

personal: entrepreneurial: global:

**CHARITABLE ORGANIZATION
"CHARITABLE FUND "RIGHT TO PROTECTION"**

FINANCIAL REPORTING
FOR THE YEAR ENDED DECEMBER 31, 2020

INCLUDING AN INDEPENDENT AUDITOR'S REPORT

CONTENT

1	STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT	3
2	INDEPENDENT AUDITOR'S REPORT	4
3	FINANCIAL STATEMENT OF MICRO ENTERPRISE	6
4	NOTES TO THE FINANCIAL STATEMENTS	8
	GENERAL INFORMATION	8
	CONDITIONS FOR THE FUNCTIONING OF THE FUND IN UKRAINE	8
	BASICS OF FINANCIAL REPORTING	8
	ACCOUNTING POLICY	8
	DISCLOSURE OF INFORMATION ON NON-CURRENT ASSETS	9
	DISCLOSURE OF INVENTORY INFORMATION	10
	RECEIVABLES	10
	MONEY AND ITS EQUIVALENTS	10
	OTHER CURRENT ASSETS	10
	LONG-TERM LIABILITIES, TARGETED FUNDING AND COLLATERAL	11
	ACCOUNTS PAYABLE AND COLLATERAL	11
	INCOME AND EXPENSES	11
	RELATED PARTY INFORMATION	11
	LITIGATION	12
	EVENTS AFTER THE BALANCE SHEET DATE	12
	CONTINUOUS ACTIVITY OF THE FUND	12

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT FOR PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS OF MICROENTERPRISE FOR THE YEAR ENDED DECEMBER 31, 2020

The following statement, that should be considered in conjunction with the Independent auditor's report, was made to separate the responsibilities of management and specified independent auditors for the financial statements of microenterprise Charitable organization "RIGHT TO PROTECTION" (hereinafter – the Foundation).

The Foundation's management is responsible for the preparation of financial statements of microenterprise for the year ended December 31, 2020, have been prepared in all material respects in accordance with the requirements of the National Accounting Principle (Standard) 25 "Simplified financial reporting", requirements of other applied National Accounting Principles (Standards) (hereinafter – the NAP(S)) as well as in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" from July 16, 1999 No.996-XIV on the preparation of financial statements (hereinafter – Law on Accounting and Financial Statements).

In preparing the financial statements of microenterprise, the Foundation's management is responsible for:

- selection of appropriate accounting principles and their consistent application;
- application of reasonable estimates and judgments;
- compliance with the applied NAP(S);
- preparation of financial statements of microenterprise based on the assumption that the Foundation will continue its activity in the near future, except when such an assumption is incorrect.

The Foundation's management is also responsible for:

- development, implementation and operation of an effective and reliable internal control system in the Foundation;
- support of the accounting system, which allows at any time to prepare information with sufficient accuracy about the financial condition of the Company and ensure compliance of financial statements of microenterprise with the requirements of NAP(S) and the requirements of the Law on Accounting and Financial Reporting;
- taking measures within its competence to ensure the safety of the Foundation's assets;
- prevention and detection of fraud and other abuses.

The management has provided the auditors with all necessary information and explanations which are necessary for the audit. The management has not identified any additional audit information that has not been reported to the auditors.

The Foundation's financial statements of microenterprise for the year ended December 31, 2020 were approved for the issuing on April 23, 2021 on behalf of the Company.

Director



Galkin Oleksandr Yuriyovych



Kyiv, 04071, Ukraine
57 Shchekavytska St



T: +38 044 337 17 62



r2p@r2p.org.ua

INDEPENDENT AUDITOR'S REPORT

To the participants and management of the
Charitable organization
"CHARITABLE FUND "RIGHT TO PROTECTION"

Opinion

We have audited the financial statements of microenterprise Charitable organization "CHARITABLE FUND "RIGHT TO PROTECTION" (hereinafter – the Organization), which comprise of the Balance Sheet (Form №1-MS) as of December 31, 2020, Profit and Loss Statement (Form №2-MS), for the year that ended on the stated date, and the Notes to the financial statements of microenterprise including the summary of significant accounting policies.

