Charity Organization "Charity Foundation "Peli can live"

(formerly known as "Charity Foundation "Safe Life Development")

Financial statements

for the year ended 31 December 2019

with independent auditor's report

Translation from Ukrainian original

bakertilly

Charity Organization "Charity Foundation "Peli can live"
Financial statements
for the year ended 31 December 2019

Contents

Independent auditor's report 3
Financial statements 5
Statement of comprehensive income 5
Statement of financial position 6
Statement of cash flows 7
Statement of changes in funds 8
Notes to the financial statements 9
1. General information 9
2. Basis of preparation 10
3. Summary of significant accounting policies and estimates 10
4. Application of new and revised international financial reporting standards 11
5. Expenditure 11
6. Cash and cash equivalent 12
7. Property, fixtures, equipment and intangible assets 12
8. Operating environment and economic conditions 12
9. Tax and other regulatory compliance matters 13
10. Subsequent events 13

28 Fizkultury Street
Kyiv, 03150
Ukraine

T: + 380 (44) 284 18 65
F: + 380 (44) 284 18 66

info@bakertilly.ua
www.bakertilly.ua

(Translation from Ukrainian original)

INDEPENDENT AUDITOR'S REPORT

To the Founders and Management of Charity Organization "Charity Foundation "Peli can live"

Opinion

We have audited the financial statements of Charity Organization "Charity Foundation "Peli can live" (formerly known as "Charity Foundation "Safe Life Development") (the Foundation), which comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Financial Statements* section of our report. We are independent of the Foundation in accordance with *the International Ethics Standards* Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 and fair presentation of the financial statements in accordance with IFRSs, 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 Foundation'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 Foundation's or to cease operations, or has no realistic alternative but to do so.

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

Baker Tilly Ukraine LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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 Foundation'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 Foundation'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 Foundation's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Partner

"BAKER TILLY UKRAINE" LLP

19 April 2021

Kyiv, Ukraine

Oleksandr Pochkun

Baker Tilly Ukraine LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Charity Organization "Charity Foundation "Peli can live"
Financial statements
for the year ended 31 December 2019

Statement of comprehensive income
for the year ended 31 December 2019

In thousand hryvnas	Note	2019	2018
Income			
Donations and grants		1 011	1 542
Interest income		-	4
Expenditures	5	(933)	(1 595)
Foreing currency exchange gain/(loss), net		(78)	49
Net result		-	-

Signed and authorised for issue on behalf of the Foundation on 19 April 2021:

Igor Bobrov

Chairman of the Management Board of the Foundation

The accompanying notes form an integral part of these financial statements

Charity Organization "Charity Foundation "Peli can live"
Financial statements
for the year ended 31 December 2019

Statement of financial position
as at 31 December 2019

In thousand hryvnas	Note	31 December 2019	31 December 2018
Assets			
Non-current assets			
Property, fixtures and equipment	7	-	58
Intangible assets	7	5	7
Total non-current asset		**5**	**65**
Current assets			
Inventories		2	1
Prepayments made		86	-
Cash and cash equivalent	6	460	788
Total current assets		**548**	**789**
Total assets		**553**	**854**
Funds and liabilities			
Funds		549	854
Total funds		**549**	**854**
Current liabilities			
Accounts payable		4	-
Total current liabilities		**4**	**-**
Total liabilities		**4**	**-**
Total funds and liabilities		**553**	**854**

The accompanying notes form an integral part of these financial statements

Statement of cash flows
for the year ended 31 December 2019

In thousand hryvnas	Note	2019	2018
Cash balance as at 1 January		**788**	**-**
Contributions and charitable donations from legal entities and individual		706	2 064
Social purpose activities disbursements made		(482)	(1 125)
Payroll and social payments		(368)	(147)
Other cash outflow		(106)	(57)
Interest received on bank accounts		-	4
Foreign currency exchange gain / (loss), net		(78)	49
Cash balance as at 31 December	**6**	**460**	788

Charity Organization "Charity Foundation "Peli can live"
Financial statements
for the year ended 31 December 2019

Statement of changes in funds
for the year ended 31 December 2019

In thousand hryvnas	**Funds**
As at 31 December 2017	**128**
Donations and grant received	2 268
Donations and grant used	(1 542)
As at 31 December 2018	**854**
Donations and grant received	706
Donations and grant used	(1 011)
As at 31 December 2019	**549**

The accompanying notes form an integral part of these financial statements

Charity Organization "Charity Foundation "Peli can live"
Notes to the financial statements
for the year ended 31 December 2019

1. General information

Charity organization "Charity foundation "Peli can live" (hereinafter – the "Foundation") was founded on 15 March 2017 under the name "Charity Foundation "Safe Life Development". On 11th of May 2019 the name has been changed to Charity organization "Charity foundation "Peli can live". The Foundation's office is registered at the address: 01103, Kyiv, 1/2 Boychuka str., office 26.

The Foundation was founded by private persons: Yana Bobrova, Pavlo Danylyuk and Christophe Patrice Noel Milluy.

The Foundation is engaged in fundraising in following main directions%

1) biodiversity protection and ecosystems conservation,
2) eco-education
3) social security.

