



Ukrainian Red Cross Society Non-Governmental Organization

Financial Statement for the Year Ended
31 December 2020



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INDEPENDENT AUDITOR'S REPORT

To Management of Non-Governmental Organization "Ukrainian Red Cross Society":

Opinion

We have audited the statement of contributions and expenditures of Non-Governmental Organization "Ukrainian Red Cross Society" (the "Organization") for the year ended 31 December 2020 and notes to the statement of contributions and expenditures, including a summary of significant accounting policies (collectively – "the financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, contributions and expenditures for the year ended 31 December 2020 in accordance with the International Public Sector Accounting Standards "Financial Reporting Under the Cash Basis of Accounting" ("IPSAS – Cash Basis").

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 Statement* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "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.

Emphasis of Matter – Basis of Accounting

We draw attention to the Note 3 to the financial statement, which describes the basis of accounting. The financial statement is prepared by the Organization to comply with IPSAS – Cash Basis. As a result, the financial statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Operating Environment

We draw your attention to Note 2, Note 4 and Note 10 to the financial statement, which indicates that since 24 February 2022 the impact of the ongoing military actions in Ukraine, the magnitude of further developments, the timing of cessation of those actions and final resolution are unpredictable and may adversely affect the Ukrainian economy and the operations of the Organization. Management's plans concerning this impact are also discussed in Note 4 to the financial statement. Our opinion is not modified in respect of this matter.

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Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IPSAS – Cash Basis and for such internal control as management determines is necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement 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.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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.

LLC "Deloitte & Touche LLC"

25 April 2023



STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENT

for the year ended 31 December 2020

Management of Non-Governmental Organization "Ukrainian Red Cross Society" (the "Organization", or "Society") is responsible for the preparation of the Financial Statement which comprises the statement of contributions and expenditures of the Organization for the year ended 31 December 2020, and notes to the Statement of contributions and expenditures, including a summary of significant accounting policies and other explanatory information as at 31 December 2020, in accordance with International Public Sector Accounting Standards "Financial Reporting Under the Cash Basis of Accounting" ("IPSAS – Cash Basis").

In preparing the Financial Statement, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures and supplementary schedules when compliance with the requirements of IPSAS Cash Basis is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Financial Statement; and
- Making an assessment of the Organization's ability to continue as a going concern.


Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Organization;
- Maintaining adequate accounting records that are sufficient to show and explain the Organization's transactions and disclose with reasonable accuracy at any time the Organization's balance of funds, and which enable them to ensure that the Financial Statement complies with IPSAS Cash Basis;
- Maintaining statutory accounting records in compliance with Ukrainian legislation and Ukrainian accounting standards, as well as with IPSAS Cash Basis;
- Taking such steps as are reasonably available to them to safeguard the assets of the Organization; and
- Preventing and detecting fraud and other irregularities.

The Financial Statement for the year ended 31 December 2020 was authorized for issue by the Organization's management on 25 April, 2023.

On behalf of the Organization's management:


Maksym Dotsenko
Executive Director


Viktoriia Zubova
Chief Accountant



STATEMENT OF CONTRIBUTIONS AND EXPENDITURES OF UKRAINIAN RED CROSS SOCIETY
for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousands)


	Notes	2020	2019
Outstanding cash balance as at 1 January	7	14,847	11,203
Contributions			
International donor programs	5.1	159,778	100,459
Local donor programs	5.2	2,026	63
Government programs	5.3	1,042	1,166
Charity, donations and membership fees	5.4	1,441	895
Other contributions	5.5	1,783	1,137
Total contributions		166,070	103,720
Expenditures			
Financial aid to final beneficiaries	6.1	(6,740)	(10,147)
Material assistance to final beneficiaries	6.2	(44,204)	(817)
Taxes on financial aid to final beneficiaries	6.3	(824)	(1,511)
Materials and equipment	6.4	(28,943)	(7,839)
Sub-recipients (cash to regional and district URCS organizations)	6.5	(30,489)	(39,852)
Payroll and remuneration for services rendered by contractors	6.6	(37,098)	(27,022)
Membership fee to International Federation of Red Cross	6.7	(287)	(512)
Consulting services	6.8	(1,844)	(545)
Educational activities	6.9	(4,543)	(10)
Audit services	6.10	(464)	(507)
Trainings/seminars/partner meetings	6.11	(3,445)	(5,251)
Other expenditures	6.12	(5,185)	(4,171)
Total expenditures:		(164,066)	(98,184)
Effect of exchange rate changes on cash balance		1,078	(1,892)
Outstanding cash balance as at 31 December	7	17,929	14,847

The Financial Statement for the year ended 31 December 2020 was authorized for issue by the Organization's management on 25 April 2023.