In our opinion, the accompanying financial statements of microenterprise the Organization for the year ended December 31, 2020 are prepared in all material respects, in accordance with the requirements of the National Accounting Principle (Standard) 25 "Simplified financial reporting", requirements of other applied of the National Accounting Principles (Standards) (hereinafter – the NAP(S)) as well as in accordance with the requirements of the Law of Ukraine "On Accounting and Financial Statements in Ukraine" from July 16, 1999 No.996-XIV on the preparation of financial statements (hereinafter – Law on Accounting and Financial Statements).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are set out in the "Auditor's Responsibility for the Audit of Financial Statements of microenterprise" section of our report. We are independent in regard to the Organization in accordance with the Code of Ethics for Professional Accountants of the International Accounting Standards for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements of microenterprise in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements of microenterprise

Management is responsible for the preparation of these financial statements of microenterprise in accordance with the NAP(S), Law on Accounting and Financial Statements and for such system of internal control which is necessary in the opinion of the managerial personnel to ensure drawing up of the financial statement of microenterprise which do not contain any material errors or omissions due to a fraud or a mistake.

While preparing the financial statements of microenterprise, the managerial personnel shall be liable for the assessment of the capability of the Organization to continue its activity on a continuous basis, disclosing when applicable the issues related to the continuousness of the activity and using the assumption on the continuousness as a basis for the accounting, except for cases when the managerial personnel either plans to liquidate the Organization or cease the business, or does not have any alternatives to this.

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

Auditor's Responsibilities for the Audit of the Financial Statements of microenterprise

Our objectives are to obtain reasonable assurance about whether the financial statement of microenterprise as a whole are free from material misstatements, 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 material misstatements when they exist. 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 decision of users taken on the bases of these the financial statements of microenterprise.

As a part of our audit in accordance with ISAs, we use professional judgment and professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement of microenterprise, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

are 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 omission, misrepresentations, or the neglect of internal control measures.

- Obtain an understanding of internal control measures related 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 Company's internal control system.
- Evaluate the acceptability of the applied accounting policies and the validity of the accounting estimates and relevant disclosures made by management.
- Conclude on the appropriateness of management's use of going concern assumptions as a basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to pay attention in our auditor's report to the related disclosures in the financial statements of microenterprise or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of microenterprise, including disclosures, and whether the financial statements of microenterprise show the transactions and events which are the basis of its compilation, so as to achieve a reliable presentation.

We report to those charged with governance the information, together with other matters, about the planned scope and timing of the audit and significant audit results, including any significant deficiencies in internal control measures that we identify during our audit.

We also provide those charged with governance with a statement that we have complied relevant ethical requirements regarding independence, and inform with them about all relationships and other matters that may reasonably be thought such that can have an influence on our independence, and where it is applicable, about appropriate precautions.

5

Key Audit Partner

Vyshnyk Katerina Seghiivna

Registration number in the Register of Auditors and Audit Entities: 101269



For and on behalf of the "AF "P.S.P. Audit" LLP

Director

Sushko Dmytro Serhiiovych

Registration number in the Register of Auditors: 100687.




Date of the independent auditor's report: April 30, 2021.

Kyiv, Ukraine

Basic information about the subject of audit activity

Limited liability partnership "Audit firm "P.S.P. Audit". USREOU code: 36412992. Location: 01133, Kyiv, Yevhen Konovalets str., 44A, office 733.

"AF "P.S.P. Audit" LLP is included in the Register of Auditors, Section 3 "Audit entities that have right to conduct statutory audit of financial statements". Link to the register: <https://www.apu.com.ua/subjekty-audytorskoi-dijalnosti-jaki-majut-pravo-provodyty-obovjzkovyj-audy-finansovoi-zvitnosti/>.

CHARITABLE ORGANIZATION "CHARITABLE FUND "RIGHT TO PROTECTION"

Annex 1
to the National Regulation (Standard) of Accounting
25 "Simplified financial statement" (clause 5 of section I)

FINANCIAL STATEMENT OF MICROENTERPRISE

Enterprise: Charitable Organization "Charitable fund "Right to protection" Territory: Shevchenkivskyi district	Date USREOU	CODES		
		2021	01	01
Form of ownership: Charitable Organization	Classification of objects of the administrative-territorial system of Ukraine	38621206		
		8039100000		
Type of economic activity: Provision of other social assistance without accommodation	Classification of Types of Economic Activity	845		
Average number of employees: 67	Standard Industrial Classification code	88.99		
Unit of measure: thousand UAH, with one decimal place				
Address, phone number: Prorizna Street, 18/1, of. 16, KYIV, 01034, 044 337 1762				
		3371762		

1. Balance Sheet
as of 31 December 2020
Form № 1-ms

Assets	Line code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
I. Non-current assets			
Fixed assets:	1010	2 521,1	2 914,7
initial value	1011	6 322,8	7 759,0
accumulated depreciation	1012	(3 801,7)	(4 844,3)
Other non-current assets	1090	-	-
Total section I:	1095	2 521,1	2 914,7
II. Current assets			
Inventories	1100	41,0	528,9
Current receivables	1155	230,3	209,2
Cash and cash equivalents	1165	4 888,2	32 768,6
Other current assets	1190	3,8	28,7
Total section II:	1195	5 163,3	33 535,2
Total assets	1300	7 684,4	36 449,9

