

**Charity Organization “Babi Yar Holocaust Memorial Charity Fund”**

**Consolidated Financial Statements**

*As at 31 December 2019  
with Independent auditor’s report*

## CONTENTS

<b>Independent auditor's report</b> .....	(i)
Consolidated statement of comprehensive activities.....	1
Consolidated statement of financial position.....	2
Consolidated statement of cash receipts and disbursements.....	3
Consolidated statement of changes in charitable funds.....	4
<b>Notes to the consolidated financial statements:</b>	
1. General information.....	5
2. Basis of preparation.....	5
3. Summary of significant accounting policies and estimates.....	6
4. Changes in accounting policies.....	10
5. Standards and interpretations issued but not yet effective.....	10
6. Group structure.....	11
7. Interest income.....	11
8. Project development.....	11
9. General, administrative and other expenses.....	12
10. Prepayments made.....	12
11. Cash and cash equivalents.....	12
12. Restricted cash.....	13
13. Long-term and short-term bonds.....	13
14. Accounts payable.....	13
15. Property, fixtures and intangible assets.....	14
16. Land Lease Right.....	15
17. Operating environment and economic conditions.....	15
18. Tax and regulatory compliance.....	15
29. Other commitments and contingencies.....	16
20. Liquidity risk.....	17
21. Subsequent events.....	17

## Independent auditor's report

To the Supervisory Board and Founders of Charity Organization "Charity Fund Babyn Yar Holocaust Memorial"

### **Opinion**

We have audited the consolidated financial statements of Charity Organization "Charity Fund Babyn Yar Holocaust Memorial" and its subsidiary (the Fund), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive activities, consolidated statement of changes in charitable funds and consolidated statement of cash receipts and disbursements for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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.

### **Other matter**

In our auditor's report dated 14 May 2020 we expressed a qualified opinion on the consolidated financial statements of the Fund for the year ended 31 December 2019. The qualification related to the fact that the Fund did not perform the measurement of the identifiable assets acquired and liabilities assumed at their acquisition-date fair values, as disclosed in Note 6 to the consolidated financial statements, which represented a departure from IFRS 3 "Business combinations". Subsequent to 14 May 2020, the Fund performed the measurement of the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values, which were not materially different from the amounts, disclosed in Note 6 to the consolidated financial statements. This auditor's report supersedes our previously issued auditor's report.

### ***Responsibilities of management and the Supervisory Board for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Fund's financial reporting process.

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Fund'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 Fund'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 consolidated 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 Fund to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

*Ernst & Young Audit Services MC*

Kyiv, Ukraine

3 June 2021

**Charity Organization "Babi Yar Holocaust Memorial Charity Fund"**

**Consolidated Financial Statements**

*As at 31 December 2019 (in US dollars)*

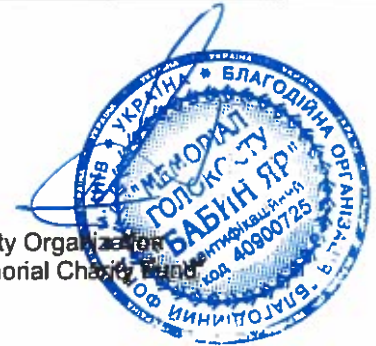
**Consolidated statement of comprehensive activities  
for the year ended 31 December 2019**

	Notes	for the year ended 31 December 2019	for the year ended 31 December 2018
<b>Revenue</b>			
Donations and grants	1	5,162,636	2,623,680
Proceeds from sale of fixed assets		1,160	33,934
Income from reversal of expected credit losses allowance		-	12,499
Net foreign exchange gain/ (loss) attributable to cash and cash equivalents		(27,778)	(134,369)
Interest income	7	100,975	-
<b>Expenditure</b>			
Project costs	8	(3,237,458)	(910,677)
General, administrative and other expenses	9	(1,961,803)	(1,639,274)
Expected credit losses allowance		(3,319)	-
Net foreign exchange gain/ (loss)		(34,413)	14,207
<b>Net result</b>		<b>-</b>	<b>-</b>

Signed and authorized for release on behalf of the Fund on 14 May 2020:

Maksym Yakover

General Director of Charity Organization  
"Babi Yar Holocaust Memorial Charity Fund"



*The accompanying notes are an integral part of these Consolidated Financial Statements*

