



## Certification of Translation Accuracy

Translation of **"Report (2023) – ZCPO "Yakir""**  
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Ievgen Godovskyi,  
Director of Operations  
Global Lingo Group, LLC

Dated: June 26, 2024





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***Audit report  
on audit of the annual financial report and report  
on charitable funding expenditure  
of Zhytomyr City Public Organization  
Christian Center for Social Rehabilitation of Patients  
Suffering from Drug Abuse and Alcoholism "YAKIR" for 2023***

Identification code 26017417

**Addressee**

This report of an independent auditor on the audit of the financial statements of a microenterprise in the status of a non-profit organization is addressed to the Chairman of the Board, the management staff of Zhytomyr City Public Organization "YAKIR Christian Center for Social Rehabilitation of Drug Abuse and Alcoholism Patients" (abbreviated as "Yakir" ZCPO, Organization, NGO) and the sponsor - benefactor represented by "Kom over en Help" Foundation ("Come and help" (Watergoorver , 75a, 3861 MA Neikerk, the Netherlands) , and hereinafter - the Foundation, KOEN, the benefactor) and can be used to provide information to other users in accordance with current legislation of Ukraine.

**I. Report on the audit of the annual financial report and report on charitable funding expenditure**

**1.1 Composition and scope of the audit**

On the basis of Agreement No. 05/24 of May 14, 2024, the private auditing firm "Etalon" performed tasks regarding financial information agreed with the addressee of this Report and conducted an audit



of the reliability of the annual financial statements of the micro-enterprise prepared in accordance with the National Accounting Regulations (standards) (hereinafter - NP(S)BO), in particular NP(S)BO-25 of December 31, 2023, as well as the report submitted to benefactor donors on the actual spending of charitable funding of Yakir ZCPO. Since the Report submitted by YAKIR ZCPO to the Fund does not allow a full financial analysis and assessment of the real financial condition of the NGO, the amount of equity capital and other important financial indicators, we decided to audit the annual financial statements of YAKIR ZCPO, which in accordance with the requirements of current legislation of Ukraine is submitted annually by all legal entities, regardless of the forms of ownership and subordination to authorized state bodies, together with the reporting submitted by ZCPO "YAKIR" to the Fund, and the results are reflected in our audit report. After all, the report on the actual spending of charitable financing funds is compiled based on accounting data during the year and is correlated with the indicators of the annual financial statements.

The annual financial statement is a complete set of financial statements of a micro-enterprise, which is ZCPO "Yakir", which has the status of a non-profit organization and, in accordance with the requirements of current Ukrainian laws, is submitted annually by all legal entities to the bodies of the State Fiscal Service (in particular, to the State Tax Inspectorate of Zhytomyr, the Main Department of the STS in Zhytomyr Region) and State Statistics in Zhytomyr Region and consists of:

- Balance sheet (Statement of financial position) of December 31, 2023 (Form No. 1-ms);
- Statement of financial results (Statement of comprehensive income) for 2023 (Form No. 2-ms).

NP(S)BO are the conceptual basis for drawing up and submitting annual financial statements. The internal accounting policy of the NGO, which reflects the principles and methods of accounting and reporting, according to which the financial statements are drawn up, meets the requirements of national P(S)BO, as well as the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" of July 16, 1999 No. 996-XIV regarding the preparation of financial statements.

In addition, we have performed all audit procedures for the analysis of data of the Report, which is compiled by the management staff of the ZCPO "Yakir" and submitted to the benefactor in the person of the Dutch "Kom over en Help" Foundation by comparing the general information and digital data on the expenses made, indicated in the ZCPO Report "Yakir" with data from accounting registers.

The main purpose of our audit is to verify the reliability of financial reporting indicators and the compliance of economic and financial operations carried out by ZCPO "Yakir" with the requirements provided for in the Partnership Agreement in the process of implementing all the Organization's Projects, in special:

- Project No. 80324 on rehabilitation of patients with drug addiction and alcoholism - Yakir, Mayak;
- Project No. 80326 "Shofar" to help the homeless, low-income persons;
- Project No. 73110 "Extra money" for the implementation of an expanded project of providing assistance to the homeless and low-income segments of the population, people with special needs (disabled), retirees, internally displaced persons (IDPs), victims of military operations, assistance to civilians in de-occupied and front-line territories with simultaneous compliance with the requirements stipulated by the current legislation of Ukraine.

Taking into account the specifics of the NGO's activity, the audit was based on:

- the analysis of financial sources of program activities and expenses of ZCPO "Yakir" (balance of income and expenses of resources provided by the Fund for the implementation of statutory activities);
- the audit of financial reports provided by the Fund to reflect the funds of charitable financing, which were spent in the process of implementation of the projects for the rehabilitation of drug addiction and alcoholism patients "Yakir" and "Mayak", the project "Shofar" and the project No. 73110 "Extramoney."



During the audit, we paid special attention to the following aspects:

1. Checking the state of systematic record keeping of payroll expenses, relevant charges and payroll taxes, accrued within the framework of implemented programs throughout the entire reporting period and the availability of all supporting documents in sufficient quantity;
2. Analysis of compliance of data for each item of financial reports in the process of comparing actual expenditures with planned expenditures by benefactors according to the budget for their compliance in each specific period;
3. Study of the availability of supporting documentation for the implementation of statutory activities, taking into account the importance of activities and emerging risks;
4. Checking the ratio of hryvnia/euro exchange rate with the rate specified in the Agreement;
5. Analysis of the compliance of ZCPO "Yakir" with the terms of contracts regarding purchases and acquisition of material assets and services;
6. Checking the correspondence of outgoing balances (account balances) for the previous period and incoming balances for the current period, etc.

