGRAPH - 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 controls as management determines is necessary to enable the preparation of the Statement of Sources and Uses of Funds that is free from material misstatements, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Ekaterine Kopaliani (Registration number SARAS-A-932874).

A handwritten signature in blue ink, appearing to be 'm. kopaliani', written over a blue horizontal line.

For and on behalf of BDO Audit LLC

Tbilisi, Georgia

11 October 2024

NNLE "Chernovetskiy Fund"

STATEMENT OF SOURCES AND USES OF FUNDS

As of 31 December 2023

(In GEL)

	Note	2023	2022
Opening balance of cash and cash equivalents		<u>275,902</u>	<u>257,559</u>
Cash receipts			
Contributions by legal entities	3	777,465	706,200
Donations from charity boxes		66,537	39,388
Direct contributions by individuals		1,416,976	575,251
Other		134	684
Total cash receipts		<u>2,261,112</u>	<u>1,321,523</u>
Cash disbursements			
Program for special needs	4	(1,378,037)	(970,506)
Administrative expenses	5	(271,983)	(280,664)
Total cash disbursements		<u>(1,650,020)</u>	<u>(1,251,170)</u>
Foreign exchange gain/(loss), net		858	(52,010)
Closing balance of cash and cash equivalents		<u>887,852</u>	<u>275,902</u>

The statement of sources and uses of funds was provided by management on 11 October 2024 and were signed by on its behalf by:

Director



Yevheniia Melhunova

Notes on pages 6-7 are an integral part of this Statement of Sources and Uses of Funds

NNLE "Chernovetskyi Fund"

Notes to the Statement of Sources and Uses of Funds

As of 31 December 2023

(In GEL)

1. General Information

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 Georgia. The legal address of the Organization is Georgia, Tbilisi, Nutsubidze II Micro district Zhgenti street #11.

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

In 2023, the Organization's activities including the following:

- Program for special needs - program is designed to help socially vulnerable people and large families - helping those who need treatment and surgery. 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 2023, the Organization provided medical aid, household and computer equipment, furniture, bicycles, school supplies, telephones, construction materials, clothes, food and other assistance to 155 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:

	2023	2022
SERVIDEN ENTERPRISES LIMITED	770,516	693,795
Other entities	6,949	12,405
Total	777,465	706,200

4. Program for special needs

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

	2023	2022
Help to beneficiaries	(657,254)	(446,805)
Directly attributable salary expenses	(328,867)	(305,447)
Marketing expenditures	(391,916)	(218,254)
Total	(1,378,037)	(970,506)

NNLE "Chernovetskyi Fund"

Notes to the Statement of Sources and Uses of Funds

As of 31 December 2023

(In GEL)

5. Administrative expenses

	<u>2023</u>	<u>2022</u>
Employee benefits	(89,594)	(132,837)
Rent	(63,000)	(65,100)
Furniture, fixtures & equipment	(46,885)	(25,780)
Audit expenses	(26,859)	(22,407)
Utilities	(12,542)	(13,287)
Bank commission fees	(3,509)	(1,426)
Insurance	(2,420)	(2,671)
Hygiene materials	(1,848)	(1,339)
Security services	(1,632)	(1,632)
Software	(1,251)	(1,460)
Stationary	(1,096)	(919)
Other	(21,347)	(11,806)
Total	<u>(271,983)</u>	<u>(280,664)</u>

In 2023, the average number of personnel of the Organization was 18 employees including 6 employees for administration and 12 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 have control or significant influence over the Organization.

The main donor and the founder of the organization is Mr. Leonid Chernovetskyi. In 2023 and 2022, the organization received charity contributions from SERVIDEN ENTERPRISES LIMITED of GEL770,516 and GEL693,795, accordingly. This company is under control by Mr. Leonid Chernovetskyi.

In 2023 and 2022, the Organization paid GEL91,044 and GEL133,127, accordingly, to the management of the Organization as salary expenses.

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