

The Charitable organization «Charitable
Foundation «Ukrainian Community Advisory
Board on Access to Treatment»

*INDEPENDENT AUDITORS' REPORT
AS OF DECEMBER 31, 2013*

*FINANCIAL STATEMENTS
FOR 2013*

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Independent auditors' report

To the members of charitable organization «Charitable Foundation «Ukrainian Community Advisory Board on Access to Treatment»

We, the audit firm "Glavbuh" LLC (hereinafter – the Firm) in accordance with the Law of Ukraine "On audit activity" and the terms of the signed contract No. 24 dated 21.10.2013 between the Firm and charitable organization «Charitable Foundation «Ukrainian Community Advisory Board on Access to Treatment», have audited the accompanying financial statements, which consist of the statement of financial position, statement of comprehensive income, cash flow statement as of December 31, 2013.

Management's Responsibility

Organization's management is responsible for the preparation of these financial statements. Responsibility of the management includes: the design, implementation and use of internal control regarding the preparation and fair presentation of the financial statements, selection and application of the appropriate accounting policy, as well as accounting estimates, which conform to the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit of the accompanying financial statements, which consist of the statement of financial position, statement of comprehensive income, cash flow statement as of December 31, 2013, according to the International Standards on Auditing, which were adopted by decision of the Audit Chamber of Ukraine No.122 dated 18.04.2003 as the National auditing standards, and legislation of Ukraine.

These standards require us to plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves checking, on a selective basis, the documents which confirm the amounts of accounting operations and their disclosures in the financial statements. An audit also includes

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assessment of the used accounting principles, significant estimates made by management, as well as the overall presentation of the financial statements.
We believe our audit provides a reasonable basis for our conclusion.

Conclusion

In our opinion, the financial statements give a true and fair, in all essential aspects, view of the financial position, financial results and cash flow of the organization as of December 31, 2013, according to the International Accounting Standards.

Audit Firm «Glavbuh» LLC
February 17, 2014, outgoing No. 16



Director
Vladimir Nosov

FINANCIAL STATEMENTS

OF CHARITABLE ORGANIZATION «CHARITABLE FOUNDATION «UKRAINIAN
COMMUNITY ADVISORY BOARD ON ACCESS TO TREATMENT»

FOR 2013

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**Statement of financial position
as of December 31, 2013
(in thousands of Ukrainian hryvnias)**

	Notes	2013	2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	192	128
Prepayments	5	41	111
Accounts receivable		-	-
Inventories	6	25	-
Total current assets		258	239
NON-CURRENT ASSETS			
Fixed assets	7	42	20
Total non-current assets		42	20
TOTAL ASSETS		300	259
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	8	4	1
Current reserves	9	33	16
Other accounts payable		-	-
Accrued expenses			
(Deferred income)		103	130
Total current liabilities		140	147
Earmarked funding	10	192	128
EQUITY			
Retained loss			
Of the previous financial year		(16)	
Of the current year		(16)	(16)
Total equity		(32)	(16)
TOTAL LIABILITIES AND EQUITY		300	259

Notes on pages 5 - 9 are integral part of these financial statements. Auditors' report is on the page 1.

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**Statement of comprehensive income
for 2013**

(in thousands of Ukrainian hryvnias)

	Notes	2013	2012
REVENUE			
Income from charitable activities	1	1,798	770
TOTAL REVENUE		1,798	770
EXPENSES			
Administrative expenses	2	(573)	(211)
Operating expenses	3	(1,241)	(575)
Other expenses			
TOTAL EXPENSES		(1,814)	(786)
Operating profit/(loss)		(16)	(16)
Net loss		(16)	(16)

Notes on pages 5 - 9 are integral part of these financial statements. Auditors' report is on the page 1.