## Consolidated statement of financial position as at 31 December 2019

	Notes	As at 31 December 2019	As at 31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	15	168,280	141,770
Property, fixtures and equipment	15	127,156	73,520
Land lease right	16	2,483,646	2,363,968
Long-term bonds	13	200,986	-
Non-current VAT receivable	18	59,149	-
<b>Total non-current asset</b>		<b>3,039,217</b>	<b>2,579,258</b>
<b>Current assets</b>			
Prepayments made	10	73,512	96,621
Short-term bonds	13	293,896	-
Restricted cash	12	4,362	3,732
Cash and cash equivalents	11	1,284,299	736,264
<b>Total current assets</b>		<b>1,656,069</b>	<b>836,617</b>
<b>Total Assets</b>		<b>4,695,286</b>	<b>3,415,875</b>
<b>Charitable funds and liabilities</b>			
Foreign currency translation reserve		389,888	53,958
Charitable funds		4,083,890	3,262,617
<b>Total charitable funds</b>		<b>4,473,778</b>	<b>3,316,575</b>
<b>Non-current liabilities</b>			
Employee termination provision		74,534	-
<b>Total non-current liabilities</b>		<b>74,534</b>	<b>-</b>
<b>Current liabilities</b>			
Accounts payable	14	146,974	99,300
<b>Total current liabilities</b>		<b>146,974</b>	<b>99,300</b>
<b>Total charitable funds and liabilities</b>		<b>4,695,286</b>	<b>3,415,875</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

### Consolidated statement of cash receipts and disbursements for the year ended 31 December 2019

	Notes	for the year ended 31 December 2019	for the year ended 31 December 2018
<b>Cash balance as at 1 January 2019 (1 January 2018)</b>		736,264	2,716,961
<b>Cash receipts collected from contributions and donations:</b>			
Contributions and charitable donations from legal entities and individuals		5,842,815	3,115,015
<b>Total collected from contributions and donations</b>		<b>5,842,815</b>	<b>3,115,015</b>
<b>Cash receipts collected from investing activities</b>			
Proceeds from sales of property, fixtures and equipment		1,168	32,698
Interest on bonds and deposits	13	87,128	-
Redemption of bonds	13	944,430	-
<b>Total collected from investing activities</b>		<b>1,032,726</b>	<b>32,698</b>
<b>Total collected</b>		<b>6,875,541</b>	<b>3,147,713</b>
<b>Project disbursements made:</b>			
Project "Babi Yar Holocaust Memorial Center"		(2,294,567)	(773,982)
<b>Total project disbursements</b>		<b>(2,294,567)</b>	<b>(773,982)</b>
General and administrative expenses		(2,593,521)	(1,773,807)
Acquisition of subsidiary (net of cash acquired)		-	(2,580,577)
<b>Total project, general and administrative disbursements</b>		<b>(4,888,088)</b>	<b>(5,128,366)</b>
<b>Cash disbursements from investing activities</b>			
Purchase of bonds	13	(1,400,182)	-
<b>Total disbursements from investing activities</b>		<b>(1,400,182)</b>	<b>-</b>
<b>Total disbursements</b>		<b>(6,288,270)</b>	<b>(5,128,366)</b>
Foreign exchange effect		(37,845)	3,058
<b>Cash balance as at 31 December</b>		<b>1,285,690</b>	<b>739,366</b>

The accompanying notes are an integral part of these Consolidated Financial Statements



**Consolidated statement of changes in charitable funds  
as at 31 December 2019**

	<b>Total funds</b>
<b>As at 1 January 2018</b>	<b>2,772,518</b>
Donations and grant received (*)	3,115,015
Donations and grant used	(2,657,614)
Proceeds from other activities	32,698
Foreign currency translation reserve	53,958
<b>As at 31 December 2018</b>	<b>3,316,575</b>
Donations and grant received (**)	5,842,815
Donations and grant used	(5,163,796)
Proceeds from other activities	88,296
Foreign currency translation reserve	389,888
<b>As at 31 December 2019</b>	<b>4,473,778</b>

\* During 2018 donations in total amount of USD 3,111,340 have been received from 5 members of the Fund's Supervisory Board.

\*\* During 2019 donations in total amount of USD 5,787,400 have been received from 4 members of the Fund's Supervisory Board.

## 1. General information

Charity organization "Babi Yar Holocaust Memorial Charity Fund", hereinafter referred to as "the Fund", was registered on 18 October 2016 in Kyiv, Ukraine. In January–November 2019 the office of the fund was located at 1 A, Sportynna square, Kyiv, 01023, Ukraine. From December 2019 the office was temporarily moved to 8/14, Velyka Zhytomyrska, Kyiv, 01025, Ukraine. Additional information regarding the Fund is available on the web page [www.babiyar.org](http://www.babiyar.org).

