

Public organization

«ECONOMIC SECURITY COUNCIL OF UKRAINE»

Financial Statements of micro entity
& Independent Auditors' Report
for the year ended 31 December 2023
(translated from Ukrainian)

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Independent auditor's report

To the Founders and Management of
Public organization "ECONOMIC SECURITY COUNCIL OF UKRAINE"

Opinion

We have audited the financial statements of Public organization "ECONOMIC SECURITY COUNCIL OF UKRAINE" (hereafter – the «Organisation»), which comprise:

- the statement of financial position as at 31 December 2023 (form #1-mc);
- the statement of profit or loss for the year then ended (form #2-mc); and
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(hereafter – «Financial statements»).

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with National Accounting Regulations (Standards) of Ukraine («NR(S)AU») complying with the requirements of the National Accounting Regulation (Standard) 25 «Simplified financial statement» (NR(S)AU 25) and with financial reporting requirements of the Law of Ukraine "On accounting and financial reporting in Ukraine" regarding the preparation of financial statements by non-entrepreneurial legal entities.

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 Organisation in accordance with the International Ethics Standards Board for Accountants' 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements, which indicates that the Organisation's operations are negatively affected by the ongoing military invasion of Ukraine, with the magnitude of further developments or the timing of their cessation being uncertain. As presented in Note 3, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the Organisation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matters

The comparative financial information for the year ended 31 December 2022 was not audited.

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

Management is responsible for the preparation of the financial statements in accordance with NR(S)AU and with financial reporting requirements of the Law of Ukraine "On accounting and financial reporting in Ukraine" regarding the preparation of financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

ТОВ «БЕЙКЕР ТІЛЛІ УКРАЇНА», що провадить свою діяльність під брендом «Baker Tilly», є членом глобальної мережі Baker Tilly International Ltd., членами якої є окремі та незалежні юридичні особи.

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Now, for tomorrow

In preparing the financial statements, management is responsible for assessing the Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation'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' 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 Organisation'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 Organisation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Olexandra Zvyryeva
Partner

Registration number in the Register of auditors and audit firms: # 100789

"BAKER TILLY UKRAINE" LLP

EDRPOU code: # 30373906

Full name: BAKER TILLY UKRAINE Limited Liability Partnership

Location: 3, Hrekova Street, apt. 9, Kyiv, 04112

Actual address: 28, Fizkultury Street, Kyiv, 03150.

Registration number in the Register of auditors and audit firms: # 2091.

Kyiv, Ukraine

25 October 2024



Public organization
«Economic security council of Ukraine»
Financial Statements of micro-entity
for the year ended 31 December 2023 (translated from Ukrainian)

Appendix 2
to the National Accounting Regulation
(Standard) 25
«Simplified financial statements»
(paragraph 4 of section I)

THE FINANCIAL STATEMENTS OF MICRO ENTITY

		Cods		
		2024	01	01
Company	<u>Public organization «Economic security council of Ukraine»</u>	44408053		
Area	_____			
Organizational and legal form of business	<u>Public organization</u>			
Type of economic activity	<u>Activities of other non-governmental organizations</u>	815		
Average number of employees, persons	<u>16</u>	94.99		
Unit of measurement:	<u>UAH thousand with one decimal place</u>			
Address, phone number	<u>126/23 Zhylianska St., Kyiv, office 202</u>			

1. STATEMENT OF FINANCIAL POSITION

as at December 31, 2023

Form № 1 mc

Code according to the SCMD 1801006

Asset	Line code	At the beginning of the reporting year	At the end of the reporting period
1	2	3	4
I. Non-current assets		-	-
Property, plant and equipment:	1010	-	868,4
historical cost	1011	-	993,8
depreciation	1012	-	125,4
Other non-current assets	1090	-	-
Total for section I	1095	-	868,4
II. Current assets			
Inventories	1100	-	-
Other current receivables	1155	-	343,1
Cash and cash equivalents	1165	54,5	931,7
Other current assets	1190	-	382,7
Total for section II	1195	54,5	1 657,5
Balance	1300	54,5	2 525,9

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Liability	Line code	At the beginning of the reporting year	At the end of the reporting period
1	2	3	4
I. Equity			
Capital	1400	-	-
Retained earnings	1420	54,5	499,9
Unpaid capital	1425	-	-
Total for section I	1495	54,5	499,9
II. Long-term liabilities, targeted financing and collateral	1595	-	1 943,7
III. Current liabilities			
Short-term interest-bearing loans and borrowings	1600	-	-
Current accounts payable for: goods, works, services	1615	-	24,4
settlements with the budget	1620	-	57,9
insurance settlements	1625	-	-
payroll settlements	1630	-	-
Other current liabilities	1690	-	-
Total for section III	1695	-	82,3
Balance	1900	54,5	2 525,9