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Cash flow statement
as of December 31, 2013
(in thousands of Ukrainian hryvnias)

	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts for charitable activities from Donors	1,798	969
Cash paid on operations:		
Payments to suppliers for goods, works, services	(1,173)	(709)
Payments to employees	(338)	(137)
Effect of exchange rate differences from currency sales	11	1
Paid taxes and fees	(228)	(91)
Paid bank interest for the settlement and cash services	(6)	(3)
Cash flow from operations	<u>64</u>	<u>30</u>
Net cash flow from operating activities	<u>64</u>	<u>30</u>
CASH AT THE BEGINNING OF THE PERIOD	<u>128</u>	<u>98</u>
CASH AT THE END OF THE PERIOD	<u>192</u>	<u>128</u>

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**Notes to the Financial Statements
as of December 31, 2013
(in thousands of Ukrainian hryvnias)**

1. GENERAL INFORMATION

Charitable organization «Charitable Foundation «Ukrainian Community Advisory Board on Access to Treatment» (hereinafter – the Organization) is a charitable organization. The organization does not get a profit from its activity.

Activity of the Organization is provided on the principles of legality, publicity, voluntariness, self-management, humanity, common interests and equal rights of its members.

The principal goal of the Organization is a provision of charitable assistance, to spread treatment options in Ukraine and to ensure sustainable access to treatment programs as necessary.

The subject of Organization's activities is a provision of charitable assistance to all who need it.

2. BASIC ACCOUNTING PRINCIPLES

Conceptual basis

These financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter – IFRS).

Basis of presentation

The financial statements are expressed in Ukrainian hryvnias, all amounts are rounded to the nearest thousand. They are prepared on a historical cost basis, except some accounts of fixed assets which are considered at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policy and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for determining the values of assets and liabilities, when these values can not be determined from other sources. Actual results may differ from these estimates.

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1. REVENUE

Revenue recognition.

Revenue is recognized in the Organization's statement of financial results on accrual basis. Revenue from charitable activities includes funds received in the form of relevant Grants. The organization gets funding in the form of grants for the implementation of program activities. Use of the received funds is limited by the contractual obligations which should be performed by the implementation of target expenses on specific programs.

in thousands of Ukrainian hryvnias

	2013	2012
Income from charitable activities	1,798	770
Total	1,798	770

2. ADMINISTRATIVE EXPENSES

Expenses recognition.

According to IFRS 1 «Presentation of financial statements» the analysis of expenses, recognized in profit or loss, is reflected using a classification based on the cost function. The cost of guarantees and other costs, which may be incurred due to the provision of services and which can be reliably estimated, are reflected in the same period as the related revenue.

All expenses are divided into two categories:

- ✓ administrative expenses – expenses on maintenance of the Organization
- ✓ operating expenses – expenses on implementation of the statutory tasks, realization of the main activity.

During of 2013 and 2012 the administrative expenses comprised:

in thousands of Ukrainian hryvnias

	2013	2012
Administrative staff salaries (with taxes on PE)	(557)	(192)
Administrative staff vacations (with taxes on PE)	(16)	(16)
Other administrative expenses	-	(3)
Total	(573)	(211)

3. OPERATING EXPENSES

During of 2013 and 2012 the operating expenses comprised:

in thousands of Ukrainian hryvnias

	2013	2012
Payments to the project implementers	(33)	(36)
Depreciation of fixed assets, other non-current assets	(6)	(3)
Office rent	(127)	(9)
Bank maintenance on the settlement and cash services	(6)	(3)
Communication costs:	-	-
Mobile service	(37)	(8)
Translation services	(12)	(7)
Consulting services	(815)	(343)
Legal services	-	(10)
Expenses related to the organization and conducting the seminars, trainings, business meetings, research projects etc.	(185)	(155)
Other expenses	(20)	(1)
Total	(1,241)	(575)

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in bank, cash-in-transit and cash on hand.