On behalf of the Organization's management:


Maksym Dotsenko
Executive Director




Viktoriia Zubova
Chief Accountant



Notes to the STATEMENT OF CONTRIBUTIONS AND EXPENDITURES
for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

1. GENERAL INFORMATION

The Ukrainian Red Cross Society (hereinafter as the “Organization”, or “Society”) is an humanitarian non-governmental organization established and operating in accordance with the laws of Ukraine. In its activities, the Organization is governed by the Law of Ukraine “On Public Associations” and the Law of Ukraine “On the Ukrainian Red Cross Society”, as well as the Organization’s Charter. The Organization is registered at 30 Pushkinska St., Kyiv, Ukraine.

The average number of the Organization’s employees was 70 for the year ended 31 December 2020 (2019: 71).

The principal objective of the Organization’s activities is to protect human life, prevent and alleviate human suffering during armed conflicts, natural disasters, catastrophes and accidents, provide assistance to the medical service of the Armed Forces and health authorities, assist the government authorities of Ukraine in their humanitarian activities. The above objective is achieved impartially, without any discrimination on the basis of nationality, race, sex, religion, language, class features or political opinion.

To achieve this objective in the manner prescribed by applicable law, the Organization:

1. Assists the government authorities, the medical service of the Armed Forces of Ukraine and the health authorities of Ukraine in the medical care of wounded and sick servicemen and civilians during armed conflicts in accordance with the Geneva Conventions of 12 August 1949, ratified by Ukraine on 8 July 1954, and three Additional Protocols thereto of 8 June 1977 (I, II) and 8 December 2005 (III), ratified by Ukraine on 18 August 1989 (I, II) and 22 October 2009 (III).
2. Cooperates with the government authorities to ensure compliance with international humanitarian law.
3. Organizes the Society’s service for providing urgent aid to the population affected by emergencies.
4. Coordinates and carries out work on the spread of international humanitarian law and the fundamental principles of the International Movement.
5. Organizes medical and social centers and rooms, hospitals, Red Cross shelters for socially vulnerable groups.
6. Participates in the implementation of National and local programs for the development of blood donation and its components, works together with health authorities and institutions to attract citizens to the ranks of donors, to promote free blood donation among the population. Cooperates on blood donation issues with Red Cross organizations from different countries, other foreign organizations and companies.
7. Participates in the organization of population training in first aid and patient care.
8. Provides assistance and moral support to migrants, refugees and asylum seekers staying in Ukraine.

Conducts activities in places of detention or temporary residence of migrants, refugees and asylum seekers in Ukraine, using its capacities to restore family ties (or family reunification), provide all possible humanitarian assistance and advocacy to improve the conditions of detention and security and dignity of vulnerable groups of detainees, adhering to the principles of independence and neutrality.



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

9. In accordance with the provisions of the Geneva Conventions, their Additional Protocols, the Statute of the International Movement, the Seville Agreement (1997), resolutions of International Conferences and the Council of Delegates, the Strategy for the Restoration of Family Relations (2007), the Law of Ukraine *On the Ukrainian Red Cross Society* (2002) and the Order of the Cabinet of Ministers of Ukraine No. 694-R (1993) conducts work on search, reunification of families and clarification of the fate of persons regardless of national, racial, sexual, religious, linguistic, class features or political opinions who disappeared (died or lost family ties) during wars, armed conflicts, natural disasters, emergencies and as a result of modern migration processes in the world.

Programs in which the Organization participates and which are implemented by the Organization, are performed in Ukraine.

The activities of the Organization are financed with grants and donations. The main donors are International Federation of the Red Cross, International Committee of the Red Cross, Danish Red Cross, German Red Cross.

During the year ended 31 December 2020, the Organization operated the following main charity programs:

Donor	Program name	Start Date	End Date
International Federation of the Red Cross	URCS Organizational and Branch Development (OD/BD)	16 Apr 2020	31 Mar 2021
International Federation of the Red Cross	URCS response to COVID-19 outbreak in Ukraine	30 Mar 2020	31 Jan 2021
International Federation of the Red Cross	URCS response to COVID-19 outbreak in Ukraine. Procurement of Personal Protection and other medical items	14 Oct 2020	30 Jan 2021
International Federation of the Red Cross	Resource Mobilisation through NSIA Accelerator Funding	06 Feb 2020	30 Jan 2021
International Federation of the Red Cross	Implementation of World AIDS Day 2020 – “Global solidarity, shared responsibility”	27 Nov 2020	31 Jan 2021
International Federation of the Red Cross	Implementation of the World TB Day 2020	06 Mar 2020	30 Jun 2020
International Federation of the Red Cross	Strengthening URCS Readiness, Financial Sustainability, and Digital Transformation in responding to COVID-19 in Ukraine	13 Nov 2020	30 Jan 2021
International Federation of the Red Cross	Strengthening Disaster Management and Cash Programming	18 Feb 2020	30 Jan 2021
International Federation of the Red Cross	Ukraine Floods Operation	29 Jul 2020	30 Nov 2020
International Committee of the Red Cross	Partnership Framework Agreement	01 Jan 2018	31 Dec 2020
Coca-Cola Foundation	Assistance to the public and public services in connection with the spread of Covid-19	16 Mar 2020	16 Mar 2022
Australian Embassy	Strengthening capacities of health facilities in terms of the COVID-19 response	05 Jun 2020	15 Sep 2020
Austrian Red Cross	Support for Climate Change Mainstreaming	02 Dec 2020	30 Jun 2021
Austrian Red Cross	Promoting the role of volunteers and the population in Civil Protection (ProVoice)	24 Jan 2018	31 Mar 2020
Austrian Red Cross	Partner Agreement Strengthening volunteering in Chernivtsi	28 Oct 2019	31 Jul 2020
Austrian Red Cross	Restoring livelihoods and meeting basic health needs in Donetsk and Luhansk region through sustainable and gender-sensitive interventions	01 Jan 2020	31 Dec 2020

UKRAINIAN RED CROSS SOCIETY



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

Donor	Program name	Start Date	End Date
Austrian Red Cross	Strengthening volunteering in Chernivtsi	01 Jan 2020	31 Dec 2020
Austrian Red Cross	Multisectoral support for internally displaced persons (IDPs) and the local population in Luhansk and Donetsk	01 Oct 2018	31 Mar 2020
Austrian Red Cross	COVID-19 Pandemic. Emergency Response Needs	01 Mar 2020	31 Dec 2020
Danish Red Cross	Reducing Disaster Risk Vulnerability in Eastern Ukraine	01 Aug 2019	30 Sep 2021
Danish Red Cross	Preventing the spread of and responding to COVID-19 in the Eastern Conflict Areas, Ukraine	22 Jun 2020	24 Nov 2020
Danish Red Cross	Winterization response in the Eastern Ukraine	19 Nov 2020	19 Mar 2021
Danish Red Cross	Support to URCS floods response in Western Ukraine	09 Jul 2020	01 Oct 2020
Danish Red Cross	URCS COVID-19 Preparedness and Response	01 Apr 2020	31 Dec 2020
Danish Red Cross	Promoting protection and well-being	01 Jan 2018	31 Mar 2021
Luxembourg Red Cross	Support to the families after the wildfire in Luhansk oblast	01 Nov 2020	31 Dec 2020
Luxembourg Red Cross	Reconstruction of medical facilities in the conflict-affected area of Donetsk Oblast	01 Sep 2019	28 Feb 2021
German Red Cross	Project Agreement in respect to the Project: Emergency Response to COVID-19: Assistance to most vulnerable groups of population in eastern Ukraine during the quarantine period	24 Jul 2020	31 Dec 2020
French Red Cross	Support to the conflict-affected population in Zaporizhia region through the provision of vouchers, Promotion of community-based HIV awareness	01 Oct 2019	30 Jun 2020

2. OPERATING ENVIRONMENT

Since 2016, the Ukrainian economy has demonstrated signs of stabilization after years of political and economic tension. In 2020, the Ukrainian economy has contracted by around 4.4% of real GDP because of COVID-19 outbreak and respective national lockdown initiatives (2019: real GDP growth of around 3.2%), but sustained the modest annual inflation of 5.0% (2019: 4.1%), with a slight devaluation of the national currency (by around 4.4% to USD and 6.4% to EUR comparing to previous year averages).

Ukraine continues to limit its political and economic ties with Russia, given annexation of Crimea, an autonomous republic of Ukraine, and an armed conflict with separatists continued in certain parts of Luhanska and Donetska regions. As a result of this, the Ukrainian economy is continuing refocusing on the European Union (the "EU") market by realizing potentials of established Deep and Comprehensive Free Trade Area with the EU as well as other markets.



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

To further facilitate business activities in Ukraine, the National Bank of Ukraine (the “NBU”) in 2019 has lifted the surrender requirement for foreign currency proceeds, cancelled all limits on repatriation of dividends and gradually decreased its discount rate for the first time during the recent two years, from 18.0% in April 2019 to 11.0% in January 2020. The discount rate was further decreased during 2020, with 6.0% valid from 12 June 2020.