Manager



(signature)

Khmelova Ilona Yevheniivna
 (initials, surname)

2. STATEMENT OF PROFIT OR LOSS

for 2023 year

Form № 2 mc

Code according to
the SCMD

1801007

Item	Line code	For the reporting period	For the same period of the previous year
1	2	3	4
Revenue	2000	-	-
Other income	2160	7 735,1	2 308,6
Total income (2000 + 2160)	2280	7 735,1	2 308,6
Cost of sales	2050	(-)	(-)
Other expenses	2165	(7 289,7)	(2 254,1)
Total expenses (2050 + 2165)	2285	(7 289,7)	(2 254,1)
Financial result before tax (2280 - 2285)	2290	445,4	54,5
Income tax expense	2300	-	-
Expenses (income) that reduce (increase) the financial result after tax	2310	-	-
Net profit (loss) (2290 - 2300 - (+) 2310)	2350	445,4	54,5

Manager

(signature)

Khmelova Ilona Yevheniivna _
 (initials, surname)



Notes to the financial statements of micro-entity

1. General information, basis of preparation and operating environment

The Public Organization «Council for Economic Security of Ukraine» (hereinafter referred to as "Organization" or the "COES") is a legal entity established and registered on 30.11.2021 in Kyiv in accordance with the legislation of Ukraine. The registration of the establishment of the COES was carried out by the Central Interregional Department of the Ministry of Justice of Ukraine (Kyiv). COES is a voluntary, independent, non-profit public organization that unites citizens of Ukraine and was created to satisfy and protect legitimate social, economic, creative and other common interests, to achieve the goals and objectives provided for in the Charter.

The purpose of the Organization's activities is to promote the development of the national economy on the basis of a free market, healthy competition, and equal rules of the game; to identify internal and external threats to the economic security of Ukraine and to counteract these threats.

The Organization's task is to protect national economic interests from unfair, aggressive and criminal actions of internal and external actors. This includes both defending the economic rights of citizens and society and protecting the economic sovereignty of Ukraine as a whole. A free, developed, sustainable and diversified national economy is the basis of state sovereignty.

The average number of employees as of December 31, 2023 was 16 (December 31, 2022: 1).

Directions (goals) of the Organization's activities:

- analysis of various sources of information and identification of threats in the field of economic security;
- developing solutions to eliminate the impact of threats to national security;
- attracting the attention of the public, opinion leaders, politicians and officials;
- publication of conclusions identifying those responsible for the threats facing a particular sector of the economy;
- monitoring of the state sanctions policy, as well as other public decisions (including those of foreign governments) that affect the economic security of Ukraine;
- public control over the activities of the authorities in the field of formulation and implementation of the sanctions policy and other issues related to the economic security of Ukraine.

The regulatory framework governing the activities and reporting process includes the Constitution of Ukraine, laws of Ukraine and bylaws.

COES was established in accordance with the Law of Ukraine "On Public Associations" No. 4572-VI in the form of a public association - a non-governmental organization. According to the law, a non-governmental organization is a public association whose founders and members (participants) are individuals. That is, there are restrictions on the admission of legal entities to the membership of COESs. This restriction is being enforced. Also, the membership of an COES must include more than 1 individual. This restriction is also in compliance. As of 02.08.2024, 6 individuals are members of the COES.

These financial statements of a micro entity (the "Financial Statements") for the year ended 31 December 2023 have been prepared in accordance with National Accounting Regulation (Standard) 25 "Simplified Financial Statements" and other regulatory requirements for maintaining accounting and reporting in Ukraine applicable to micro entities.

The Organization belongs to non-profit organizations in accordance with the Decision on inclusion in the register of non-profit organizations and institutions № 2126594600503 from 02.12.2021.

These financial statements have been prepared under the historical cost convention.

The Organization's functional and presentation currency is the Ukrainian Hryvnia (UAH). All amounts are rounded to the nearest thousand with one decimal place, unless otherwise indicated.

2. Organizational structure

The supreme governing body is the General Meeting; the General Meeting has the right to make decisions on all issues of the Organization's activities, including those that are transferred by the General Meeting to the competence of the executive body of the Organization.