The Foundation's activities are aimed at:

- improving the ecological state of the environment;
- development of infrastructure of settlements;
- protection of nature and animals, formation of ecological consciousness;
- providing medical, material, social, assistance to children and youth, as well as other persons in need;
- implementation of consultative activities in various sectors of the economy of Ukraine, depending on the needs of society and the vision of donors.

Major charitable and social projects of the Foundations in 2019 and 2018 and their beneficiaries were as follows:

Biodiversity protection

- *"Trees for birds" project* – greening of the cities, towns and neighborhoods with long-term positive effect for birds. In total, more than 4300 trees and shrubs have been planted. This project has happened thanks to 143 charities on the platform "Spilnokosht" and private donor. More than 200 volunteers participated in the tree planting.
- *"The greatest world of oaks"*. The aim of the project is gradual replacement of monocultural forest plantations by those that are historically characteristic for Ukraine - mixed forests which are mostly filled with a common oak. In 2019 it was a three blocks project. The aim of the first block of the project was to preserve the pine tree forest area in the National nature park "Pyriatynskiy", which suffers from apical bark beetle. The second block - we have conducted eco-educational lectures "SADJAY" (grow) with a workshop on planting acorn and growing oaks at home in Taras Shevchenko museum in Kyiv. Third block - flashmob was launched on social networks, inviting everyone to sprout oak from acorns and plant their seedlings together with Foundation in the fall of 2020.
- *"Artificial islands for Dalmatian pelicans nesting" project (the work was started in 2018).* Artificial islands will allow pelicans to be safety isolated from predatory mammals, and it is also necessary to protect the territory of Tuzlim Amazon in National nature park "Tuzlovski lymany" from poaching and ensure controlled access of tourists to the areas of potential nesting of pelicans. During 2019 A 4-cameras CCTV system has been installed to control the border area, but also for scientists to work from a distance. Also summer canopies and a second bird watching tower were built.
- *"Incubator and nursery for birds"* –Incubator and bird nursery were transferred to the rehabilitation center of the NGO "Wings of the Bird", which provides treatment for birds and some other wild animals.

Eco-education

- *"House for insects"* – during this project 5 houses for insects were built together with Novopecherska school, Kyiv, "Bukovynska Dream" Festival (Chernivtsi region), and during summer children expedition TuzLim-2019 in National nature park «Tuzlovski lymany», Odesa region. The project is scheduled for scaling.

- *"Series of eco lectures the festival "Bukovinska dream"* - 3 days of lectures (about 7 educational hours) on nature protection, respect for animals, and proper treatment of garbage. Together with children built a house for insects.
- *"Street art performance "Once in the city (Lviv)" is the first one from the cycle of planned performances. It* has been aired twice on August 7th, 2019 as part of the LvivMozArt International Classical Music Festival program. About 150 spectators were covered by two performances.
- *"Day of goodness in Skole Secondary School I-III level"* – in 2018 there was the competition of videos dedicated to pets and received 40 films made by 28 students of different age. In 2019 The competition was attended by 69 participants from different classes, from which 15 winners were selected in various nominations. The works have been demonstrated to the birds-watchers community and some of them have received high marks.
- *"Conference "Trees for birds" – that* was a part of the information campaign for the "Trees for Birds" project, a conference was held together with scientists about various trees that may be most beneficial to birds.
- *"Lecture on feeding birds in the Green library"* - the lecture was created and conducted to teach students the basic rules of feeding birds in the winter and to give advice on the construction and placement of feeders.
- *"Participation in Tuzlim-2019 children's scientific and educational expedition" in National Nature Park "Tuzlovski lymany"* - children spent 10 days exploring the area under the close supervision of scientists, studying flora and fauna, recording their discoveries in field journals. Several students expressed their desire to become entomologists and one child dreamed to become an ichthyologist.
- *"Participation in the 15th educational expedition for pupils and environmental students in Pyriatyn National Nature Park"* – due to partial funding of the Foundation for the first time in the 15-year history of expeditions, all participants of the expedition were insured - 26 students and teachers.

Social security

- *"Support of the City of Goodness".* From 2018 the Foundation supports the project of the Charity Foundation "I am the future of Ukraine" – construction of the City of Goodness in Chernivtsi. The Foundation is structing the needs and forming small subprojects, in particular: renovation and opening kitchen and dining room with the key high-quality professional equipment, the treatment facility installation, payment for the installation of the fire alarm, purchase a part of the pipes for heating the dormitory of the City of Goodness, purchase of a tile for the dormitory and others.
- *"Fence for school"* - as a result of the project, a fence was installed in Skole Secondary School I-III level.

2. Basis of preparation

These financial statements have been prepared on a historical cost basis. The financial statements are presented in Ukrainian hryvnia ("UAH") and all values are rounded to the nearest thousand unless otherwise indicated.

Statement of Compliance

The financial statements of the Foundation have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The Foundation carries out current accounting in accordance with the National Accounting Standards (NASs) of Ukraine. These financial statements differ from the financial statements prepared in accordance with the NASs, as they contain certain adjustments and additional disclosures to present the financial condition of the Foundation and its results of operations and cash flows in accordance with IFRS.