The Fund is a non-profit organization which commemorates the victims of Holocaust on the territories of Ukraine and beyond, in particular, the Babi Yar massacre of September 1941. The Declaration of intent to create the Fund was signed on 29th of September 2016. The Fund is managed by the Management Board composed of 3 members. The Supervisory Board of the Fund is composed of 14 members.

The mission of the Fund is to recall the Holocaust in Ukraine and in Eastern Europe, preserve the memory of the history of Ukrainian Jews and reinforce dialogue and relations between Jews, Ukrainians and other nations.

The vision of the Fund is to create modern memorial center being a platform for dialogue, education, history and profound social relations, hereinafter referred to as "the project".

On 16 March 2018 the Fund acquired Charity Organization "Babi Yar Memorial Fund" (hereinafter "the Memorial Fund") for the purpose of obtaining lease rights for two land plots with intend to construct Babi Yar Holocaust Memorial Center. Charity organization "Babi Yar Holocaust Memorial Charity Fund" and Charity Organization "Babi Yar Memorial Fund" are hereinafter together referred to as "the Group".

## 2. Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in United States dollar ("US dollar") and all values are rounded to the nearest dollar unless otherwise indicated. These consolidated financial statements were authorized for issue on 14 May 2020.

### (a) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and Standing Interpretations Committee ("SIC") interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect.

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee;
- ▶ The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee;
- ▶ Rights arising from other contractual arrangements;
- ▶ The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the

## 2. Basis of preparation (continued)

### (b) Basis of consolidation (continued)

consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income are attributed to the equity (charitable funds) holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity (charitable funds) transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 3. Summary of significant accounting policies and estimates

### *Basis of Accounting*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

### *Foreign Currencies*

The presentation currency for the purpose of these financial statements is the United States dollar ("US dollar"). The functional currency of the Group is the national currency of Ukraine - hryvnia ("UAH"). Accordingly, transactions included in these financial statements that were not already measured in US dollars have been measured into US dollars using the official exchange rate established by the National Bank of Ukraine ("NBU") at the date of transaction throughout the year ended 31 December 2019. Assets and liabilities as at the reporting date are translated into the presentation currency using the closing exchange rate at that date (23.6862 UAH for 1 US dollar as at 31 December 2019 and 27.6883 UAH for 1 US dollar as at 31 December 2018).

All resulting exchange differences are recognized in Statement of changes in charitable funds as foreign currency translation reserve.

### *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The estimated useful lives for intangible assets with finite lives are as follows:

- |            |           |
|------------|-----------|
| - Software | 2-5 years |
|------------|-----------|

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive activities when the asset is derecognized.

### 3. Summary of significant accounting policies and estimates (continued)

#### **Property, fixtures and equipment**

##### *Initial recognition*

Property, fixtures and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. Expenditures for continuing repair and maintenance are expensed as incurred.

##### *Depreciation*

Depreciation is charged to general and administrative expenses on a straight-line basis over the estimated useful lives of the individual assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Land is not depreciated.

The estimated useful lives are as follows:

- Furniture and fixtures	2-4 years
- IT equipment	2-4 years
- Vehicles	1 year

The useful life of an asset is defined in terms of the asset's expected utility to the Group.

##### *Derecognition*

An item of property, fixtures and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, fixtures and equipment are reviewed annually and adjusted prospectively, if appropriate.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits. Their carrying values equate to fair value by reason of their short-term nature.

#### **Financial assets**

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

### 3. Summary of significant accounting policies and estimates (continued)

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets include cash and government bonds, which are classified at amortized cost in accordance with IFRS 9.

The Group did not have any financial assets at fair value through other comprehensive income or financial assets at fair value through profit and loss as at 31 December 2019 and 2018.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

As at 31 December 2019 and 2018 the Group has not transferred any financial asset or the right to receive cash flows from an asset or entered into a passthrough arrangement.

#### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when there is no reasonable expectation of recovering the contractual cash flows.

### 3. Summary of significant accounting policies and estimates (continued)

As at 31 December 2019 the Group recognized ECL with respect of its:

- short-term government bonds in amount USD 1,144 (31 December 2018: USD nil);
- long-term government bonds in amount USD 783 (31 December 2018: USD nil);
- cash and cash equivalents in amount USD 5,018 (31 December 2018: USD 3,102).