Liabilities	Line code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
I. Equity			
Share capital	1400	-	-
Retained earnings (uncovered losses)	1420	-	-
Unpaid share capital	1425	-	-
Total section I:	1495	-	-
II. Long-term liabilities, targeted financing and provisions	1595	4 844,9	33 350,6
III. Current liabilities			
Short-term bank loans	1600	-	-
Short-term accounts payable for: goods, works, services	1615	314,6	142,4
settlements with the budget	1620	-	3,3
insurance payments	1625	-	2,2
wages and salaries	1630	-	8,0

The notes appearing on pages 8-12 are an integral part of these financial statements

CHARITABLE ORGANIZATION "CHARITABLE FUND "RIGHT TO PROTECTION"

Other current liabilities	1690	2 524,9	2 943,4
Total section III	1695	2 839,5	3 099,3
Total Liabilities	1900	7 684,4	36 449,9

**2. Profit and Loss Statement
for year 2020
Form № 2-MS**

Item	Line code	For the reporting period	For the previous period
1	2	3	4
Net income from the realization of products (goods, works, services)	2000	-	-
Other incomes	2160	67 067,7	70 855,4
Total income (2000 + 2160)	2280	67 067,7	70 855,4
Cost of sales (for goods, works, services)	2050	(-)	(-)
Other expenses	2165	(67 067,7)	(70 855,4)
Total expenses (2050 + 2165)	2285	67 067,7	70 855,4
Financial result before taxation (2280 - 2285)	2290	-	-
Income tax	2300	(-)	(-)
Expenses (income) that reduce (increase) the financial result after tax	2310	-	-
Net profit (loss) (2290 - 2300 - (+) 2310)	2350	-	-

Director

Chief Accountant



(signature)

(signature)

Galkin Olexandr

(name, surname)

not provided

(name, surname)

7

**Charitable organization
"Charitable Fund "Right to protection"**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (IN THOUSANDS OF HRYVNIAS)**

1. General information

THE CHARITABLE ORGANIZATION "CHARITABLE FUND "RIGHT TO PROTECTION" (hereinafter – the Fund) is a legal entity established in accordance with the legislation of Ukraine. Date of registration is March 12, 2013.

The foundation is engaged in charitable activities.

Legal address of the Fund: 01034, Kyiv city, 18/1 Prorizna street.

Date of approval of financial statements – April 23, 2021.

2. Conditions for the functioning of the Fund in Ukraine

In 2020, due to the outbreak and wide spread of the epidemic of the new disease COVID-19, as well as the subsequent introduction of quarantine and restrictive measures by the Government of Ukraine, governments of other trading partners of Ukraine, Ukraine's real GDP declined by 4.2%.

The factors that led to the fall in GDP were the restrictions imposed by quarantine measures on public transport, rail, air and bus services between settlements and temporary bans on movement across the state border, suspension of educational, cultural, catering and leisure facilities, etc., which significantly complicates business in Ukraine for the period of quarantine, and the reduction of business activity has led to a reduction in tax revenues with increasing budget expenditures.

Further stabilization of the economic and political situation largely depends on the successful efforts of both the Ukrainian government and the governments of Ukraine's foreign financial partners in combating the spread of coronavirus infection and overcoming its economic consequences. But at present it is difficult to predict how further economic, social and political events will develop in Ukraine and the world.

Although the restrictive measures do not have a direct impact on the Fund's activities, the management believes that they are taking appropriate measures to support the stable activities of the Fund, which are necessary in the current circumstances. Further instability of the operating conditions during the distribution of COVID-19 may have a negative impact on the results of operations and financial condition of the Fund, the nature and consequences of which are currently impossible to determine. These financial statements reflect the current assessment of management about the impact of operating conditions in Ukraine on the Fund's operating activities and financial condition. Future operating conditions may differ from management estimates.

3. Basics of financial reporting

These financial statements have been prepared in accordance with national accounting regulations (standards) adopted in Ukraine.

The financial statements of the Fund have been prepared in accordance with the historical cost principle. The financial statements provide comparative information for the previous period.

The functional reporting currency is the hryvnia. The report is made in thousands of hryvnias with one decimal sign.

4. Accounting policy

The financial statements of the Fund are prepared on the basis of accounting data in accordance with the requirements of the legislation.