The auditor investigated and listed below:

- general information about ZCPO "Yakir";
- analysis of the indicators of the annual financial statements of the microenterprise;
- the results of the analysis and comparison of the information displayed in the Report and data on the actual receipt of charitable funding in the reporting period, as well as a comparison of the total amount of receipts with the balances of the corresponding accounts in the general ledger ;
- the results of the analysis of the ZCPO "Yakir" Report for the reporting period and the comparison of the received data with the information provided in the registers of synthetic accounting for the relevant accounts of the CO;
- comparison of the general information and digital data given in the Report with the financial budget.

The audit was performed in accordance with the International Standards on Auditing (hereinafter referred to as ISAs), in particular ISA 805 "Special Considerations - Audits of Individual Financial Statements and Certain Elements, Accounts, or Articles of a Financial Statement", compiled in accordance with the conceptual framework of a special purpose under ISA 805. Our responsibility according to the ISA is set out in the section "Auditor's responsibility for the audit of financial statements" of our report. We are independent of ZCPO "Yakir" in accordance with the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (the "Code of Ethics for Accountants") and the ethical requirements applicable in Ukraine to the audit of financial statements and have also fulfilled other ethical obligations in accordance with these requirements and the RMSEB Code.

## **1.2. Responsibility of management personnel for financial reporting**

The management staff is responsible for the preparation and reliable presentation of the annual financial report in accordance with the principles of accounting of cash receipts and expenses, determined by NP(S)BO, as well as the requirements of the conceptual framework for the preparation of the report and for such internal control as the management of ZCPO "Yakir" recognizes necessary to ensure that the Report is prepared without material misstatement due to fraud or error.

The report for year 2023 was prepared by the management staff of the Organization based on the actual accounting data of cash receipts and expenses in order to respond to the request of benefactors about the movement of funds received from them and in accordance with the provisions



of the financial report on the spending of funds of charitable financing established by the benefactor sponsor.

### 1.3 Auditor's responsibility

The responsibility of the auditor is to express an opinion on this Report based on the results of the audit conducted in accordance with the ISA, which require us to comply with the relevant ethical requirements, as well as to plan and perform the audit to obtain sufficient confidence that the financial statements do not contain material distortions and errors .

The audit provides for the implementation of audit procedures to obtain audit evidence regarding the amounts and their disclosure in the financial report. All the necessary audit procedures were performed to analyze the data of the Report on the expenditure of funds of charitable financing of ZCPO "Yakir" by comparing the information and digital data obtained during the audit on the received income and expenses with the actual accounting data .

I believe that the audit evidence obtained during the audit is sufficient and acceptable for expressing an audit opinion.

### 1.4 The opinion of an independent auditor

*In our opinion, the annual financial statements of the microenterprise for the year 2023 and the reporting on the expenditure of funds of charitable financing of the Yakir ZCPO, submitted to the Foundation, accurately reflect, in all essential aspects, the received income and incurred expenses within the framework of the Partnership Agreement signed between the Organization and the Foundation for the reporting period. period in accordance with the basis of accounting of cash receipts and expenses determined by NP(S)BO and the conceptual basis of compliance determined by the sponsor in the person of the Fund, according to which this Report was prepared and which is currently acceptable.*

### 1.5 Business continuity

In accordance with ISA 570 "Continuity," in the process of financial analysis of the annual financial statements for 2023, no evidence of the existence of a threat to the continuous activity of the NGO was received, in particular:

- as of December 31, 2023, the structure of the balance sheet is quite satisfactory, because the total assets of ZCPO "YAKIR" significantly exceeded its total liabilities during the last 4 years, in particular:
  - for UAH 3077.0 thousand, or in 684.8 times at the end of 2020;
  - for UAH 3416.4 thousand, or in 63.2 times in 2021;
  - for UAH 5082.3 thousand, or in 3631.2 times in 2022;
  - for UAH 4236.4 thousand, or in 269.1 times in 2023;
- current assets of ZCPO "YAKIR" also significantly exceeded its current liabilities, namely:
  - at the end of 2020 for UAH 220.5 thousand, or in 50 times;
  - at the end of 2022 for UAH 1560.8 thousand, or in 1115.9 times;
  - at the end of 2023 for UAH 618.6 thousand, or in 40.2 times.
- key financial coefficients of the Organization are generally positive;



- With the comprehensive support of the Foundation, the NGO has created a reliable basis for long-term implementation of statutory activities in the future (material basis in the form of fixed assets purchased and received free of charge, which is own capital);
- The foundation has not officially announced its intention to stop its charitable activities.

These circumstances serve as reliable evidence and a reason to predict the probability of continuing activities of ZCPO "YAKIR" on an uninterrupted basis in the near future.

In accordance with ISA 706 "Explanatory paragraphs and paragraphs on other issues in the independent auditor's report", the auditor considers the possibility of including additional information in the auditor's report. We draw the attention of users of this information that the auditor's opinion is not modified in case of disclosure of information in the "Explanatory Paragraph ."