#### **Presentation of expenses**

The Group presents separately expenditure made directly attributable to the project development and implementation and disbursements made related to general and administrative expenses.

The Group's management exercises professional judgement to classify expenses related to the project development and implementation and expenses attributable to general and administrative expenses.

#### **Revenue recognition**

Revenue from donations and grants is recognized when expenses directly related to the specific projects are incurred.

Revenue (proceeds) from sales of fixed assets is recognized when control of the fixed assets is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of the fixed assets, less net book value of the fixed assets sold.

#### **Net forex exchange gain / (loss)**

The Group presents net forex exchange gain / (loss) attributable to cash and cash equivalents in Revenue and net forex exchange gain / (loss) attributable to other items in Expenditure.

#### **Charitable funds**

The balance of charitable funds represents the unspent portion at the year-end. Charitable funds are allocated according to the budget.

#### **Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and involves assessment whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### **Group as a lessee**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease term at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. In other case capitalised leased assets are depreciated over the useful life of the asset. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **Group is a lessee in a 'state lease' agreements**

The Group uses land owned by the state authorities. The amount of the land fee paid in a state leases is calculated as a certain percentage multiplied by the standard monetary value of land. The approach used to identify the standard monetary value of land is different from the approaches used by appraisers to identify the fair value of land.

The standard monetary value of land is revalued by the state on occasional basis and is increased by the inflation rate on an annual basis between the valuations. The percentage applied to the standard monetary value of land is established by the local authorities. The local authorities determine the exact percentage rate once in a year (in December each year for the next year).

### 3. Summary of significant accounting policies and estimates (continued)

Based on the fact that state lease payments are not fixed the Group classifies 'state lease' arrangements as operating lease and recognizes respective operating expenses, when incurred.

#### *Other benefit obligations*

The Group has obligations to make termination compensations to some of its employees as provided by their work contracts.

As at 31 December 2019 the Group recognized termination compensation provision in the line Employee termination provision in the amount USD 74,534 (31 December 2018: USD nil).

### 4. Changes in accounting policies

The Group applied IFRS 16 for the first time in the year ended 31 December 2019. The nature and effect of the changes as a result of adoption of new accounting standards and interpretations is described below. In 2019, few other amendments to the standards and interpretations were also adopted that had no impact on these consolidated financial statements of the Group. The Group did not early adopt the standards, clarifications or amendments that were issued, but not yet effective.

#### *IFRS 16 Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Application of IFRS 16 had no effect on the Group's consolidated financial statements.

### 5. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group management believes that following IFRSs and IFRIC interpretations will not have effect on consolidated financial statements:

- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Annual IFRS Improvement Process:
  - IFRS 3 "Business Combinations" - Previously held Interests in a joint operation;
  - IFRS 11 "Joint Arrangements" - Previously held Interests in a joint operation;
  - IAS 12 "Income Taxes" - Income tax consequences of payments on financial instruments classified as equity;
  - IAS 23 "Borrowing Costs" - Borrowing costs eligible for capitalization.

## Charity Organization "Babi Yar Holocaust Memorial Charity Fund"

### Notes to the Consolidated Financial Statements

For the period ended 31 December 2019 (in US dollars)

#### 6. Group structure

On 16 March 2018 the Fund acquired Charity Organization "Babi Yar Memorial Fund" for the purpose of obtaining lease rights for two land plots with intent to construct of Babi Yar Holocaust Memorial Center.

Net assets as at the date of acquisition were as follows:

	<i>US dollars</i>
<b>Assets</b>	
Property, fixtures and equipment	949
Intangible assets	223
Land lease right	2,589,127
Account receivable	122,468
Restricted cash	3,893
Cash and cash equivalents	19,423
	<b>2,736,083</b>
<b>Liabilities</b>	
Accounts payable	(136,083)
	<b>(136,083)</b>
<b>Total identifiable net assets</b>	<b>2,600,000</b>
<b>Purchase consideration</b>	<b>2,600,000</b>

Total amount of purchase consideration paid of USD 2,600,000 was settled by the Group in cash. As at the acquisition date, the fair value of the consideration is estimated to be equal to its cost.

