



Charitable Organization «Patients of Ukraine»

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Independent auditor's report

To the members of Charitable Organization «Charitable Foundation «Patients of Ukraine»

Charitable Organization «Charitable Foundation «Patients of Ukraine»

*Independent auditor's report
To the members as of December 31, 2014*

*Financial Statements
for the year ended December 31, 2014*

Management's Responsibility

Organization's management is responsible for the preparation and presentation of the financial statements in accordance with the applicable accounting standards and for the design and implementation of the internal control system.

Auditor's Responsibility

The auditor's responsibility is to express an opinion on the special purpose financial information based on the audit.

We conducted the audit in accordance with International Standards on Auditing. As required, our audit procedures included the additional procedures described in our report on the audit. International Standards on Auditing require us to obtain sufficient audit evidence to form an opinion on the special purpose financial information. We also performed the audit in accordance with the applicable accounting standards and the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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 entity's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates.

Audit Firm "Glavbuh" Ltd.

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Independent auditors' report

To the members of Charitable Organization «Charitable Foundation «Patients of Ukraine»

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 dated 30.11.2015 between the Firm and Charitable Organization «Charitable Foundation «Patients of Ukraine», audited the accompanying financial statements, which consist of the statement of financial position, statement of comprehensive income, cash flow statement as of December 31, 2014.

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 this special purpose financial information based on our audit.

We conducted our audit in accordance with International Standards on Auditing. As requested, our audit procedures also included the additional procedures identified in your instructions. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates,

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if any, made by management, as well as evaluating the overall presentation of the special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level.

Explanatory paragraph

We were not able to be present at the inventory of stocks as at 31 December 2014 for confirming cost of goods and material as at 31 December 2014.

Opinion

In our opinion, except as discussed in the previous paragraph, 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, 2014, according to the International Accounting Standards.

Audit Firm «Glavbuh» LLC
April 06, 2016, outgoing No. 40

Director
Vladimir Nosov



Charitable organization «Charitable Foundation «Patients of Ukraine»
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Statement of financial position
 as of December 31, 2014
 (in thousands of Ukrainian hryvnias)

| | 31 December 2014 | 31 December 2013 |
|---------------------------|------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 187 | 152 |
| Receivables | 37 | 47 |
| Accounts receivable | 2 | 2 |
| Prepayments | 2 | 2 |
| Total current assets | 228 | 203 |

| | | |
|---------------------------|------------|------------|
| NON-CURRENT ASSETS | | |
| Investments | 321 | 312 |
| TOTAL ASSETS | 549 | 515 |

FINANCIAL STATEMENTS

OF CHARITABLE ORGANIZATION «CHARITABLE FOUNDATION «PATIENTS OF UKRAINE»

FOR 2014

| | | |
|-----------------------------------|------------|------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 2 | 2 |
| Current liabilities | 2 | 2 |
| Total current liabilities | 2 | 2 |
| NET ASSETS | 547 | 513 |

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| | | |
|---|------------|------------|
| NET ASSETS | | |
| of the previous financial year | 321 | 312 |
| of the current year | 228 | 203 |
| Total net assets | 549 | 515 |
| TOTAL LIABILITIES AND NET ASSETS | 549 | 515 |

Notes on pages 6-12 are integral part of these financial statements. Auditor's report is on the page

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**Statement of financial position
 as of December 31, 2014
 (in thousands of Ukrainian hryvnias)**

| | Notes | 31 December 2014 | 31 December 2013 |
|---|-------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 187 | 192 |
| Prepayments | 5 | 37 | 41 |
| Accounts receivable | | - | - |
| Inventories | 6 | 35 | 25 |
| Total current assets | | 259 | 258 |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 7 | 62 | 42 |
| Total non-current assets | | 62 | 42 |
| TOTAL ASSETS | | 321 | 300 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 8 | 3 | 4 |
| Current reserves | 9 | 86 | 33 |
| Other accounts payable | | - | - |
| Total current liabilities | | 89 | 140 |
| NET ASSETS | | | |
| ACCUMULATED FUNDS AND OTHER RESERVES | | | |
| Earmarked funding | 10 | 187 | 192 |
| Accrued expenses (Deferred income) | | 131 | 103 |
| NET ASSETS | | | |
| Of the previous financial year | | (32) | (16) |
| Of the current year | | (54) | (16) |
| Total net assets | | 232 | (32) |
| TOTAL LIABILITIES AND NET ASSETS | | 321 | 300 |

Notes on pages 5 - 12 are integral part of these financial statements. Auditors' report is on the page 1.