According to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" as of July 16, 1999 No. 996-XIV, the basic principles, methods and procedures used by the Fund in 2020 for the preparation and submission of reports, set out in the order on accounting policy.

Accounting policy of the Fund, approved by the order of the head as of December 02, 2019 No. 63.

In accordance with the chosen accounting policy, the Fund applies the following principles, methods and procedures used by the Fund for accounting, preparation and submission of financial statements (in more detail the principles, methods and procedures described in the accounting policy):

- Property, plant and equipment include tangible assets that the Fund holds for use in the course of its activities, the

Charitable organization
“Charitable Fund “Right to protection”

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (IN THOUSANDS OF HRYVNIAS)

expected useful life of which is more than one year, and the value is more than 15,000.00 (until January 1, 2020 – UAH 6,000.00).

- Non-current tangible assets, the value of which is lower than UAH 15,000.00 (until 01.01.2020 – UAH 6,000.00), belong to non-current tangible assets of low cost.
- Tangible assets with a useful life of less than one year, regardless of their original cost, are accounted for as consumable supplies (CS).
- Acquired (created) fixed assets are credited to the balance sheet of the Fund at primary cost. The unit of accounting for fixed assets is the object of fixed assets. Depreciation of fixed assets and other non-current tangible assets is carried out on a straight-line basis. Depreciation of low-value non-current tangible assets and library funds is accrued at 100% of their value in the first month of use.
- Intangible assets are accounted for each intangible asset.
- Amortization of intangible assets is carried out during the term of their useful life, which is established when recognizing this object as an asset (when credited to the balance sheet). The useful life is set separately for each intangible asset. Amortization of an intangible asset is accrued using the straight-line basis.
- The inventory unit is each of their names. Estimation of disposal of stocks is carried out by the FIFO method. Inventories are recorded in accounting and reporting at primary cost.
- Targeted funding is not recognized as income until it is confirmed that it will be received and the Organization meets the conditions for such funding. Received target funding is recognized as income during the periods in which the costs associated with the implementation of the relevant agreements (grants, projects) were incurred.

5. Disclosure of information on non-current assets

The fixed assets of the Fund are reflected in the balance sheet at primary cost.

The movement of fixed assets during the reporting year 2020 is shown in the table:

thousand UAH

	Machines and equipment	Vehicles	Tools, devices, inventory	Other fixed assets	Low-value non-current tangible assets	Other intangible assets (software, website and others)	Total
Initial cost as of 31.12.2019	3 002,2	-	-	163,7	1 446,5	1 665,2	6 277,6
Acquired fixed assets	705,8	758,6	44,4	45,3	222,3	8,8	1 785,2
Deducted	22,0	-	-	-	-	375,7	397,7
Initial cost as of 31.12.2020	3 685,9	758,6	44,4	209,0	1 668,8	1 392,3	7 759,0
Accumulated depreciation as of 31.12.2019.	1 437,3	-	-	49,4	1 446,5	868,5	3 801,7
Depreciation for the year	577,3	-	1,4	58,5	222,3	565,8	1 425,3
Deducted	7	-	-	-	-	375,7	382,7
Accumulated depreciation as of 31.12.2020.	2 007,6	-	1,4	107,9	1 668,8	1 058,6	4 844,3
Book value as of December 31, 2019	1 564,9	-	-	114,3	-	796,7	2 475,9
Book value as of 31.12.2020	1 678,3	758,6	43	101,1	-	333,7	2 914,7

The fixed assets of the Fund are not pledged and there are no restrictions on the Fund’s rights to dispose of, own and use fixed assets.

Estimated useful lives of non-current assets (months):

Non-current asset groups	Minimum	Maximum
Machines and equipment	24	60
Vehicles	48	120
Tools, devices, inventory	12	60
Other fixed assets	24	60

Charitable organization
“Charitable Fund “Right to protection”

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (IN THOUSANDS OF HRYVNIAS)

Low-value non-current tangible assets	24	60
Other intangible assets	12	60

Incomplete capital investments:

	Amount, thousand UAH	
Balance as of 01.01.2020		45,3
Receipt of capital investments		1 874,5
Commissioning of fixed assets		1 919,8
Balance as of 31.12.2020		-

6. Disclosure of inventory information

Book value of inventories as of:

thousand UAH

	31.12.2019	31.12.2020
Raw materials and materials	-	433,0
Fuel	2,1	1,2
Containers, packing materials	3,0	1,1
Other materials	27,4	93,6
Final product	-	-
Low-value and perishable items	8,5	-
Total:	41,0	528,9

7. Receivables

There are no current receivables for goods, works and services.