3. Summary of significant accounting policies and estimates

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Their carrying values equate to fair value by reason of their short-term nature. In case

prolongations of the original deposit agreement exist, that is treated as a new agreement for original maturity estimation.

Inventories

Inventories represent goods that will be subsequently used in charitable and social projects implementation.

Property, fixtures and equipment

Property, fixtures and equipment are carried in the statement of financial position at historical cost, less any accumulated depreciation and impairment. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset..

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Revenue and expenses recognition

Revenue is recognized when expenses directly related to the specific projects are incurred..

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Funds

Funds are advances by donors to fund specific projects or a collection of projects and unrestricted project funds have been allocated in line with the budget of the Foundation. The balance represents the unspent portion at the year-end. The advanced funds will be spent over the remaining lives of the projects.

4. Application of new and revised international financial reporting standards

In the current year, the Foundation has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019

- Amendments to IFRS 9 Financial Instruments– Prepayment Features with Negative Compensation.
- Annual Improvements to IFRS Standards 2015–2017 – Cycle Amendments in particular to IAS 23 Borrowing Costs

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The Foundation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

5. Expenditure

In thousand hryvnas	2019	2018
Social purpose activities	(334)	(1 297)
Payroll and related expenses	(367)	(146)
Depreciation and amortisation expense	(67)	(74)
Travel expense	(76)	(49)
Professional fees expense	(64)	(23)
Bank and similar charges	(1)	(5)
Other expenses	(24)	(1)
Total	**(933)**	**(1 595)**

Social purpose activities are expenses on third parties with purposes that aim to advance social benefit.

Payroll and related expenses refer to employees engaged in charitable and social projects activities and management, and employees engaged in general management and maintenance of the Foundation.

6. Cash and cash equivalent

In thousand hryvnas	31 December 2019	31 December 2018
Cash in bank	460	788
	460	**788**
Cash and cash equivalent are denominated in the following currencies		
Ukrainian hryvnas	244	91
Euro	216	697
	460	**788**

7. Property, fixtures, equipment and intangible assets

In thousand hryvnas	Computer and other office equipment	Software	Total non-current asset
As at 31 December 2017			
Cost	140	-	140
Accumulated depreciation and amortisation	(12)	-	(12)
Carrying amounts	**128**	**-**	**128**
Additions	-	11	11
Depreciation and amortisation charge	(70)	(4)	(74)
As at 31 December 2018			
Cost	140	11	151
Accumulated depreciation and amortisation	(82)	(4)	(86)
Carrying amounts	**58**	**7**	**65**
Additions	-	7	7
Depreciation and amortisation charge	(58)	(9)	(67)
As at 31 December 2019			
Cost	140	18	158
Accumulated depreciation and amortisation	(140)	(13)	(153)
Carrying amounts	**-**	**5**	**5**

8. Operating environment and economic conditions

The Foundation conducts its operations in Ukraine. After a significant deterioration in 2014 and 2015, the current political and economic situation in Ukraine remains volatile. In 2019, the Ukrainian government continues to implement a comprehensive structural reform program aimed at eliminating existing disparities in the economy, public finances and governance, fighting corruption, and reforming the judiciary to provide conditions for economic recovery in the country.

9. Tax and other regulatory compliance matters

The Foundation has the status of charitable non-for-profit organisation that is generally exempt from the income tax and other taxes, which would otherwise be applicable to their activities, including passive income earned, subject to their continued compliance with this status.

Management believes that its interpretation of the relevant applicable legislation is appropriate and that the Foundation has complied with all regulations and continues to maintain their non-for-profit status. All due statutory withholdings, including employment related taxes have been paid timely and properly. At the same time, it is possible that transactions and interpretations that have not been challenged in the past may be challenged by the authorities in the future, although this risk significantly diminishes after with passage of time. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

10. Subsequent events

COVID-19 outbreak

The COVID-19 outbreak was first reported near the end of 2019. At that time, a cluster of cases displaying the symptoms of a 'pneumonia of unknown cause' were identified in Wuhan, the capital of China's Hubei province. On 31 December 2019, China alerted the World Health Organisation (WHO) of the new virus. Since then, the virus has spread worldwide. On 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic. The rapid spread of the pandemic in 2020 has prompted governments in many countries, including Ukraine, to introduce various measures to combat the outbreak, including travel restrictions, business closures, isolation, quarantine, and more.

The final impact of COVID-19 will depend on future developments, including, among others, the ultimate geographic spread and severity of the virus, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the duration of the outbreak, actions taken by governmental authorities, customers, suppliers and other third parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume.

Central Office
St. Fizkultury, 28 Kyiv,
03150 Ukraine
info@bakertilly.ua
T: +38 044 284 18 65

Odesa
St. Uspenska, 39/1 Odesa,
65048 Ukraine,
info@bakertilly.ua
T: +38 048 734 71 83

Zaporizhzhya
Soborniy Ave., 160
Zaporizhzhya
info@bakertilly.ua
T: +38 061 220 23 82

ADVISORY · ASSURANCE · TAX · ACCOUNTING

Baker Tilly Ukraine LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.