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**Statement of comprehensive income
for 2014**

(in thousands of Ukrainian hryvnias)

| | Notes | 2014 | 2013 |
|--|-------|----------------|----------------|
| REVENUE | | | |
| Income from charitable activities | 1 | 3,573 | 1,798 |
| TOTAL REVENUE | | 3,573 | 1,798 |
| EXPENSES | | | |
| Administrative expenses | 2 | (1,067) | (573) |
| Operating expenses | 3 | (2,592) | (1,241) |
| Other expenses | | | |
| TOTAL EXPENSES | | (3,659) | (1,814) |
| NET ASSETS, the beginning of year | | (32) | (16) |
| Changes (accrued/paid) | | (54) | (16) |
| NET ASSETS, the end of year | | (86) | (32) |

Notes on pages 5 - 12 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, 2014
(in thousands of Ukrainian hryvnias)

| | 2014 | 2013 |
|---|------------|------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Cash receipts for charitable activities from Donors | 3,447 | 1,798 |
| Others receipts of funds | 51 | 1,798 |
| Cash paid on operations: | | |
| Payments to suppliers for goods, works, services | (2,274) | (1,173) |
| Payments to employees | (408) | (338) |
| Payments for civil agreement | (499) | |
| Effect of exchange rate differences from currency sales | 195 | 11 |
| Paid taxes and fees | (490) | (228) |
| Paid bank interest for the settlement and cash services | (27) | (6) |
| Cash flow from operations | (5) | 64 |
| Net cash flow from operating activities | (5) | 64 |
| CASH AT THE BEGINNING OF THE PERIOD | 192 | 128 |
| CASH AT THE END OF THE PERIOD | 187 | 192 |

Notes on pages 5 - 12 are integral part of these financial statements. Auditors' report is on the page 1.

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**Notes to the Financial Statements
for 2014**

(in thousands of Ukrainian hryvnias)

1. GENERAL INFORMATION

Charitable organization «Charitable Foundation «Patients of Ukraine» (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.

A grant relating to income may be reported separately as 'other income' or deducted from the related expense. [IAS 20.29].

A grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. [IAS 20.7]

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. [IAS 20.12]

in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------|--------------|--------------|
| Income from charitable activities | 3,573 | 1,798 |
| Total | 3,573 | 1,798 |

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 2014 and 2013 the administrative expenses comprised:

in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|---|----------------|--------------|
| Administrative staff salaries (with taxes on PE) | (667) | (557) |
| Administrative staff vacations (with taxes on PE) | (86) | (16) |
| Other administrative expenses | (314) | - |
| Total | (1,067) | (573) |

3. OPERATING EXPENSES

During of 2014 and 2013 the operating expenses comprised:

in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|-------------|-------------|
| Payments to the project implementers | (626) | (33) |
| Office rent | | (127) |
| General corporate expenses | (97) | - |

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| | | |
|--|----------------|----------------|
| The program expenses | (1,761) | |
| Insurance | (24) | |
| Bank maintenance on the settlement and cash services | (10) | (6) |
| Depreciation of fixed assets, other non-current assets | (14) | (6) |
| Mobile service | (28) | (37) |
| Courier services | (3) | |
| Translation services | - | (12) |
| Consulting services | - | (815) |
| Legal services | - | - |
| Expenses related to the organization and conducting the seminars, trainings, business meetings, research projects etc. | - | (185) |
| Other expenses | (29) | (20) |
| Total | (2,592) | (1,241) |

4. CASH AND CASH EQUIVALENTS

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

As of December 31, 2014 cash and cash equivalents included:

in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|--------------|-------------|-------------|
| Cash in bank | 187 | 192 |
| | <u>187</u> | <u>192</u> |

5. PREPAYMENTS

As of December 31, 2014 the prepayments included:

in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|-------------|-------------|
| Prepaid supplies and expenses | 37 | 41 |
| Total | <u>37</u> | <u>41</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 weighted average method.

As of December 31, 2014 the inventories included:

in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|-----------------|-------------|-------------|
| Materials | 35 | 25 |
| Spare parts | - | - |
| Other materials | - | - |
| Total | <u>35</u> | <u>25</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.