*The original report of the auditor is presented in Ukrainian. In case of ambiguous interpretation of the content of this report, the Ukrainian version shall prevail. To perform the task, we use assumptions about the validity of the provided documents, the authenticity of their copies to the originals.*

### 7.1. General information about the subject of audit

Name and legal form of the Organization	Zhytomyr City Public Organization "Yakir Christian Center for Social Rehabilitation of Patients with Drug Abuse and Alcoholism"
Short name:	(abbreviated as ZCPO "YAKIR")
Name of the Organization in English	Full name – Zhytomyr city public organization
Short name:	"Christian center for social rehabilitation of the patients for drug abuse and alcoholism " Yakir "
National registration number	26017417
Information on primary state registration	Record No. 1 305 120 0000 007055 of April 12, 2001
Place of registration	Executive Committee of Zhytomyr City Council
Date of the last registration	July 31, 2020
Legal address	Khlibna Street, bld. 15a, Zhytomyr, Ukraine, 10008
Actual location:	Nezalezhnosti Street, bld. 40, Volytsia village, Zhytomyr district, Zhytomyr region, 12446;
• Yakir Rehabilitation Center	Myru Street, bld. 20, Volytsia village, Zhytomyr district, Zhytomyr region, 12446
• Mayak Rehabilitation Center	V. Berdychivska Street, bld. 113, Zhytomyr city, Ukraine, 10002
• "Shofar" Project	Khlibna Street, bld. 15a, m. Zhytomyr city, Ukraine, 10008
• Office	
Telephone, fax	+380958610931
E-mail	zmgoyakir@gmail.com
Current account in national currency	IBAN: UA773052990000026004006403495
Current account in euros	UA353052990000026005016403268
Name of the bank, MFI	PJSC CB " PryvatBank ", MFI 305299
Type of economic activity according to KVED (According to certificate No. 07-08/82 of February 08, 2018)	94.99 – Activities of other public organizations



The date of registration of the NGO as a non-profit organization (0005) in the SFS	June 19, 2001 in Zhytomyr State Tax Inspection of CA of the State Fiscal Service in Zhytomyr region under No. 6617
Number of employees as of December 31, 2023	10 employees
Responsible officials in 2023: Chairman of the Board Chief Accountant	Linnyk Iryna Anatoliivna Bahlai Svitlana Vitalivna

According to the Statute in the new edition, approved by the decision of the general meeting of the public organization of July 27, 2020 (minutes No. 3), ZCPO "Yakir" is a voluntary association of individuals, created to exercise and protect the rights and freedoms of man and citizen, to satisfy social, in particular, economic, social, spiritual, cultural, educational and other interests of its members and/or other persons. The main goal of the NGO is to spread Christian spiritual values among various social groups, to provide them with advisory, rehabilitation and practical assistance in solving their vital problems. The subject of the activity of the NGO is voluntary, useless, multifaceted work aimed at the activities of the rehabilitation center for citizens with various forms of drug and alcohol addiction, the educational and counseling center and the educational center for the training of consultants, the activity of the center for providing assistance to homeless persons through the efforts of interested legal entities and individuals to provide educational, consulting, social, health, material and financial assistance to the needy in order to promote the prevention of negative phenomena among the population (HIV/AIDS, alcohol and drug addiction, in particular among children, youth and youth).

According to clause 3.2. of the statute, the main areas of activity of the NGO are:

- Rehabilitation center for citizens with various forms of drug and alcohol abuse;
- Social project "Shofar" (free lunches for the homeless and low-income groups of the population
- Educational and consulting center;
- Training center for consultants;
- Serving in places of deprivation of liberty.

Processing of accounting data is carried out by ZCPO "Yakir" according to NP(S)BO according to the journal-order accounting system using the 1C:Enterprise 8.3 software (8.3.16.1063). Analytical accounting data is displayed in the current and balance information, synthetic data - in the General Ledger.

## **II. The results of analysis provided by agreement of charitable financing and actual income funds during reported period**

In order to implement the Partnership Agreement for 2021-2023 dated December 21, 2020 between the Fund and ZCPO "Yakir" (hereinafter - the Agreement) in accordance with the revised letter of agreement dated June 27, 2023 on financing, the Fund approved charitable assistance (financing) for 2023 in the following sizes:

- Project No. 80324 – financing activities for the rehabilitation of alcohol and drug addicts – €95,250.00;
  - Project No. 80326 – financing of the Shofar project – € 15,000.00;
  - Project No. 73110 - additional charitable financing of the "Extramoney" project - €80,000.00,
- which totals to € 190,250.00.

As we noted in the previous audit report for 2021 and 2022, and due to the explanation of the head of ZCPO "Yakir" in connection with the aggressive Russian-Ukrainian war started by Russia against Ukraine and the introduction of martial law from 24.02.22, the rehabilitation project was suspended



and all conscripted male rehabilitators were sent to their place of registration and residence. And the Foundation made a decision to introduce additional charitable financing under project No. 73110 "Emergency aid" in the amount of €80,000.00 for the implementation of an expanded project of providing assistance to the homeless and low-income groups of the population, internally displaced persons (IDPs), and war victims.