#### 7. Interest income

Interest income for the years ended 31 December comprised the following:

	<b>2019</b>	<b>2018</b>
Income from deposits	50,587	-
Income from government bonds	50,388	-
<b>Total</b>	<b>100,975</b>	<b>-</b>

#### 8. Project development

Project development expenses for the years ended 31 December mainly represented by the following costs:

	<b>2019</b>	<b>2018</b>
Architectural competition and core exhibition development	1,818,167	132,593
PR and fundraising expenses	806,175	149,154
Research	256,301	-
Public and educational programs	205,790	-
Collection	34,932	-
Land operating lease and land plot field work	59,936	203,936
Historical narrative	-	420,715
Other	56,157	4,279
<b>Total</b>	<b>3,237,458</b>	<b>910,677</b>

Architectural competition and core exhibition development expenses in amount USD 1,818,167 (2018: USD 132,593) refer mainly to the preparation of materials for the architectural contest, selection of contest participants, analysis of the basic historical narrative, feasibility study of the Memorial Center and organization of architectural contest jury meetings.

PR and fundraising expenses in amount of USD 806,175 (2018: USD 149,154) refer to the development of communication strategy, media outreach, organization of working meetings, copywriting services, events moderator services.

Research expenses in amount of USD 256,301 (2018: USD nil) consist mainly of expenditures for review and analysis of historical narrative, analysis of land plot plans, consulting services of historians.



## Charity Organization "Babi Yar Holocaust Memorial Charity Fund"

### Notes to the Consolidated Financial Statements

For the period ended 31 December 2019 (in US dollars)

#### 8. Project development (continued)

Public and educational programs in amount of USD 205,790 (2018: USD nil) include organization of expositions and events, preparation of verbal stories, services of photographers and video editors.

Collection expenses in amount of USD 34,932 (2018: USD nil) refer mainly to valuable historical documents.

Land operating lease expenses and land plot field work in amount USD 59,936 (2018: USD 203,936) refer mainly to operating lease rental payments. The Group rents two land plots for the purpose of future construction of Babi Yar Holocaust Memorial Center. Land plot field work refer to the consultancy fees for due diligence, legal support and consulting in land lease contract preparation.

Other project expenses in amount USD 56,157 (2018: USD 4,279) represent legal support services, technical assistance in preparation of activities related to the project and other project costs.

#### 9. General, administrative and other expenses

General, administrative and other expenses related to general management of the projects and arrangement of the Group's activities and comprise the following expenses:

	2019	2018
Payroll net of taxes	660,463	895,659
Office rent and office related costs	226,613	164,212
Depreciation and amortization	215,822	207,263
Loss on disposal of office renovation costs	164,285	-
Tax and social security costs	141,478	110,876
Business trips	111,453	-
Recruitment costs	93,716	67,491
Employee dismissal provision	74,534	-
Audit and accounting	81,889	54,221
Supervisory Board meeting	31,495	-
Events organization	22,262	5,932
Representation expenses	17,157	5,569
Legal support	14,803	7,934
Transportation	12,658	8,116
IT technical support	10,908	9,420
Delivery	9,918	4,669
Office renovation costs	28,030	40,661
Accrual for unused vacation	-	34,725
Finance lease cost	-	2,589
Other	44,319	19,937
	<b>1,961,803</b>	<b>1,639,274</b>

#### 10. Prepayments made

Prepayments made as at 31 December comprised the following:

	2019	2018
Prepayment for social security tax and VAT asset	37,099	21,396
Historical narrative exhibition	14,481	-
Prepayment for other services	13,196	20,723
Prepayment for PR of the project	5,119	10,805
Prepayment for operating lease of the office	3,617	43,697
	<b>73,512</b>	<b>96,621</b>

#### 11. Cash and cash equivalents

Cash and cash equivalents as at 31 December comprised the following:

	2019	2018
Cash in bank and in hands	1,289,317	339,365
Short-term deposits	-	400,001
	<b>1,289,317</b>	<b>739,366</b>
Less: Allowance for expected credit losses (Note 4)	(5,018)	(3,102)
	<b>1,284,299</b>	<b>736,264</b>

**Charity Organization "Babi Yar Holocaust Memorial Charity Fund"**

**Notes to the Consolidated Financial Statements**

For the period ended 31 December 2019 (in US dollars)

**11. Cash and cash equivalents (continued)**

Denominated in the following currencies:

	<b>2019</b>	<b>2018</b>
US Dollars	1,146,338	552,408
Ukrainian Hryvnias	141,954	143,285
EUR	1,025	43,673
	<b>1,289,317</b>	<b>739,366</b>

For the purpose of preparation of the consolidated statement of cash receipts and disbursements cash balances are reconciled as follows:

	<b>2019</b>	<b>2018</b>
Cash balances per consolidated statement of cash receipts and disbursements as at 31 December	1,285,690	739,366
Allowance for expected credit losses	(1,391)	(3,102)
Cash balances per consolidated statement of financial position as at 31 December	<b>1,284,299</b>	<b>736,264</b>

In 2019, cash at banks earned interest at floating rates, which vary from 2.0% to 4.7% p.a. in US Dollar and from 11.0% to 17.9% in Ukrainian Hryvnias (2018: from 1.5% to 3.5%).