The degree of macroeconomic uncertainty in Ukraine in 2020 remained high due to a significant amount of public debt scheduled for repayment in 2021, which requires mobilizing substantial domestic and external financing in an increasingly challenging financing environment for emerging markets. Further economic growth depends, to a large extent, upon success of the Ukrainian government in realization of planned structural reforms and effective cooperation with the International Monetary Fund (the “IMF”).

Fitch’s current rating of Ukraine’s Long-Term Foreign- and Local-Currency Issuer Default Ratings was stated as “B”, revised from a positive to stable outlook in April 2020.

Starting from early 2020, a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world, resulting in announcement of the pandemic status by the World Health Organization (the “WHO”) in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have a significant impact on global financial markets.

In February 2022, the Russian Federation recognized the temporarily occupied territories in Luhanska and Donetsk regions as independent republics and started its military invasion of Ukraine resulting in a full-scale war across the Ukrainian state. On 4 October 2022, president of the Russian Federation signed laws on annexation of parts of Luhanska, Donetsk, Zaporizka, and Khersonska regions that has been previously ratified by the country’s Parliament.

The ongoing military attack has led to significant damage to infrastructure, dislocation of the population, and disruption to economic activities in Ukraine. Before August 2022, all ports in the Black Sea area stopped working, which resulted in complete suspension of exports and imports made via seaports. Airports, many roads, and bridges were closed, damaged, or destroyed, further crippling transportation and logistics. Transportation of goods inbound and outbound was performed by railway and trucks, as well with involvement of European carriers, which made it possible for most companies in Ukraine, effective from May-June 2022, to restore and arrange transportation and logistics of their products. On 22 July 2022, in Istanbul, representatives of Ukraine signed an agreement with Turkey and the United Nations on unblocking of ports and resumption of grain exports effective from 1 August 2022, which had been blocked in the Black Sea ports due to the war. The Russian Federation also signed a “mirror agreement” with Turkey and the United Nations. On 17 November 2022, in Istanbul, the parties agreed to extend “the grain agreement” for another 120 days, by 18 March 2023, respectively. For the period from the beginning of the agreement by the end of 2022, about 16.3 million tons of agricultural produce were shipped from the seaports of Ukraine.



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

In late April 2022, Ukraine also encountered a significant lack of fuel due to the need to create new logistics supply routes from Europe; the problem was resolved during May-June 2022. In October–December 2022, Ukraine witnessed massive power outages for the population and businesses due to a significant damage to power grids caused by shelling from the Russian Federation, which also caused problems with water and heat supply. The Government introduced a range of emergency measures to resolve those challenges and stabilize the economy. Effective from February 2023, the situation in the energy system of Ukraine improved and stabilized.

As a result of the military invasion of the Russian Federation and the start of the full-scale war, the economy of Ukraine suffered serious consequences. In 2022, the drop in Ukraine's GDP reached 30.3% (in 2021, real GDP grew by 3.2%). Starting from February 2022, the inflation rate increased in annual terms up and reached 26.6% by the end of the year (2021: 10.0%) because of the disruption of supply chains and production processes, uneven demand, increased business costs, increased global prices, limited supply of certain commodities, as well as physical destruction of assets of a range of companies caused by the Russian attack on Ukraine. The national currency devalued, according to the official exchange rates at the end of 2022, by 34% against USD and by 26% against EUR comparing to the averages at the end of 2021.

From the onset of the full-scale war, the National Bank of Ukraine (the "NBU") has introduced a range of temporary protective measures, such as restriction of cross-border payments in foreign currency, fixing the official exchange rate for major currencies (on 21 July 2022, the NBU adjusted the official UAH/USD exchange rate by 25% to UAH 36.5686 per USD 1). Despite the increase in the official exchange rate of USD, the disparity between the official and market exchange rates remains. From the beginning of the war, the NBU fixed the discount rate at the level of 10% due to the forced administrative restrictions, however, later, in June, it increased it to the level of 25%. In 2023, the NBU additionally tightened the requirements to obligatory reserves of banks. The NBU stated it would revert to the traditional format of inflation targeting with a floating exchange rate after the economy and financial system return to their normal operational mode.

At the same time, thanks to the assistance from partners, the NBU's international reserves as at the end of 2022 exceeded the pre-war level and reached USD 28.5 billion. In August 2022, the Ministry of Finance of Ukraine postponed payments on sovereign Eurobonds for two years and amended the terms and conditions for issuing government derivatives by reducing financing needs. In general, the Ukrainian Government continues to service external debt obligations, and the banking system remains operational and maintains stability.