According to the primary bank documents provided for the audit during 2023 with the aim of implementing the Agreement on the distributive currency account of ZCPO "Yakir" currency in euros was received from the Fund and recorded in the accounting records of the NGO with the display of the hryvnia equivalent at the rate determined by the National Bank of Ukraine (NBU) on the date of financing. In particular, **€190,250** was received from the Fund during 2023, and taking into account the receipts from the Dutch charitable organization "Friends of Zhytomyr" in the amount of **€23,488**, the total amount of currency receipts is **€213,738.00**, hryvnia equivalent of which is **₴ 8,426,810.05** on the date of receipt of funds per rate of the NBU.

In addition, the management of the NGO makes maximum efforts to attract additional income, as a result of which **₴ 158,324.89** was received from domestic minisponsors.

During 2023, all received currency in the amount of €213,738.00 was sold on the interbank currency exchange. As a result of currency exchange operations, the current account of the Organization received **₴8,409,749.08**, and taking into account donations from minisponsors, the current account of the NGO received **₴8,568,073.97**, which is reflected in the corresponding section of the Report. In addition, according to the accounting records of the Organization, at the beginning of the year, there was a balance of funds of the Fund in the amount of **₴855,155.33**, which were partially used for the implementation of projects during 2023. This information is summarized and presented in the table:

#### Analysis of funding sources and expenditures made in 2023

Project	Project no	€ actually received on the currency account	₴ actually received on current account	Share in total amount of income %	Actual expenses of the PO on projects	Share in the total amount of expenses %
Rehabilitation center	80324	95250	3753739.88	43.81%	3065213.60	32.71%
"Shofar" project	80326	15000	590602.88	6.89%	1514322.74	16.16%
Emergency assistance, including the "Oasis" project	73110	80000	3143323.00	36.69%	4012392.42	42.82%
<b>Total from the Foundation</b>		<b>190250</b>	<b>7487665.76</b>	<b>87.39%</b>	<b>8591928.76</b>	<b>91.69%</b>
"Friends of Zhytomyr" - aid the Armed Forces of Ukraine		€23488	922083.32	10.76%	778335.97	8.31%
Minisponsors			158324.89	1.85%		
<b>Total income and expenses</b>		<b>€ 213738</b>	<b>8568073.97</b>	<b>100.0%</b>	<b>9370264.73</b>	<b>100.0%</b>





Balance of funds at the beginning of the year			855155.33			
Total balance			9423229.30		9370264.73	

Systematizing the information presented in the table, we note that the major share of all incomes of the NGO is financing from KOEH, which in the reporting year 2023 is 87.39%, from the organization "Friends of Zhytomyr" - 10.76%, accordingly, the additional incomes from minisponsors are 1.85%.

I draw the attention of the users of this information to the fact that during 2023, several significant events took place in the activities of ZCPO "YAKIR", which were reflected in its accounting registers and financial statements, namely:

- Since with the introduction of martial law in Ukraine, the work on the "Come and help" project was suspended, because all male rehabilitators of conscription age were sent to their place of registration and residence, the costs of this project are determined in the amount necessary to maintain them in working condition premises of the rehabilitation centers "Yakir" and "Mayak" in the village of Volytsia. Instead, throughout 2023, a large family of internally displaced persons (IDPs) from the temporarily occupied city of Slovyansk, Donetsk region, lived for free in the Mayak rehabilitation center, namely: a couple raising 10 children in a family-type orphanage, of which 3 native and 7 adopted. At the same time, the expenses for the payment of utility bills were taken over by ZCPO "YAKIR";

- Due to the martial law as a result of the Russian-Ukrainian war, the construction of an extension to the main premises of the "Yakir" rehabilitation center, which was intended for the implementation of primary sanitary treatment of persons entering rehabilitation, was suspended;

- A shed made of metal structures was built and a playground was arranged near the building of the former pharmacy purchased in 2019 and renovated at the address: Zhytomyr, str. Berdychivska, 113, which is owned by a non-governmental organization and is used to provide free assistance (in the form of loaves and soup) to the homeless, low-income and persons with special needs (disabled). The total cost of these works is UAH 228,000;

- As noted in our previous auditor report, the work on the Shofar project (help to the poor, the elderly (over 65 years old), persons with special needs and the homeless) has been expanded because with the beginning of the war, the prices of food and basic necessities increased significantly;

- Generators were installed in all 4 buildings of the "Yakir" ZCPO, received as part of humanitarian aid from foreign benefactors;

- A point of distribution of free lunches has been opened in the town of Cherniakhiv, Zhytomyr region along the street Korostenska, building 48 (the town of Cherniakhiv is located 26 km north of Zhytomyr). In particular, one room with a separate entrance with an area of 17.5 m<sup>2</sup> has been repaired and is used by the Organization under the terms of the contract of free use (loan) concluded with the "Religious community of Evangelical Christians-Baptists" of the town of Cherniakhiv. In particular, in the process of repair, the construction materials purchased by the Organization were carried out by the civil-law contractor hired under the contract:

- dismantling and replacement of 3 windows and 1 door;
- installation of plasterboard walls with an area of 40 m<sup>2</sup>;
- puttying and painting walls with an area of 40 m<sup>2</sup>;
- installation of a clapboard ceiling with an area of 17 m<sup>2</sup>;
- installation of the floor (linoleum) and plinth area 17 m<sup>2</sup>;
- installation electrical equipment: electrical wires, sockets, shield.