**12. Restricted cash**

As at 31 December 2019, cash at bank of USD 4,362 was restricted for use (2018: USD 3,732). The balance represents restricted cash at current bank account due to court cases related to the legal validity of the former owner exclusion from the founders of Charity Organization "Babi Yar Memorial Fund".

**13. Long-term and short-term bonds**

During 2019 the Group has acquired government bonds in amount of USD 1,400,182 with maturity in August 2019 – July 2021 years. The following bonds have not been redeemed as at 31 December 2019:

Classification	ISIN	Maturity date	Currency	Nominal value per bond, USD	Quantity of bonds	Nominal rate, %	EIR, %	Amount at amortized cost, USD
Short-term bonds	UA4000203764	2 April 2020	USD	1000	300	-	6.8	293,896
Long-term bonds	UA4000204853	29 July 2021	USD	1000	196	5.5	4.7	200,986

The Group holds the above-mentioned bonds till maturity and they are classified at amortised cost.

**14. Accounts payable**

Accounts payable as at 31 December comprised the following:

	<b>2019</b>	<b>2018</b>
Audit fees	42,000	16,229
Historical narrative exhibition	30,207	3,916
Accrual for unused vacation	21,973	59,000
Operating lease liability for land	14,968	2,191
Tax and social security	13,691	2,122
Legal support	7,647	-
PR of the project	4,050	-
Payroll	33	191
Accounting services	-	10,347
Other payables	12,405	5,304
	<b>146,974</b>	<b>99,300</b>

Charity Organization "Babi Yar Holocaust Memorial Charity Fund"

Notes to the Consolidated Financial Statements

For the period ended 31 December 2019 (in US dollars)

15. Property, fixtures and intangible assets

The movements in property, fixtures and intangible assets for the years ended 31 December 2019 and 2018 were as follows:

	<i>Furniture and fixtures</i>	<i>Office renovation</i>	<i>IT equipment</i>	<i>Vehicles</i>	<i>Website and software</i>	<i>Collection and other exposition</i>	<i>Total</i>
<b>At 31 December 2017, net of accumulated depreciation</b>	<b>47,513</b>	<b>27,973</b>	<b>34,757</b>	<b>15,226</b>	<b>134,745</b>	<b>-</b>	<b>260,214</b>
Acquisition of subsidiaries	949	-	-	-	223	-	1,172
Additions and transfers	4,379	6,298	4,528	-	10,108	3,999	29,312
Disposals	-	-	-	(38,726)	-	-	(38,726)
Depreciation charge for the year	(15,594)	(31,283)	(23,766)	(15,973)	(533)	-	(87,149)
Accumulated depreciation of disposals	-	-	-	37,849	-	-	37,849
Foreign currency translation reserve	(519)	14,222	33	1,624	(2,773)	31	12,618
<b>At 31 December 2018, net of accumulated depreciation</b>	<b>36,728</b>	<b>17,210</b>	<b>15,552</b>	<b>-</b>	<b>141,770</b>	<b>4,030</b>	<b>215,290</b>
Additions and transfers	60,626	145,848	36,820	-	2,925	9,660	255,879
Disposals	(6,977)	(213,970)	-	-	-	-	(220,947)
Depreciation charge for the year	(24,873)	-	(30,396)	-	(401)	-	(55,670)
Accumulated depreciation of disposals	5,457	49,685	-	-	-	-	55,142
Foreign currency translation reserve	11,865	1,227	6,943	-	23,986	1,721	45,742
<b>At 31 December 2019, net of accumulated depreciation</b>	<b>82,826</b>	<b>-</b>	<b>28,919</b>	<b>-</b>	<b>168,280</b>	<b>15,411</b>	<b>295,436</b>
	<i>Furniture and fixtures</i>	<i>Office renovation</i>	<i>IT equipment</i>	<i>Vehicles</i>	<i>Website and software</i>	<i>Collection and other exposition</i>	<i>Total</i>
<b>At 31 December 2018</b>							
Cost	59,822	63,588	50,946	37,045	155,908	4,030	371,339
Accumulated depreciation	(23,094)	(46,378)	(35,394)	(37,045)	(14,138)	-	(156,049)
<b>Carrying value</b>	<b>36,728</b>	<b>17,210</b>	<b>15,552</b>	<b>-</b>	<b>141,770</b>	<b>4,030</b>	<b>215,290</b>
<b>At 31 December 2019</b>							
Cost	126,581	54,215	102,433	43,304	177,083	15,411	519,027
Accumulated depreciation	(43,755)	(54,215)	(73,514)	(43,304)	(8,803)	-	(223,591)
<b>Carrying value</b>	<b>82,826</b>	<b>-</b>	<b>28,919</b>	<b>-</b>	<b>168,280</b>	<b>15,411</b>	<b>295,436</b>

