

**NON-GOVERNMENTAL ORGANIZATION  
“ANTI-CORRUPTION RESEARCH AND EDUCATION  
CENTRE”**

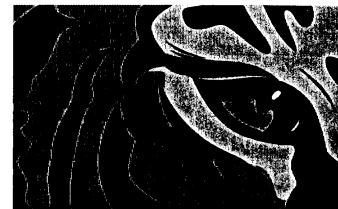
**FINANCIAL STATEMENTS**

**In accordance with National Regulations (Standards)  
of Accounting in Ukraine  
for the year ended December 31, 2017**

**Together with INDEPENDENT AUDITOR’S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Founders of Non-Governmental Organization  
"ANTI-CORRUPTION RESEARCH AND EDUCATION CENTRE"

### **Opinion**

We have audited the financial statements of Non-Governmental Organization «ANTI-CORRUPTION RESEARCH AND EDUCATION CENTRE» (hereinafter – the Organization), which comprise the balance sheet as at December 31, 2017, statement of financial results for the year then ended, and summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Organization are prepared, in all material respects in accordance with National Regulations (Standards) of Accounting in Ukraine.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing, accepted for use in Ukraine by Audit Chamber of Ukraine (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other responsibilities in accordance with these requirements. 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**

Management is responsible for the preparation of the financial statements in accordance with National Regulations (Standards) of Accounting in Ukraine and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 financial statements, 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 cause the Organization to cease to continue as a going concern.

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.

**Olena Volska**  
Managing Partner and Director

**Emergex Outsourcing LLC**  
13A Universitetskaya str., Kyiv, 03110 Ukraine.

**July 09, 2018**

Audit certificate series number 006693, issued by the Audit Chamber of Ukraine on July 14, 2010.

Evidence for inclusion in the register of auditors and audit firms number 4453 issued in accordance with the Audit Chamber of Ukraine on June 30, 2011 № 232/5

**BALANCE SHEET****AS AT DECEMBER 31, 2017***(in thousands of Ukrainian Hryvnias)*

ASSETS	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
<b>I. Non-current assets</b>			
Capital investments in progress	1005	-	-
Property, plant and equipment	1010	-	-
historical cost	1011	-	-
depreciation	1012	-	-
Long-term biological assets	1020	-	-
Long-term financial investments	1030	-	-
Other non-current assets	1090	-	-
<b>Total Section I</b>	<b>1095</b>	<b>-</b>	<b>-</b>
<b>II. Current assets</b>			
Inventories	1100	-	-
including finished goods	1103	-	-
Current biological assets	1110	-	-
Accounts receivable for goods, works and services	1125	-	-
Accounts receivable on settlements with the budget	1135	-	-
including corporate tax	1136	-	-
Other current accounts receivable	1155	-	160.0
Current financial investments	1160	-	-
Cash and cash equivalents	1165	16.6	1,761.0
Deferred expenses	1170	-	-
Other current assets	1190	-	-
<b>Total Section II</b>	<b>1195</b>	<b>16.6</b>	<b>1,921.0</b>
<b>III. Non-current assets for sale and disposal groups</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1300</b>	<b>16.6</b>	<b>1,921.0</b>

**BALANCE SHEET (CONTINUED)****AS AT DECEMBER 31, 2017***(in thousands of Ukrainian Hryvnyas)*

LIABILITIES	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
<b>I. Equity</b>			
Statutory capital	1400	-	-
Additional paid-in capital	1410	-	-
Reserve capital	1415	-	-
Retained earnings (uncovered loss)	1420	-	-
Unpaid capital	1425	-	-
<b>Total Section I</b>	<b>1495</b>	<b>-</b>	<b>-</b>
<b>II. Long-term liabilities, special purpose funding and provision</b>			
	<b>1595</b>	<b>16.6</b>	<b>1,766.1</b>
<b>III. Current liabilities</b>			
Short-term bank loans	1600	-	-
Current accounts payable of:			
long-term liabilities	1610	-	-
goods, works and services	1615	-	-
settlements with the budget	1620	-	-
including corporate tax	1621	-	-
settlements on insurance	1625	-	-
settlements with personnel	1630	-	-
Deferred income	1665	-	154.9
Other current liabilities	1690	-	-
<b>Total Section III</b>	<b>1695</b>	<b>-</b>	<b>154.9</b>
<b>IV. Liabilities related to non-current assets for sale and disposal groups</b>			
	<b>1700</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1900</b>	<b>16.6</b>	<b>1,921.0</b>