Total cost of repair works, including payment to a builder is UAH 135,696.15:



- In 2023, there were changes in the staffing schedule of the ZCPO "Yakir", in particular, an employee of the Oasis project (Cherniakhiv township) from July 1, 2023, and a second social worker from January 1, 2024 were accepted for permanent work under employment contracts, thus receiving labor guarantees and social protection. From 02.02.23, the Head of Maintenance Department, who was simultaneously engaged in occupational therapy with rehabilitators (due to the absence of rehabilitators), was dismissed;
- Note that after the start of the Russian-Ukrainian war, there were changes in the staffing schedule also due to the temporary evacuation of some employees with children abroad, so-called refugees;
- To this day, the systematic provision of aid to the population in the de-occupied territories of Ukraine (Kyiv, Kharkiv, Kherson regions) continues in the form of aid packages, building materials and construction tools, etc.;
- At the expense of goods received in the form of humanitarian aid, humanitarian aid continues to be provided to individual military units (hospitals, medical and sanitary units, military units), individual military personnel, as well as military chaplains, volunteers for further transfer to military personnel, etc.);
- In addition, the free transfer of the RENAULT Trafic 2008, BE 618683, blue color, was made to the Armed Forces of Ukraine (in particular, military unit A2900), which in 2022 was received in the form of humanitarian aid and was used in the charitable activities of ZCPO "Yakir."

## 7.2 Disclosure of information about assets, liabilities and financial results

In the balance sheet of ZCPO "YAKIR" compiled in accordance with the requirements of NP(S)BO-25 as of December 31, 2023, resources in the amount of UAH 4,252.2 thousand are shown, which compared to the resources of 2022 in the conditions of a full-scale Russian-Ukrainian war (5,083.7 thousand UAH) decreased by UAH 831.5 thousand, or by 16.4% due to a decrease in all components of the balance sheet, except for non-current assets, which increased by UAH 96.3 thousand as a result of the increase in fixed asset balances, or by 2.7%. At the same time, the balances of current assets in the form of stocks, current receivables and cash decreased in the end by UAH 927.8 thousand or 2.5 times. The balances of other current receivables decreased significantly (from UAH 53.6 thousand to UAH 12.5 thousand, i.e. 4.3 times) and cash (from UAH 855.2 thousand to 55.1 thousand) UAH, or 15.5 times).

**7.2.1 Assets** presented in the balance sheet for 2023 in the form of non-current assets in the amount of UAH 3,617.8 thousand and current assets in the amount of 634.4 thousand hryvnias, which is 85.08% and 14.92% of the total value of the property against last year's 3521.5 thousand hryvnias and UAH 1,562.2 thousand, which is 69.3% and 30.7%, respectively.

Components of assets include:

- **fixed assets** (hereinafter referred to as Fixed assets) with a residual value of UAH 3,617.8 thousand, an initial value of UAH 6,022.3 thousand and accumulated depreciation of UAH 2,404.5 thousand at the end of 2023 compared to the residual value of UAH 3,521.5 thousand and the original value of UAH 5,434.9 thousand and accumulated depreciation of 1,913.4 thousand hryvnias by the end of 2022. In addition, other non-current tangible assets in the form of low-value non-current tangible assets with a value of UAH 823.0 thousand which are recorded on account 112.

According to the company's own accounting policy, assets purchased with its own funds are reflected in the accounting and reporting at the historical cost (acquisition cost), accepted as the reasonable cost.



Fixed assets are classified according to the nature and method of use in the activities of Yakir. Their accounting is carried out in accordance with the chart of accounts established in Ukraine, by types of health care facilities and by locations of objects. Analytical accounting of Fixed assets is carried out in the turnover and balance information of Fixed assets accounting (in electronic form) by inventory objects, grouped according to the requirements of tax legislation. Depreciation (amortization) of personal property is calculated using the straight-line method, taking into account the useful life and is reflected in account 131, where as of December 31, 2023, UAH 2,404.5 thousand has been accumulated of wear and tear.

According to the accounting data, in 2023, Fixed assets were purchased and overhauled with an initial cost of UAH 554.7 thousand, and UAH 32.7 thousand were disposed of. Acts of the established form are the basis for reflecting the movement of fixed assets in accounting logs.

In order to assess the technical condition of fixed assets as of December 31, 2023, we will calculate the following indicators:

- the degree of wear and tear of fixed assets, which is 0.399 or 39.9% of the original value of fixed assets;
- coefficient of suitability of fixed assets – 0.600.7 (60.7%);
- coefficient of updating of fixed assets – 0.092 (9.2%);
- the rate of elimination of fixed assets – 0.0054 (0.54 %).

*An express analysis of the movement and technical condition of fixed assets usually characterizes the production potential of any Company (and in our case it is the material basis for further successful activity of the PO) and shows that the acquisition rate of fixed assets is significantly ahead of the disposal rate, which is a positive trend and indicates the intensity of renewal of the fixed assets.*

➤ I draw the attention of the users of this information that the building of " Yakir " Rehabilitation Center at the address of Volytsia village, Nezalezhnosti Street, 40, is used by the Customer on the terms of free use (loan) in accordance with the relevant contract concluded on November 1, 2021 between "Yakir" and the religious organization "Independent Church "Christmas of Evangelical Christian Baptists". The term of the contract is 2 years 11 months. Upon expiration of the agreement, it shall be renegotiated by agreement of the parties for the next term.