The approved state budget of Ukraine for 2023 presupposes that budget revenues be two times lower than expenditures, and the deficit will be about 21% of GDP (or USD 35.5 billion). It is expected that the budget deficit will be financed through financial assistance from foreign partners in the form of grants and preferential long-term interest-free loans.

The Ukrainian Government received a significant international support, financing and donations from international organizations, along with individual countries, and charities to support financial stability, social related payments, and military needs. During 2022, the volumes of declared international financial aid amounted to more than USD 65 billion, whereas the volumes of received international financial aid were at the level of more than USD 32 billion. The volumes of military assistance exceeded USD 16 billion and humanitarian – USD 41 billion.



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

On 15 March 2022, the Verkhovna Rada of Ukraine introduced some changes to the tax legislation and adopted the Law of Ukraine No. 2120-IX "On Amending the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Martial Law Period". Exporters face problems and delays in VAT refunds due to the need to conduct tax audits to receive refunds.

In March 2022, the system operator of the Ukrainian electricity network, together with European operators, completed integration of the Ukrainian and European energy systems.

On 23 June 2022, the European Council summit in Brussels decided to provide Ukraine with the candidate status to the European Union. Ukraine is going to become a participant of the EU programs and initiatives opened for candidates.

On 27 September 2022, the Cabinet of Ministers approved resolutions that would allow Ukraine join the Common Transit Convention and Convention on the Simplification of Formalities in Trade in Goods (the so-called "customs free regime") from 1 October 2022. The resolutions open access to an unlimited range of Ukrainian businesses to authorizations and simplifications of joint transit procedures similar to those available to economic operators in the 35 member states of the Convention.

During 2022, the Government introduced zero quotas on exports of gold and silver (except for bank metals), buckwheat, table salt, fuel oil, and fuel wood. Exports of chicken meat, cattle, cattle meat, eggs, mineral fertilizers, rye, oats, millet, and sugar are subject to licensing. Exports of gas are prohibited.

The war between Ukraine and the Russian Federation is ongoing, resulting in a significant destruction of property and assets in Ukraine and other serious consequences. The consequences of the war are changing day to day, and the long-term implications are unclear. Further impact on the Ukrainian economy depends upon the way the Russian military invasion in Ukraine is resolved and upon the success of the Ukrainian Government in realization of new reforms, recovery strategy after the invasion is stopped, and the transformation of the state to acquire the European Union membership, as well as cooperation with the international funds.

3. SIGNIFICANT ACCOUNTING POLICIES FOR RECOGNITION AND MEASUREMENT OF CASH RECEIPTS AND DISBURSEMENTS

Basis of preparation

The Statement of Contributions and Expenditures of the Organization has been prepared in accordance with the International Public Sector Accounting Standards "Financial Reporting Under the Cash Basis of Accounting" ("IPSAS – Cash Basis"), which is a comprehensive basis of accounting other than Ukrainian Accounting Standards. On this basis, revenue is recognized when received rather than when earned, and expenditures are recognized when paid rather than when incurred.

This financial statement is separate financial statement of the Organization. The Organization does not prepare consolidated financial statement.



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

Functional and presentation currency

The functional and presentation currency of the Organization is the Ukrainian Hryvnia ("UAH").

Foreign currencies transactions

Transactions in currencies other than functional currency are initially recorded in UAH at the official rates of exchange set on the dates of the transactions by the National Bank of Ukraine. Cash balances denominated in foreign currencies are translated into UAH at the exchange rates established by the NBU at the end of the reporting period. All foreign exchange gains/(losses) are recognized in the Statement of Contributions and Expenditures.

The relevant exchange rates were as follows:

	As of 31 December 2020	Average for the year ended 31 December 2020	As of 31 December 2019	Average for the year ended 31 December 2019
UAH/USD	28.2746	26.9639	23.6862	25.8373
UAH/EUR	34.7396	30.8013	26.4220	28.9406

Cash

Cash includes cash in banks kept at current accounts. Cash is divided into the cash with temporarily restricted and unrestricted use. Donors' contributions made without stipulations are reported as unrestricted cash. Contributions received with a donor's stipulation which restricts their use are reported as temporarily restricted cash.

Unrestricted cash is the cash with unlimited use, as well as the funds intended for general and administrative purposes.

Income tax

As a non-government organization incorporated under Ukrainian law, the Organization is not subject to corporate income tax except for those transactions when income is derived from commercial activities.

4. GOING CONCERN

This financial statement has been prepared on the assumption that the Organization will be able to continue as a going concern and that it will continue in operation for the foreseeable future.