Other current receivables consist of the following types of receivables:

thousand UAH

	31.12.2019	31.12.2020
Advances issued	186,2	188,5
Accounts receivable with the social insurance fund	-	10,0
Wage-related tax receivables	1,2	10,1
Settlements with other creditors	42,9	0,4
Total:	230,3	209,0

8. Money and its equivalents

The Fund's funds consist of the following items:

thousand UAH

	31.12.2019	31.12.2020
Bank accounts	4 888,2	32 768,6
Total:	4 888,2	32 768,6

9. Other current assets

Other current assets are presented in the reporting as follows:

thousand UAH

	31.12.2019	31.12.2020
Deferred expenses	3,8	28,7
Total:	3,8	28,7

**Charitable organization
"Charitable Fund "Right to protection"**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (IN THOUSANDS OF HRYVNIAS)**

10. Long-term liabilities, targeted funding and collateral

Targeted funding and support are presented in the reporting as follows:

thousand UAH

	31.12.2019	31.12.2020
Targeted funding and targeted revenues	4 844,9	33 350,6
Total:	4 844,9	33 350,6

11. Accounts payable and collateral

Composition and amounts of other current liabilities:

thousand UAH

	31.12.2019	31.12.2020
Accounts payable for goods, works, services	314,6	142,4
Current accounts payable according to budget calculations (personal income tax, military duty)	-	3,3
Current accounts payable for insurance (single social contribution)	-	2,2
Current accounts payable (payment of sick-leaves at the expense of the FSS)	-	8,0
Deferred income (capital investments, deferred expenses)	2 524,9	2 943,4
Total:	2 839,5	3 099,3

Vacation reserve is not accrued.

12. Income and expenses

Information on the main types of income and expenses are given in the table:

	2020		2019	
	Income	Expenses	Income	Expenses
Other income and expenses (line. 2160, 2165 f.2-ms)				
Income (expenses) from the purchase and sale of foreign currency	17,4	46,2	17,7	20,3
Income (expenses) from the write-off of non-current assets	15,0	15,0	-	-
Income (expenses) from operating exchange rate difference	302,2	56,1	32,3	204,7
Income (expenses) for charitable activities on projects	66 733,1	58 061,8	70 805,4	61 376,2
Administrative expenses	-	8 888,6	-	9 254,2
	67 067,7	67 067,7	70 855,4	70 855,4

13. Related party information

In these financial statements, related parties are individuals who directly or indirectly control the Fund or significantly affect its activities, as well as close family members of such an individual.

Related parties include Fund members, key management personnel and close members of their families, companies that are controlled or significantly influenced by Fund members and their family members.

The related party of the Fund in the sense of Generally Accepted Accounting Principles 23 "Related Party Disclosures" is Galkin Oleksandr Yuriyovych, the Founder of the Fund.

No related party transactions referred to in paragraph 5 of Generally Accepted Accounting Principles 23 "Related Party Disclosures" took place in 2020.

**Charitable organization
"Charitable Fund "Right to protection"**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 (IN THOUSANDS OF HRYVNIAS)**

In accordance with paragraph 15 of the Generally Accepted Accounting Principles 23 "Related Party Disclosures" information on payments received from the Fund by senior management in 2020 is given in the table:

	Amount, thousand UAH	Note
Current payments	826,4	Accrued wages

14. Litigation

As of the date of preparation of the financial statements, the Fund is not involved in litigation as a plaintiff, defendant or third party.

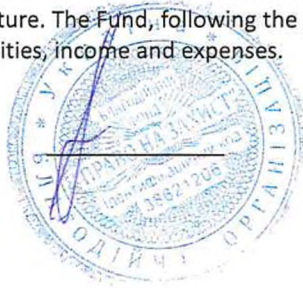
15. Events after the balance sheet date

After December 31, 2020, prior to the date of approval by the Fund's management of financial statements, there were no events that could affect the financial condition of the Fund and require disclosure, except for the event of extension of quarantine in Ukraine regarding to COVID-19, which is specified in paragraph 2 of these Notes.

16. Continuous activity of the Fund

The assumption of continuity of the Fund's activities is based on the fact that accounting is carried out, and reporting is based on the assumption that the Fund has no intention or need to stop or significantly reduce economic and financial activities in the foreseeable future. The Fund, following the principle of continuity, uses the usual methods of valuation and accounting of assets, liabilities, income and expenses.

President of the Fund



Galkin Oleksandr Yuriyovych



MGI PSP Audit

01133, Kyiv, Ukraine
44A Yevhena Konovaltsia St., off. 733
Tel./Fax: +38 044 281 06 07

office@pspaudit.com.ua | www.pspaudit.com.ua