However, during the term of use of the building, ZCPO "Yakir" has invested considerable funds in repairs and improvements of this facility. As of January 1, 2023, on account 1171 "Other non-current tangible assets" under the sub-account "Residential building of Volytsia, Nezalezhnosti Street, 40 "Improvements" accumulated during 2018-2022 in the amount of UAH 331,339.46. In particular, funds invested in the construction of additional premises to the main building for the reception and initial sanitary treatment of persons admitted for rehabilitation are accumulated here on which UAH 132,432.23 have already been spent, but on the date of the audit, the construction was suspended due to the war. In addition, in 2023, this amount increased by UAH 91,968.83 after the opening of the point of distribution of free lunches in the township of Cherniakhiv, which is located at the address of Korostenska Street, building 48 and is used under the terms of a similar Agreement of free use (loan) concluded with the "Religious Community of Evangelical Christian-Baptists" of the town of Cherniakhiv.

Since Yakir ZCPO does not have official property rights to the extension of the rehabilitation center, therefore it does not declare to the fiscal authorities the payment for the land and the tax on immovable property, other than the land plot. And the Independent Church "Christmas Evangelical Christian Baptists", as a religious organization, according to the current legislation of Ukraine, benefits from these taxes. However, these benefits apply only if the religious organization uses the land and real estate in



its activities and does not rent it out. I note that now the fiscal authorities often equate free use with rent and may consider the application of a benefit when paying such taxes to be unjustified.

➤ I draw the Customer's special attention to the existing financial and tax risks arising from the above and recommend taking appropriate legal actions to positively resolve the above issues

▪ **inventories** in the amount of UAH 566.8 thousand at the end of 2023 (line 1100 Form 1), which according to P(S)BO 8 "Inventories" are recognized as financial assets by the GO, are recorded in the relevant accounting accounts on the basis of primary documents (suppliers' profit invoices) and are valued at the actual cost price. Their analytical accounting is carried out in the turnover and balance information for each inventory accounting unit, which recognizes their name or a homogeneous group and in terms of materially responsible persons. When stocks are released for use, they are valued at the purchase price, which is provided for by our own accounting policy.

At the end of 2023, the total balance of inventories as financial assets decreased slightly (by UAH 86.6 thousand, or by 13.3%) compared to 2022, and their specific weight at the end of 2023 is 13.3% of the total value of the property of ZCPO "Yakir" compared to last year's (in 2022) 12.9%, the components of which at the end of 2023 are:

- inventories – UAH 406.6 thousand;
- parts – UAH 67.1 thousand;
- goods – UAH 93.1 thousand.

Mostly, these are goods and materials obtained by GO as humanitarian help, the distribution of which was done already in 2024s.

➤ I would like to draw the attention of users of this information to the fact that Yakir, as required by the current Law of Ukraine "On Humanitarian Aid", accounts for, accounts for and distributes humanitarian aid, which is subject to annual reporting to the fiscal authorities. Merchandise and material values are accepted according to the act of acceptance and transfer, assessed by the commission at fair value and posted on the balance sheet of the NGO, which fully complies with the NP(S)U and current legislation.

▪ **other current receivables** - UAH 12.5 thousand at the end of 2023 (631 account) against UAH 53.6 thousand at the end of 2022 (line 1155 Form 1) (in particular at the end of 2022: account 631 – UAH 36.2 thousand, account 372 – UAH 17.0 thousand).

Short-term receivables, as a financial instrument, are considered current and expected to be repaid within 12 months from the balance sheet date. In the course of 2023, it decreased by a total of 4.3 times, namely: from UAH 53.6 thousand up to UAH 12.5 thousand. Its accounting fully meets the requirements of P(S)BO-10 "Receivables" and its own accounting policy. In fact, this is the sum of advance payments for electricity (10.5 thousand hryvnias) and for gas delivery (1.8 thousand hryvnias)

▪ **monetary funds** are reflected in the amount of UAH 55.1 thousand at the end of 2023 against UAH 855.2 thousand at the end of 2022, i.e. a 15.5-time decrease (line 1165 Form 1), accounting for which at the end of each period reflects the balance of funds on the current and other accounts of the NGO in national and foreign currency, which is confirmed by the latest bank statements. Accounting of cash transactions and non-cash funds is carried out on class 3 accounts "Funds, settlements and other assets" in compliance with the requirements of current legislation.

**7.2.2 Liabilities** The analysis of the liability data of the balance sheet of the micro-enterprise at the end of 2023 shows that in the total amount of sources (economic means) in the amount of UAH 4,252.2



thousand both at the end of the reporting year and in 2022 (UAH 5,083.7 thousand), equity has a positive value, in particular, UAH 1,769.9 thousand at the end of 2023 against UAH 1,944.9 thousand by the end of 2022. I draw the attention of users of this information to the fact that over the past 5 years, at each balance sheet date, in the end, own capital together with charitable aid (in the form of targeted financing in the amount of UAH 2,466.5 thousand at the end of 2023 and UAH 3,137.4 thousand in 2022) against the funds raised (creditors) in the amount of UAH 15.8 thousand, respectively in the reporting year and UAH 1.4 thousand by the end of 2022. Thus, against the indicators of the pre-war year 2021 (54.9 thousand hryvnias), the share of invested capital decreased significantly, while equity capital and targeted financing increased significantly.