Director

(signature)

(surname, initials)

Chief Accountant

(signature)

(surname, initials)

**STATEMENTS OF FINANCIAL RESULTS****FOR THE YEAR ENDED 31 DECEMBER, 2017***(in thousands of Ukrainian Hryvnias)*

Item	Line code	For the reporting period	For prior period
1	2	3	
Net revenue from sales of goods, works and services	2000	-	-
Other operating income	2120	-	-
Other income	2240	1,305.1	8.4
<b>Total net income (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>1,305.1</b>	<b>8.4</b>
Cost of sales of goods, works and services	2050	-	-
Other operating expenses	2180	-	-
Other expenses	2270	( 1,305.1 )	( 8.4 )
<b>Total expenses (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 1,305.1 )</b>	<b>( 8.4 )</b>
<b>Financial results before taxation (2280 - 2285)</b>	<b>2290</b>	<b>-</b>	<b>-</b>
Corporate tax	2300	-	-
<b>Net profit (loss) (2290 - 2300)</b>	<b>2350</b>	<b>-</b>	<b>-</b>

Director

*Кедров О.В.*  
(surname, initials)

Chief Accountant

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(surname, initials)

# **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

## **TO THE FINANCIAL STATEMENT AS AT DECEMBER 31, 2017 AND FOR THE PERIOD THEN ENDED**

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### **1. GENERAL INFORMATION**

Non-Governmental Organization "Anti-Corruption Research and Education Centre" (hereinafter – the Organization), was registered on August 26, 2016.

The purpose of the Organization's activity is to provide educational and scientific activity, consolidation of scientists, students and practitioners in the area of corruption's prevention and counteracting on it, performing of interdisciplinary scientific researches, education in the area of corruption's prevention and counteracting on it, performing of short-term and long-term interdisciplinary practice-oriented programs for training of experts for effective management and development of the Country.

The Organization has no purpose of making and distributing profit its founders or among members of the governing bodies, employees or other related parties.

As at December 31, 2017 the Organization had 1 employee.

Business address: 2, Skovorody str., Kyiv, 04655 Ukraine.

### **2. ACCOUNTING POLICY**

#### **General information**

The Organization maintains its accounting records in accordance with the National Regulations (Standards) of Accounting in Ukraine (NR(S)A) and other regulatory requirements for accounting and reporting in Ukraine.

Financial statements of the Organization for the period ended December 31, 2017 have been prepared in compliance with R(S)A 25 "Financial Statements of Small Enterprises". This standard provides for the preparation and presentation of short-form financial statements, consisting of the balance sheet and the statement of financial results.

The financial statements have been prepared in Ukrainian hryvnias (UAH), the national currency of Ukraine.

The preparation of financial statements in accordance with R(S)A 25 requires management of the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

#### **Fixed assets**

The Organization recognizes as fixed assets those tangible assets whose estimated useful life exceeds one year and whose cost exceeds UAH 6,000 per unit.

Depreciation of all groups of fixed assets and intangible assets is recognized on a straight-line method over the useful life.

#### **Low-value non-current assets**

All assets used for more than one year, whose initial value is no above UAH 6,000 per unit should be recognized as low-value non-current assets.

The low-value non-current assets are depreciated applying method of writing off 100% value at the time of putting into operation.



**Cash**

Cash include currency on the bank account.

**Exchange differences**

Determining of exchange differences on monetary accounts in foreign currency should be performed on the date of operation and of the balance sheet date.

**Revenue**

Funds received under grant agreements and for general maintenance of the Organization are recognized as income over the periods in which the related expenses were incurred.

**Recognition of costs**

Expenses are recorded in the accounting while assets are decreased or liabilities are increased.

Taking into consideration the above specific accounting requirements for income and expense recognition, the net profit from operations of such a non-governmental organization is always nil.