However, as noted in Note 2 and in Note 10, on 24 February 2022, Russian forces began a military invasion of Ukraine, which led to a full-scale war throughout Ukraine. The operating environment remains risky and with a high level of uncertainty. Therefore, the going concern assumption is to be carefully assessed by management to ensure the Organization has sufficient funding for its activities.



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

Management believes that preparation of this financial statement on a going concern basis is appropriate due to the following factors and actions taken:

- There are no damages caused by the war and there are no assets in occupied territories.
- During the year ended 31 December 2021 and during the period from 31 December 2021 till the date of issuance of this financial statement, the wide range of new projects with the donors of the Organization were started. Due to the fact that one of the Organization's principal objectives of the activities is to protect human life, prevent human suffering during armed conflicts, the amount of contributions from donors increased significantly during 2022 after the beginning of the war in Ukraine, that indicates, that the Organization will be able to perform its operations in the foreseeable future.
- Significant increase in contributions from donors mostly relates to the programs aimed at overcoming the consequences of war, providing assistance to the population affected by the war and improving medical and social infrastructure in Ukraine.
- The Organization has cash and cash equivalents balance as at 31 December 2020 and subsequently at sufficient level to perform its operations.
- During the period after the reporting date and before the authorization of this financial statement, the Organization continues its operations and manages to meet main goals of the Organization's activities in 2021 and 2022.

Considering the reasons above, management believes that preparation of this financial statement on a going concern basis is appropriate, and the Organization has adequate resources to realize its assets, discharge its liabilities and continue in operational existence for the foreseeable future.

5. CONTRIBUTIONS

Contributions comprise cash obtained from donors and returns of unused cash under the programs to donors. For the years ended 31 December 2020 and 31 December 2019, the Organization obtained grants from the following donors:

5.1 International donor programs

	2020	2019
Danish Red Cross	49,155	22,728
International Federation of the Red Cross	41,362	23,366
German Red Cross	18,002	35
Mission of the International Committee of the Red Cross in Ukraine	13,089	12,928
Luxembourg Red Cross	12,042	16,327
Austrian Red Cross	12,017	15,549
Coca-Cola Foundation	8,116	-
French Red Cross	2,597	6,842
Swiss Red Cross	1,789	13
Turkish Red Crescent	895	-
Embassy of Australia	714	-
Finnish Red Cross	-	1,448
Empress Schoken Foundation in Geneva (Swiss Confederation)	-	732
Black Sea Trust Fund (German Marshall Fund of the USA)	-	499
USAID United States Agency for International Development	-	(8)
Total	159,778	100,459

UKRAINIAN RED CROSS SOCIETY



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

5.2 Local donor programs

	2020	2019
SPOZHIVCHCENTR, LLC	1,000	-
UKRAFLORA, LLC	300	-
International Renaissance Foundation	180	-
Henkel Ukraine, LLC	180	-
Procter and Gamble Ukraine, LLC	135	-
FIRST LEASING COMPANY, LLC	108	-
GOOD PRODUCT, LLC	100	-
Initiative Center for Promotion of Activity and Development of Public Initiative UNITY, NGO	23	-
Odesa branch of Technoforum, LLC	-	33
Porsche Insurance Agency, LLC	-	30
Total	2,026	63

5.3 Government programs

	2020	2019
State Treasury Service of Ukraine	1,042	1,166
Total	1,042	1,166

5.4 Charity, donations and membership fees

	2020	2019
Contributions of the population	646	345
Development of first aid	237	-
Volyn regional organization of Red Cross Society of Ukraine	111	21
Baden Red Cross	75	-
Nestle Ukraine LLC	60	-
Donetsk regional organization of Red Cross Society of Ukraine	59	48
Mykolaiv regional organization of Red Cross Society of Ukraine	53	106
Vinnitsia regional organization of Red Cross Society of Ukraine	31	13
Odesa regional organization of Red Cross Society of Ukraine	30	17
Ternopil regional organization of Red Cross Society of Ukraine	30	61
SLOVIANSKYI INTERNATIONAL FUND ICO	29	-
CHARITY ORGANIZATION ZAGORIY FOUNDATION	25	-
Rivne regional organization of Red Cross Society of Ukraine	24	3
German Red Cross	12	-
Others	19	281
Total	1,441	895

UKRAINIAN RED CROSS SOCIETY



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

5.5 Other contributions (by substance)

	2020	2019
Interest received	1,012	450
Dividends	309	-
Contributions on development of first aid	152	533
Room rental	60	55
Insurance	34	-
Settlements with subordinate organizations	21	18
Targeted financing	11	-
Others	184	81
Total	1,783	1,137

6. EXPENDITURES

For the year ended 31 December 2020 and 31 December 2019, the Organization incurred the following expenditures. Expenditures are presented by the donors, unless otherwise specified.