Components of the liabilities of the balance sheet are:

- **own capital** in the amount of UAH 1,769.9 thousand at the end of 2023 against UAH 1,944.9 thousand at the end of 2022 (line 1495 form 1), ie a reduction of UAH 175.0 thousand. It is actually equal to additional capital (account 424 in accounting) plus financial results in the form of retained earnings (in our case, the excess of income over expenses, which can still be called expenses of future periods and which at the end of 2023 had a negative value (-7.8 thousand hryvnias) despite the fact that in the two previous years (2021-2022) they were positive).
- **undistributed profits** (that is, the excess of revenues over expenses) at the end of 2023 are reflected in line 1420 of the balance sheet and ultimately amount to UAH 576.7 thousand with a plus sign against UAH 587.5 thousand by the end of 2022
- **targeted funding and support** are reflected in the form of charitable funding in the amount of UAH 2,466.5 thousand at the end of 2023 against UAH 3,137.4 thousand at the end of 2022 (line 1595 Form 1), which is respectively 58.0% against last year's 61.7% of the total value of economic assets. And in accounting, this was reflected in account 483 "Charitable aid."
- **current liabilities** in the total amount of UAH 15.8 thousand at the end of 2023, line 1695 of form No. 1-ms of balance is reflected, and at the end of 2022 - in the amount of UAH 1.4 thousand. They are estimated by the repayment amount and their components are:  
- current accounts payable for goods, works, services – UAH 15.8 thousand at the end of 2023 against UAH 1.4 thousand in 2022;

We draw the attention of users to the fact that at the end of 2023, the amount of current liabilities of NGOs significantly decreased compared to the pre-war year of 2021, primarily as a result of the fact that in the balance of current (short term) payables, only debts to providers of individual services, who provided invoices for their payment in a timely manner, are recorded.

### **7.2.3. Financial income and costs on projects according to report about actual expenditure of charitable financing**

Analyzing the indicators of the report on the actual receipt and expenditure of charitable funding of the Yakir ZCPO, in particular those reflected in the 2022-2023 report of receipts and expenditures, we note that in 2022, due to the full-scale war started by Russia, charitable funding from the KOEH increased significantly in order to finance already existing and new projects aimed at helping IDPs and persons affected by military actions, etc. The results of the analysis are summarized in a table:

Article	2022		2023		Fluctuations in income or expenses (+ or -)
	Actual Income/	Reflected in the report to KOEN	Share in the structure of	Actual Income/	



	Expenses in PO registers		income or expenses	Expenses according to PO data	compared to last year
Sale of currency	7,593,344.73	7593344.73	99.1%	7487665.76	-105678.97
Voluntary donations from rehabilitators	5,400.00	5,400.00	0.07%	0	-5400.00
"Friends of Zhytomyr" to help the Armed Forces of Ukraine				922083.32	+922083.32
Minisponsors	63,909.54	69309.54	0.83%	158324.89	+91156.72
<b>Total income:</b>	<b>7,662,654.27</b>	<b>7 662654.27</b>	<b>100.0%</b>	<b>8568073, 97</b>	<b>+902161.07</b>
<b>Expenses</b>					
Project for the rehabilitation of alcohol and drug addicts	2755630,31	2755630,31	10.08%	3065213.60	309583.29
Including office expenses: staff salary, taxes, transport, utilities, etc.	2066966.10		30.36%	2206889.28	139923.18
Shofar project	1078875.24	1078875.24	15.84%	1514322.74	435447.50
The project "Emergency aid during wartime" including the "Oasis" project	2976839.85	2976839.85	43.72%	4012392.42	1035552.57
Spent in foreign currency abroad	146609,10		€4054.67		0
"Friends of Zhytomyr" and minisponsors to help the Armed Forces of Ukraine				778335.97	778335.97
<b>Total expenses:</b>	<b>7271133.40</b>	<b>7271133.40</b>	<b>100.0%</b>	<b>9370264.73</b>	<b>2698842.51</b>

Comparing the received financial income and incurred expenses for the implementation of projects during 2022 and 2023, we draw the attention of the users of this information to the decrease in the total amount of income from UAH 7,662.7 thousand in 2022 to UAH 7,487.7 thousand in 2023, i.e. by UAH 105.7 thousand. At the same time, the share of charitable financing from minisponsors in the total amount of financial receipts increased from UAH 63.9 thousand up to UAH 158.3 thousand, or 2.5 times, and also received charitable aid to help the Armed Forces of Ukraine from the foreign charity organization "Friends of Zhytomyr" in the amount of € 23,488.

At the same time, the total amount of costs for the implementation of projects increased from UAH 6,811.3 thousand in 2022 to UAH 9,370.3 thousand in 2023, ie 1.38 times.

### III. Essential conclusions of the auditor about accounting and document flow of the NGO in general

Having done all necessary auditing procedures, with enough confidence we can assert that financial reporting is composed on the basis of accounting standards and truly represents primary documents that confirm:

- functioning of the Project accounting system;
- documentation of transactions for the purchase of goods and services;
- distribution of humanitarian aid;
- processing of documentation for a business trip;
- accounting and settlement reconciliation with suppliers of goods and services;
- all necessary supporting documents are available;
- records and accounts were kept of all income and expenses of the Projects;



- all expenses incurred in accordance with the current legislation of Ukraine are duly registered in accordance with the expenses provided for by the financial budget of the NGO;
- all funds received are effectively spent on the goals of the Projects;
- all assets received at the account of charitable financing exist, which is confirmed by the conclusions of the inventory commission in the process of inventorying the assets of the NGO.