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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:

| 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, 2014 the fixed assets included:

| <i>in thousands of Ukrainian hryvnias</i> | Office equipment and inventory | Furniture | Total |
|---|-----------------------------------|------------|-------------|
| Cost | | | |
| January 1, 2014 | 48 | 3 | 51 |
| Additions | 30 | 4 | 34 |
| Disposals | - | - | - |
| <i>As of December 31, 2014</i> | <u>78</u> | <u>7</u> | <u>85</u> |
| Depreciation | | | |
| January 1, 2014 | (9) | = | (9) |
| Depreciation charged for 2014 | (13) | (1) | (14) |
| <i>As of December 31, 2014</i> | <u>(22)</u> | <u>(1)</u> | <u>(23)</u> |
| Balance cost as of December 31, 2013 | <u>39</u> | <u>3</u> | <u>42</u> |
| Balance cost as of December 31, 2014 | <u>56</u> | <u>6</u> | <u>62</u> |

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8. ACCOUNTS PAYABLE

Accounts payable are stated at cost.

As of December 31, 2014 the accounts payable included:

in thousands of Ukrainian hryvnias

| | 2014 | 2013 |
|---|----------|----------|
| Debt to suppliers of goods, works, services | 4 | 4 |
| Total | 4 | 4 |

9. CURRENT RESERVES

As of December 31, 2014 the reserves included:

in thousands of Ukrainian hryvnias

| | 2014 | 2013 |
|--|-----------|-----------|
| Reserve for unused vacations including accrued taxes | 86 | 33 |
| Total | 86 | 33 |

| Employee name Ukr | Period | General income of employees | Average income of employees | Total vacation days must be compensated to employees | Totally accrued | Social Single Fee at the Costs of Employer | Total |
|-------------------------------|--------|-----------------------------|-----------------------------|--|-----------------|--|-----------------|
| Назарова Анастасія Валеріївна | 2012 | 58000 | 163,38 | 30 | 4901,40 | 1801,75 | 6703,15 |
| Стефанишина Ольга Анатоліївна | 2012 | 79000 | 222,54 | 30 | 6676,20 | 2454,17 | 9130,37 |
| Шерембей Дмитро Олегович | 2012 | 3600 | 116,13 | 2 | 232,26 | 85,38 | 317,64 |
| Total | | 140600 | | | 11809,86 | 4341,3 | 16151,16 |
| Назарова Анастасія Валеріївна | 2013 | 120257,42 | 410,64 | 19 | 6436,25 | 2365,97 | 8802,22 |
| Стефанишина Ольга Анатоліївна | 2013 | 206333,17 | 840,98 | 19 | 11043,18 | 4059,47 | 15102,65 |
| Шерембей Дмитро Олегович | 2013 | 93200 | 377,48 | 20 | 6340,20 | 2330,66 | 8670,86 |
| Total | | 419790,59 | | | 23819,63 | 8756,1 | 32575,73 |
| Назарова Анастасія Валеріївна | 2014 | 145365,35 | 410,64 | 43 | 17657,52 | 6490,90 | 24148,42 |
| Стефанишина Ольга Анатоліївна | 2014 | 297705,79 | 840,98 | 43 | 36162,14 | 7611,53 | 43773,67 |
| Шерембей Дмитро Олегович | 2014 | 133627,77 | 377,48 | 44 | 16609,12 | 1396,83 | 18005,95 |
| Total | | 576698,91 | | | 70428,78 | 15499,26 | 85928,04 |

10. EARMARKED FUNDS

Structure of funds

The organization works with two types of funds:

- ✓ 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'

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conditions. During the audit period the Organization has worked only with earmarked funds. The main donors of Organization are:

- International Renaissance Foundation
- Stiftung Open Socie,
- Viiv Healthcare
- Ahf,
- Ebbvi Biofarmasyutikalz Gmbh,
- Antiaids Foundation,
- Glaxosmithkline Pharmaceuticals
- All-Ukrainian Network Of Plwh,
- Ejaf.

As of December 31, 2014 the earmarked funds included:
in thousands of Ukrainian hryvnias

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-------------|-------------|
| Funds are received from donors | 187 | 192 |
| Total | <u>187</u> | <u>192</u> |

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.