As of December 31, 2013 and December 31, 2012 cash and cash equivalents included:
in thousands of Ukrainian hryvnias

	<u>2013</u>	<u>2012</u>
Cash in bank	192	128
	<u>192</u>	<u>128</u>

5. PREPAYMENTS

As of December 31, 2013 and December 31, 2012 the prepayments included:
in thousands of Ukrainian hryvnias

	<u>2013</u>	<u>2012</u>
Prepaid supplies and expenses	41	111
Total	<u>41</u>	<u>111</u>

6. INVENTORIES

Inventories are stated at the lower of two estimates: cost or net realizable value. The disposals of inventories are accounted by the «first in, first out» (FIFO) method.

As of December 31, 2013 the inventories included:
in thousands of Ukrainian hryvnias

	<u>2013</u>	<u>2012</u>
Brochure	10	-
Booklets	3	-
T-shirt with logo	7	-
Leaflet	5	-
Total	<u>25</u>	<u>-</u>

These inventories are intended for the implementation of charitable projects. The distribution of printed materials is not for sale, but for the charitable program purposes, and it is aimed at the realization of the Organization's statutory activities.

7. FIXED ASSETS

Owned assets

Fixed assets held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at cost less any accumulated depreciation except buildings and constructions, as well as construction in progress which is stated at market price (see notes to the accounting policy for the investment property).

The gain or loss arising on the disposal of an item of fixed assets is determined as the difference between the sales proceeds and the current cost of the asset and is reflected in the statement of comprehensive income.

Depreciation

Depreciation is charged to the income statement on a straight-line method based on the cost which is amortized considering the following useful lives:

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Asset category	Useful life, years
Furniture	2 - 5
Office and computer equipment	3 - 6

No depreciation is charged on construction in progress.

As of December 31, 2013 the fixed assets included:

in thousands of Ukrainian hryvnias

	Office equipment and inventory	Furniture	Total
Cost			
January 1, 2013	23	-	23
Additions	25	3	28
Disposals	-	-	-
As of December 31, 2013	<u>48</u>	<u>3</u>	<u>51</u>
Depreciation			
January 1, 2013	(3)	-	(3)
Depreciation charged for 2013	(6)	-	(6)
As of December 31, 2013	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Balance cost as of December 31, 2012	<u>20</u>	<u>-</u>	<u>20</u>
Balance cost as of December 31, 2013	<u>39</u>	<u>3</u>	<u>42</u>

8. ACCOUNTS PAYABLE

Accounts payable are stated at cost.

As of December 31, 2013 the accounts payable included:

in thousands of Ukrainian hryvnias

	2013	2012
Debt to suppliers of goods, works, services	<u>4</u>	<u>1</u>
Total	<u>4</u>	<u>1</u>

9. CURRENT RESERVES

As of December 31, 2013 the reserves included:

in thousands of Ukrainian hryvnias

	2013	2012
Reserve for unused vacations including accrued taxes	<u>33</u>	<u>16</u>
Total	<u>33</u>	<u>16</u>

10. EARMARKED FUNDS

Structure of funds

The organization works with two types of funds:

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- ✓ Non-earmarked funds,
- ✓ Earmarked funds.

Non-earmarked funds are funds which the Organization can use at its discretion in realization of public tasks and they are not restricted by the Donors' conditions.

Earmarked funds are funds used by the Organization according to the special Donors' conditions. During the audit period the Organization has worked only with earmarked funds.

As of December 31, 2013 the earmarked funds included:

in thousands of Ukrainian hryvnias

	2013	2012
Funds received from donors		
ICO «All-Ukrainian Network of PLWH»	-	22
ICF «Renaissance» (International Renaissance Foundation)	14	3
Other donors	178	103
	<hr/>	<hr/>
Total	192	128

11. PENSION SUPPORT OF THE STAFF

The Organization does not have any pension arrangements, except the participation in the State pension system of Ukraine, which requires current contributions by the employer calculated as a percentage of payroll expenses, such expenses are charged in the period when the relevant salaries are earned. In addition, the Organization does not provide any post-retirement benefits or compensations.

12. COMPARABLE INFORMATION

Where it was necessary, comparable information has been adjusted to conform to changes in presentation of the financial statements in the current year.