In the course of the audit no facts which could cause doubts of legal management or inappropriate management of charitable projects were detected.

#### IV. Information on Audit Firm and Grounds for Audit

Legal entity	Private Enterprise "Audit Firm "Etalon"
National registration number	41000913
Location	Kyivska Street, bld. 74, suite 58, Zhytomyr city, Ukraine, 10030
Registration data	Registered by the Executive Committee of Zhytomyr City Council on December 5, 2016 under No. 1 305 102 0000 013710
Information on entry into the Register of audit firms and auditors	As of October 1, 2018, APU was entered in the Register of Audit Firms and Auditors under No. 4693
Contact information	e-mail: pafosnova@ukr.net Contact telephone (097) 505-77-30
Reasons for conducting an audit	Audit Agreement No. 05/24 of May 14, 2024
Audit timeframe	Audit started on May 14, 2024, ended on June 15, 2024

Independent Auditor  
Director of Etalon PAF

N. V. Stasiuk

(permanent auditor's certificate A No. 007096 of October 27, 1999, entered by the APU in the Register of Auditors as of October 1, 2018 under No. 102313).

This audit report is drawn up in three original copies, of which the first copy in Ukrainian and the second copy in the form of a translation by a certified translator were received by the customer on June 20, 2024. The third copy of the audit report is in the files of the audit firm "Etalon."



VERIFIED

Seal

Auditor of PAF "Etalon" \_\_\_\_\_ N.V. Stasiuk

Addendum 2

to NP(S)BO-25 « Simplified financial  
reporting (clause 4 of section I)

### Financial reporting of micro enterprise

Enterprise Zhytomyr city public organization "Christian center of  
social rehabilitation of drug abuse and alcoholism patients " YAKIR "

Territory Zhytomyr

Organizational and legal form management Public organization  
economic activity Activity of other public organizations

Average number employees 10

Unit size: thousand UAH with one decimal sign

Address, telephone Khibna Street , bld. 15-A, Zhytomyr, Zhytomyr region 10008

	codes		
	2024	01	01
EDRPOU	26017417		
KATOTTGUA	180140190010057814		
KOPEFG	815		
KVED	94.99		
region 10008			

Prepared

by provisions (standards) of accounting

by international standards of financial reporting

V

### 1. BALANCE SHEET as of December 31, 2023

Form No. 1-ms Code for DKUD 1801006

Assets	Code line	On beginning of reporting period	At the end of reporting period
1	2	3	4
<b>1. Non-current assets:</b>			
Intangible assets	1000		
original cost	1001		
accumulated amortization	1002		
Unfinished capital investment	1005		
Fixed assets:	1010	3521.5	3617.8
original cost	1011	5434.9	6022.3
wear and tear	1012	( 1913.4 )	( 2404.5 )
Long-term biological assets	1020		
Long-term financial investment	1030		
Others irreversible assets	1090		
<b>Total in section I</b>	<b>1095</b>	<b>3521.5</b>	<b>3617.8</b>
<b>II. Current assets</b>			
Inventory	1100	653.4	566.8
current accounts receivable	1155	53.6	12.5
Money and their equivalents:	1165	655.2	55.1
Other current assets	1190		
<b>Total in section II</b>	<b>1195</b>	<b>1562.2</b>	<b>634.4</b>





Balance	1300	5083.7	4252.2
Liabilities	Code line	On beginning of reporting period	At the end of reporting period
1	2	3	4
<b>I. Own capital</b>			
Capital	1400	1357.4	1190.2
Undivided profit (uncovered damage)	1420	587.5	579.7
Unpaid capital	1425	( )	( )
<b>Total in section I</b>	<b>1495</b>	<b>1944.9</b>	<b>1769.9</b>
<b>II. Long-term obligations, targeted financing and software</b>	<b>1595</b>	<b>3137.4</b>	<b>2466.5</b>
<b>III. Current obligation</b>			
Short-term bank loans	1600		
current creditor's arrears for:			
goods, works, services	1615	1.4	15.8
budget payments	1620	-	-
insurance payments	1625	-	-
Salary payment	1630	-	-
Income of future periods	1665	-	-
Other current obligation	1690	-	-
<b>Total in section III</b>	<b>1695</b>	<b>1.4</b>	<b>15.8</b>
<b>Balance</b>	<b>1900</b>	<b>5083.7</b>	<b>4252.2</b>

## 2. Report about financial results for the year 2023

Form No. 2-m

Code for DKUD

1801007

Article	Code line	reportable period	previous period
1	2	3	4
Net income (revenue) from sale of products (goods, works, services)	2000		
Other income	2160	13316.7	8918.9
<b>Total income (2000+2120+2240)</b>	<b>2280</b>	<b>13316.7</b>	<b>8918.9</b>
Cost of products (goods, works, services)	2050	( )	( )
Other costs	2165	( 13324.5 )	( 8483.7 )
<b>Total costs (2050+2180+2270)</b>	<b>2285</b>	<b>( 13324.5 )</b>	<b>( 8493.7 )</b>
Financial result before taxation (2280-2285)	2290	(7.8)	435.2
Income tax	2300		
<b>Net profit (loss) (2290-2300)</b>	<b>2350</b>	<b>(7.8)</b>	<b>435.2</b>

Director  
Chief Accountant

I.A. Linnyk  
S. V. Bahlai