6.1 Financial aid to final beneficiaries

	2020	2019
Austrian Red Cross	(3,987)	(4,588)
International Federation of the Red Cross	(2,720)	(4,586)
Contributions from various donors and population on statutory activities	(33)	-
Danish Red Cross	-	(958)
International Committee of the Red Cross	-	(15)
Total	(6,740)	(10,147)

6.2 Material assistance to final beneficiaries

	2020	2019
Danish Red Cross	(14,488)	(801)
German Red Cross	(13,288)	-
Coca-Cola Foundation	(8,137)	-
International Federation of the Red Cross	(6,154)	-
Embassy of Australia	(715)	-
French Red Cross	(707)	-
Austrian Red Cross	(328)	-
Turkish Red Crescent	(239)	-
FIRST LEASING COMPANY, LLC, GORD PRODUCT, LLC	(119)	-
Others	(29)	(16)
Total	(44,204)	(817)

6.3 Taxes on financial aid to final beneficiaries

	2020	2019
International Federation of the Red Cross	(417)	(947)
Austrian Red Cross	(407)	(564)
Total	(824)	(1,511)

UKRAINIAN RED CROSS SOCIETY



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

6.4 Materials and equipment

	2020	2019
International Federation of the Red Cross	(14,599)	(1,890)
Danish Red Cross	(7,913)	(3,665)
International Committee of the Red Cross	(2,377)	(1,335)
Contributions from various donors and population on statutory activities	(1,537)	(220)
Luxembourg Red Cross	(908)	(3)
German Red Cross	(662)	-
Austrian Red Cross	(407)	(355)
Swiss Red Cross	(322)	(9)
French Red Cross	(92)	(60)
GARAGE GENGY, NGO, Henkel Ukraine, LLC	(53)	-
STATE TREASURY SERVICE OF UKRAINE	(39)	(39)
Finnish Red Cross	(17)	(152)
CHARITY ORGANIZATION ZAGORIY FOUNDATION	(14)	-
UKRAFLORA, LLC, Procter & Gamble Ukraine, LLC	(3)	-
Porsche Insurance Agency, LLC, Odesa branch of Technoforum, LLC	-	(111)
Total	(28,943)	(7,839)

6.5 Sub-recipients (cash to regional and district URCS organizations)

	2020	2019
Luxembourg Red Cross	(12,993)	(16,460)
Danish Red Cross	(8,824)	(5,692)
Austrian Red Cross	(3,215)	(5,993)
International Committee of the Red Cross	(2,258)	(2,101)
French Red Cross	(1,130)	(4,440)
International Federation of the Red Cross	(1,028)	(4,319)
German Red Cross	(698)	-
Others	(343)	(847)
Total	(30,489)	(39,852)

6.6 Payroll and remuneration for services rendered by contractors

	2020	2019
Danish Red Cross	(11,805)	(4,477)
International Federation of the Red Cross	(9,773)	(8,836)
International Committee of the Red Cross	(7,820)	(7,435)
Austrian Red Cross	(1,754)	(1,206)
Contributions from various donors and population on statutory activities	(1,606)	(1,853)
French Red Cross	(1,284)	(1,257)
Luxembourg Red Cross	(1,275)	(731)
STATE TREASURY SERVICE OF UKRAINE	(714)	(614)
German Red Cross	(334)	-
UKRAFLORA, LLC, Procter & Gamble Ukraine, LLC	(315)	-
Finnish Red Cross	(181)	(279)
Swiss Red Cross	(163)	(121)
Empress Schoken Foundation in Geneva (Swiss Confederation)	(63)	(213)
ZAGORIY FOUNDATION CHARITY ORGANIZATION	(11)	-
Total	(37,098)	(27,022)

Expenditures from this category consist of payroll expenses to employees and remuneration for services rendered by contractors participated in activities under the Organization's programs.

UKRAINIAN RED CROSS SOCIETY



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

6.7 Membership fee to International Federation of Red Cross

	2020	2019
Ministry of Health	(287)	(512)
Total	(287)	(512)

6.8 Consulting services

	2020	2019
Danish Red Cross	(627)	(139)
Austrian Red Cross	(564)	-
International Federation of the Red Cross	(443)	(398)
French Red Cross	(122)	-
International Committee of the Red Cross	(37)	(8)
Finnish Red Cross	(27)	-
Initiative Center for Promotion of Activity and Development of Public Initiative UNITY, NGO	(23)	-
Contributions from various donors and population on statutory activities	(1)	-
Total	(1,844)	(545)