The Executive Body - the Secretary of the Organization - is the head or head of the Organization; the Secretary manages the current activities of the Organization in accordance with the legislation of Ukraine, the Charter and decisions of the governing bodies of the Organization. The Secretary is accountable to the General Meeting.

The body of monitoring and transparency of the Organization's activities and control of the executive body in accordance with the Charter is the Coordination Council of the Organization. The Coordinating Council of the Organization is accountable to the General Meeting. The Coordinating Council of the Organization has no right to make decisions binding on the members of the Organization.

3. Going concern

The management of the COES expresses confidence in its ability to continue its activities in the future on a going concern basis. As for the Organization's project work for 2024, a Partnership Agreement on cooperation with an international organization was signed. For 2025, the Organization's fundraising specialists are actively seeking funding.

The Organization's management understands that the organization's activities are financed by external sources and analyzes the risks associated with the search for funding.

The Russian Federation continues its full-scale military invasion of Ukraine. Further developments in the hostilities, including their scope, intensity or potential timing of cessation of hostilities, are uncertain. The unpredictability of the further development of the war and its potentially large scale represent a material uncertainty that may cast significant doubt on the Organization's ability to continue as a going concern.

Notwithstanding this material uncertainty related to the war in Ukraine, management anticipates that the Organization will have adequate resources to manage its operations for at least the next twelve months from the date of authorization of these financial statements. Management will continue to monitor the potential impact and will take all possible measures to minimize any consequences.

4. Summary of significant accounting policies

Property, plant and equipment

An asset is recognized as a property, plant and equipment if its expected useful life (operation) is more than one year and its initial cost exceeds UAH 20,000, and if it is probable that the Organization will receive economic benefits in the future from its use associated with the implementation of a set of measures aimed at solving problems that meet the statutory objectives of the Organization, and its cost can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation of property, plant and equipment is provided until the residual value of an item reaches its residual value.

The minimum permissible useful lives by groups of property, plant and equipment are as follows:

Name of the groups	Minimum allowable terms of useful life, years
Office equipment and machinery	2
Vehicles	10
Tools, appliances, equipment, furniture	4
Other property, plant and equipment	12

Property, plant, and equipment include low-value non-current tangible assets represented by assets with a useful life of more than one year and an initial cost not exceeding UAH 20,000. Low-value non-current tangible assets are depreciated in the first month of use at 100% of their cost.

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Cash

Cash consists of cash on hand and cash on current accounts with banks.

Advances paid

Advances paid are recognized in the financial statements at cost. The cost of a prepayment to acquire an asset is added to its carrying amount when control over the asset has been obtained and it is probable that the future economic benefits associated with the asset will flow to the Group. Prepayments that are attributable to the future economic benefits of services are directly transferred to expenses when the services to which the prepayment relates are obtained.

Revenue recognition

According to the Charter, the organization can be financed by targeted funding and charitable contributions.

Designated funds are advances to finance specific projects. The unspent portion of the funds at the reporting date is recognized as non-current liabilities, special purpose financing and provisions. Income from special-purpose financing is recognized in the period of recognition of expenses for which the financing was provided. Income from special-purpose financing for the acquisition of property, plant and equipment and intangible assets is recognized over the useful life of the acquired items, proportionally to the amount of accrued depreciation.

Income from financing to support an organization without imposing conditions on their expenditure (not targeted financing) for the performance of certain activities in the future is recognized as income at the same time as the receivable is recognized.

Recognition of expenses

Administrative expenses, other operating expenses, and other expenses are recognized as expenses in the period in which they are incurred.

Expenses incurred in the current period but relating to future reporting periods (e.g., subscriptions to periodicals, annual software subscriptions) are recognized as expenses (by period) in the part that falls within the period to which they relate.

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Repayable financial assistance received is not recognized as revenue in the accounting as its amount does not increase assets or decrease liabilities. The repayment of the amounts of repayable financial assistance is not recognized as an expense, as the expense is recognized in the accounting records simultaneously with the decrease in assets or increase in liabilities.

Transactions in foreign currencies are accounted for using the exchange rate at the date of the transaction. Exchange rate differences on monetary items denominated in foreign currency are determined at the date of the transaction and at the balance sheet date for the entire monetary item and are recognized in other operating income (expenses).

5. Subsequent events

Up to the date of approval of these financial statements, there have been no material subsequent events to be disclosed.

6. Approval of the financial statements

These financial statements of the Organization for the year ended December 31, 2023 were authorized for issue by the Management on October 25, 2024.