## Charity Organization "Babi Yar Holocaust Memorial Charity Fund"

### Notes to the Consolidated Financial Statements

For the period ended 31 December 2019 (in US dollars)

#### 16. Land Lease Right

The movements in land lease right for the years ended 31 December 2019 and 2018 were as follows:

	<i>Land Lease Right</i>
At 31 December 2017, net of accumulated depreciation	-
Acquisition of subsidiaries	2,589,127
Disposal of subsidiaries	-
Amortization charge for the year	(120,114)
Foreign currency translation reserve	(105,045)
At 31 December 2018, net of accumulated depreciation	2,363,968
Amortization charge for the year	(160,152)
Foreign currency translation reserve	279,830
At 31 December 2019, net of accumulated depreciation	2,483,646

	<i>Land Lease Right</i>
As at 31 December 2018	
Cost	2,481,971
Accumulated amortization	(118,003)
At 31 December 2018, carrying value	2,363,968
As at 31 December 2019	
Cost	2,901,330
Accumulated amortization	(417,684)
At 31 December 2019, carrying value	2,483,646

The cost of land lease right as at 31 December 2019 differs from its cost at 31 December 2018 and respective accumulated amortization as at 31 December 2019 differs from amortization charge for the year ended 31 December 2018 for the effect of translation into presentation currency

#### 17. Operating environment and economic conditions

The Group conducts most of its operations in Ukraine. The Ukrainian economy while deemed to be of market status continues to display characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, certain structural imbalances, low capital market liquidity, relatively high inflation and a significant level of domestic and foreign state debt.

Following the significant decline in 2014 – 2016, the Ukrainian economy started to demonstrate certain signs of recovery and growth. Main risks affecting the sustainability of the emerging economic trends are represented by the continuing tensions in geopolitical relations with the Russian Federation; lack of the clear consensus as to the directions of the institutional reforms, including public administration, judiciary system and reforms in core sectors of the economy; acceleration of labour emigration and low level of capital inflow.

#### 18. Tax and regulatory compliance

The Funds have the status of non-for-profit organizations that are generally exempt from income tax and other taxes, which would otherwise be applicable to their activity, including passive income earned, subject to their continued compliance with this status.

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

**18. Tax and regulatory compliance (continued)***Applicability of the status of charity Fund*

In accordance with the Ukrainian Tax Code, the charitable organization is non-taxable, as it carries out its activities not for profit. The Group did not comply with the requirement for charitable organization related to limited amount of administrative expenses (no more than 20% of revenue for the current year). The percentage of administrative expenses comprised 37% of income for the year ended 31 December 2019 (for the year ended 31 December 2018: 65%). The management believes that the above excess was caused by set-up stage of the Group's activities and expects significant donations in future which will be used for construction of memorial center and allow to comply with legislation requirements. Management believes that its interpretation of the relevant applicable legislation is appropriate and that the Group has complied with all regulations and continues to maintain its non-for-profit status.

*Accumulated VAT receivable*

The Memorial Fund was registered as VAT payer in Ukraine on 1 October 2018 and as of 31 December 2019 has accumulated VAT receivable related to input VAT on purchases of goods and services. The Memorial Fund has not yet claimed VAT receivable for cash refund but is considering doing this in the future.

There is a general rule in the Tax Code of Ukraine obliging to fully or partially reverse VAT credit via self-charging VAT liabilities if purchased goods/services are designated for use or start being used fully or partially in non VAT-able transactions or not in the taxpayer's business. Ukrainian tax law does not provide for any special rules in this respect for non-profit organizations, such as the Memorial Fund is. The non-profit organizations can perform business activities without the purpose of profit as well as VAT-able supplies, but provision of charity aid is exempt from VAT under the Tax Code.