6.9 Educational activities

	2020	2019
Danish Red Cross	(2,117)	(10)
International Federation of the Red Cross	(1,286)	-
Swiss Red Cross	(685)	-
Luxembourg Red Cross	(141)	-
Contributions from various donors and population on statutory activities	(135)	-
Finnish Red Cross	(70)	-
International Committee of the Red Cross	(59)	-
Austrian Red Cross	(50)	-
Total	(4,543)	(10)

6.10 Audit services

	2020	2019
Danish Red Cross	(259)	(177)
International Federation of the Red Cross	(127)	(240)
Austrian Red Cross	(78)	-
Finnish Red Cross	-	(90)
Total	(464)	(507)

6.11 Trainings/seminars/partner meetings

	2020	2019
Danish Red Cross	(2,069)	(1,662)
International Federation of the Red Cross	(732)	(1,116)
International Committee of the Red Cross	(279)	(1,027)
Finnish Red Cross	(159)	(443)
Austrian Red Cross	(142)	(317)
Others	(64)	(686)
Total	(3,445)	(5,251)

UKRAINIAN RED CROSS SOCIETY



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

6.12 Other expenditures (by economic substance)	2020	2019
Renovation of premises	(981)	(263)
Costs in quarantine / COVID-19	(694)	-
Vehicle maintenance	(379)	(61)
Bank services	(329)	(273)
Internet services	(227)	(74)
Assignment	(223)	(541)
Software settings	(161)	(14)
Insurance	(155)	(219)
Room rental	(153)	(45)
Translation	(148)	(190)
The cost of buying and selling currency	(127)	(158)
Cash advances to employees	(119)	(672)
Monitoring	(110)	(405)
Residence	(105)	(122)
Office equipment maintenance	(104)	(130)
Connection services	(97)	(65)
Heating	(95)	(186)
Postage	(85)	(18)
Electricity	(71)	(85)
Information services	(64)	-
Vouchers for mobile communication	(42)	-
Internet access	(41)	(74)
Customs services	(34)	-
Others	(641)	(576)
Total	(5,185)	(4,171)

7. CASH

Cash at bank as at 31 December 2020 and 31 December 2019 was represented as follows:

	31 December 2020	31 December 2019
Cash in Ukrainian Hryvnia	16,078	9,324
Cash in US Dollar	1,313	1,218
Cash in Euro	503	3,752
Cash in CHF	35	553
Total	17,929	14,847

As at 31 December 2020 and 31 December 2019, the net cash balances per programs were as follows:

Donor	31 December 2020	31 December 2019
Temporarily restricted cash	17,405	14,577
International donors	17,192	14,575
National donors	213	2
Unrestricted own cash	524	270
Total cash	17,929	14,847



NOTES TO THE STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

for the year ended 31 December 2020 (In Ukrainian Hryvnias and in thousand)

Cash is placed by the Organization with several state and commercial Ukrainian banks with a minimum risk rating. As at 31 December 2020 and 31 December 2019, the Organization did not have deposit accounts.

8. CONTINGENCIES

Taxation

The Organization is a non-profit organization and specific taxation requirements are applied to it. Inconsistent application, interpretation and enforcement of tax laws can lead to litigations which, as a consequence, may result in the imposition of additional taxes, penalties, and interest, and these amounts can be material. Facing current economic and political issues, the Government has implemented certain reforms in the tax system of Ukraine by adopting the Law of Ukraine On Amending the Tax Code of Ukraine and Certain Laws of Ukraine, effective from 1 January 2015, except for certain provisions which took effect at a later date. Management believes that the Organization has been in compliance with all requirements of the effective tax legislation.

Legal issues

The Organization is subject to legal actions and complaints in its ordinary course of business. Management believes that it is unlikely that a significant settlement or loss of assets will arise out of actions and complaints.

9. RISK OF CONCENTRATION

As disclosed in Note 5, the major donors of the Organization are International Federation of the Red Cross and Danish Red Cross, that jointly contributed 55 % of the total funds in 2020 (2019: 44%). To manage the risk of high concentration of donors, the Organization is actively seeking new sources of funds.

10. EVENTS AFTER THE REPORTING DATE

On 24 February 2022, the Russian Federation started its military invasion in Ukraine. Many Ukrainian cities suffered a substantial damage as a consequence of the continuous missile and artillery strikes, resulting in thousands of deaths and injuries, including among civilians.

As at the date of issuing this financial statement, the Organization continues running its operations without any restrictions. Management of the Organization maintains control over all its operations. Other subsequent events are also disclosed in Note 2. Impact of the war on the Organization that is currently known and measures taken by the management in response are disclosed in Note 4.