The Memorial Fund received individual tax consultation, which generally confirms non-profit organization's potential right to VAT refund. The consultation does not directly clarify how the Memorial Fund should reverse its VAT credit (self-charge VAT liabilities) considering specifics of its activity and does not confirm that VAT self-charge due to use of goods/services outside business activity should not be invoked in this case. The consultation is prone to different interpretations.

Considering that the Memorial Fund's core activity is charity, which is exempt from VAT and is not aimed at generating profit, the tax authorities could view all purchases of the Memorial Fund as designated fully or partially for use in VAT exempt transactions and/or outside business activity. This could result in VAT credit reverse during a tax audit and accumulated VAT receivable would be not fully nor partially refunded to the Memorial Fund.

The Group's management believes, based on its interpretation of the relevant legislation and the tax consultation received, that as at 31 December 2019 the Memorial Fund is not obliged to fully or partially reverse its accumulated VAT credit considering that the Memorial Fund plans performing business activities and VAT-able supplies in the future.

**19. Other commitments and contingencies***Operating leases*

During 2019 the Group leases two land plots and an apartment (2018: two land plots and an office) under operating lease agreements as a lessee. Leases have terms of renewal but no purchase options. Renewal occurs upon the expiry of a particular lease contract, unless the parties agree otherwise. Lease payments are usually increased annually to reflect market rentals. None of the leases include contingent rentals.

As at 31 December non-cancellable operating lease rentals are payable as follows:

	<u>2019</u>	<u>2018</u>
	<i>USD</i>	<i>USD</i>
Within one year	25,572	212,364
Between one and five years	48,545	640,639
More than five years	9,649	9,130
<b>Total minimum future lease payments</b>	<b>83,766</b>	<b>862,133</b>

**19. Other commitments and contingencies (continued)***Legal*

In the ordinary course of activities, the Group may become subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints would not have a material adverse effect on the financial condition or the future operations of the Group.

*Appropriation of donations*

Prior to entering into the projects, management evaluates the compliance of the proposed project activities with the statutory goals of the Group as well as with the statutory requirements for the charitable and non-for-profit activities. Further, in course of the projects' implementation, management monitors, to the extent practical and possible, their alignment with the declared goals based on the reports and other documentation provided by the participants of the projects and donation recipients as well as selective inspections.

However, because of the inherently limited ability of the Group's management to assess and monitor eligibility and actual appropriation of the funding by the other project participants and the donation recipients, misappropriation of the funds extended to the projects by the Group may take place and not be detected. As with other contingencies, management believes that the ultimate liability of the Group arising from such cases, if any, will not have a material adverse effect on the financial condition or the future operations of the Group.

**20. Liquidity risk**

The Group's objective is to maintain continuity and flexibility of funding through the use of credit terms provided by suppliers.

As at 31 December 2019 Groups current assets exceeded its current liabilities by USD 1,509,095 (2018: USD 737,317).

The Group analyses the aging of its assets and the maturity of its liabilities and plans its liquidity depending on the expected repayment of various instruments.

The table below shows the remaining (undiscounted) contractual maturities Group's financial liabilities as at 31 December 2019:

	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>Total</i>
Accounts payable (Note 14)	-	29,936	117,038	<b>146,974</b>
	<u>-</u>	<u>29,936</u>	<u>117,038</u>	<u><b>146,974</b></u>

The table below shows the remaining (undiscounted) contractual maturities Group's financial liabilities as at 31 December 2018:

	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>Total</i>
Accounts payable (Note 14)	4,295	89,885	5,120	<b>99,300</b>
	<u>4,295</u>	<u>89,885</u>	<u>5,120</u>	<u><b>99,300</b></u>

**21. Subsequent events**

In response to a recent rapidly developing coronavirus (COVID-19) pandemic many countries, including Ukraine, have implemented quarantine measures, which had a significant effect on the overall business scale. Both the pandemic and the mitigating measures are expected to possibly affect businesses in quite a few areas. The Group deems the pandemic to be a non-adjusting event after the reporting period, which quantitative effect cannot be currently estimated with reasonable certainty.

Since March 2020, significant volatility has been observed in the stock, currency and commodity markets, decrease in UAH exchange rate against USD and EUR. The Group is now analyzing possible effect of the changing micro- and macroeconomic conditions on its financial position and performance.