Charity Organization “Babi Yar Holocaust Memorial Charity Fund”

Consolidated Financial Statements

As at 31 December 2018
with Independent auditor’s report

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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 2018, 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 2018 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 28 October 2019 we expressed a qualified opinion on the consolidated financial statements of the Fund for the year ended 31 December 2018. 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 28 October 2019, 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.

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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 LLC

Kyiv, Ukraine

3 June 2021

As at 31 December 2018 (in US dollars)

Consolidated statement of comprehensive activities
for the year ended 31 December 2018

	Notes	for the year ended 31 December 2018	for the period from inception till 31 December 2017
Revenue			
Donations and grants	1	2,623,680	1,653,977
Proceeds from sale of fixed assets		33,934	-
Income from reversal of expected credit losses allowance	4	12,499	-
Net foreign exchange gain/ (loss) attributable to cash and cash equivalents		(134,369)	92,748
Expenditure			
Project costs	7	(910,677)	(581,332)
General and administrative expenses	8	(1,639,274)	(1,159,415)
Net foreign exchange gain/ (loss)		14,207	(5,978)
Net result		-	-

Signed and authorized for release on behalf of the Fund on 28 October 2019:

Gennadii Verbylenko

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

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

As at 31 December 2018 (in US dollars)

Consolidated statement of financial position
as at 31 December 2018

	Notes	As at 31 December 2018	As at 31 December 2017
Assets			
Non-current assets			
Intangible assets	14	141,770	134,745
Property, fixtures and equipment	14	73,520	125,469
Land lease right	15	2,363,968	-
Total non-current asset		**2,579,258**	**260,214**
Current assets			
Prepayments made	9	96,621	39,239
Restricted cash	10	3,732	-
Cash and cash equivalents	11	736,264	2,716,961
Total current assets		**836,617**	**2,756,200**
Total Assets		**3,415,875**	**3,016,414**
Charitable funds and liabilities			
Foreign currency translation reserve		53,958	(124,800)
Charitable funds	13	3,262,617	2,912,708
Total charitable funds		**3,316,575**	**2,787,908**
Current liabilities			
Finance lease liability	16	-	10,659
Accounts payable	12	99,300	217,847
Total current liabilities		**99,300**	**228,506**
Total charitable funds and liabilities		**3,415,875**	**3,016,414**

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

As at 31 December 2018 (in US dollars)

Consolidated statement of cash receipts and disbursements
for the year ended 31 December 2018

	Notes	for the year ended 31 December 2018	for the period from inception till 31 December 2017
Cash balance as at 1 January 2018 (2017: 18 October 2016)		2,716,961	-
Cash receipts collected:			
Contributions and charitable donations from legal entities and individuals		3,115,015	4,566,685
Proceeds from sales of property, fixtures and equipment		32,698	-
Total collected	13	**3,147,713**	**4,566,685**
Project disbursements made:			
Project "Babi Yar Holocaust Memorial Center"		(773,982)	(692,312)
Total project disbursements		**(773,982)**	**(692,312)**
General and administrative expenses		(1,773,807)	(1,147,010)
Acquisition of subsidiary (net of cash acquired)		(2,580,577)	-
Total disbursements		**(5,128,366)**	**(1,839,322)**
Allowance for expected credit losses		(3,102)	
Foreign exchange effect		3,058	(10,402)
Cash balance as at 31 December		**736,264**	**2,716,961**

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

As at 31 December 2018 (in US dollars)

Consolidated statement of changes in charitable funds
as at 31 December 2018

	Total funds
As at 18 October 2016	**-**
Donations and grant used	(1,653,977)
Donations and grant received	4,566,685
Foreign currency translation reserve	(124,800)
As at 31 December 2017	**2,787,908**
Effect on change in accounting policy (Note 4)	(15,390)
As at 1 January 2018	**2,772,518**
Donations and grant used	(2,657,614)
Donations and grant received	3,115,015
Proceeds from sale of fixed assets	32,698
Foreign currency translation reserve	53,958
As at 31 December 2018	**3,316,575**

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

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. The office of the fund is located at 1 A, Sportynna square, Kyiv, 01023, Ukraine. Additional information regarding the Fund is available on the web page w ww.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 12 members.

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 intend to construct Babi Yar Holocaust Memorial Center.

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".

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 28 October 2019.

Comparative information includes the financial position of the Group as at 31 December 2017 and its financial performance and its cash flows for the period from 18 October 2016 to 31 December 2017, therefore amounts presented in the consolidated financial statements are not entirely comparable.

For tax and other statutory purposes the Group prepares its separate reporting.

(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 2018. 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.

2. Basis of preparation (continued)

(b) Basis of consolidation (continued)

The Group re-assesses whether or not 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 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 Financial Presentation

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 2018. Assets and liabilities as at the reporting date are translated into the presentation currency using the closing exchange rate at that date (27.6883 UAH for 1 US dollar as at 31 December 2018 and 28.0672 UAH for 1 US dollar as at 31 December 2017).

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.

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	4 years
- Office renovation	2 years
- IT equipment	2 years
- Vehicles	1 year

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

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.

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.

During the preparation of these consolidated financial statements, 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 is recognized when expenses directly related to the specific projects are incurred.

Net forex exchange gain / (loss)

According to accounting policy, 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.

For the period ended 31 December 2018 (in US dollars)

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

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 so as 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.

4. Changes in accounting policies

The Group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments since 1 January 2018. The nature and impact of the adoption of these standards are described below. In 2018, 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 apply earlier adoption of the standards, clarifications or amendments that were issued, but not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations and with certain exemptions is applied to all revenue contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires revenue to be recognised in amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted the new standard using the modified retrospective approach. Based on Group’s principal activity and revenue recognition when expenses directly related to the specific projects are incurred, the Management concluded that the application of the new standard to contracts with customers had no impact on the Group’s Statement of comprehensive activities.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective since 1 January 2018. IFRS 9 combines three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group used modified retrospective approach from 1 January 2018, as it is permitted by IFRS 9.

The Group has revisited the approach to calculation of impairment on financial assets, which led to the increase of allowance. In particular, the Group accrued the following additional allowance for expected credit losses as follow:

	As at 31 December 2018	**As at 1 January 2018**
Cash and cash equivalents	3,102	15,390
	3,102	**15,390**

For the period ended 31 December 2018 (in US dollars)

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, except for IFRS 16 “Leases”.

IFRS or IFRIC interpretation	Effective date
IFRS 16 “Leases”	1 January 2019
Amendment to IFRS 9 “Financial instruments”: Prepayment features with negative compensation	1 January 2019
IFRIC interpretation 23 “Uncertainty over Income Tax Treatments”	1 January 2019
Amendments to IAS 28 “Investments in associates and joint ventures”: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19 “Employee benefits”: Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to IFRSs 2015 – 2017 Cycle	1 January 2019

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 recognise 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 recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

For the period ended 31 December 2018 (in US dollars)

5. Standards and interpretations issued but not yet effective (continued)

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) on Consolidated Statement of Financial Position is, as follows:

	US dollars
Assets	
Right-of-use assets	2,878,610
Land lease right	(2,363,968)
	514,642
Liabilities	
Other long-term liabilities	446,207
Other short-term liabilities	68,435
	514,642

6. Changes in 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:

	US dollars
Assets	
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
	2,736,083
Liabilities	
Accounts payable	(136,083)
	(136,083)
Total identifiable net assets	**2,600,000**
Purchase consideration	**2,600,000**

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. Project development

Project development expenses mainly represented by the following costs:

Land plot field work expenses in amount USD 203,936 (2017: USD 33,937) refer mainly to consultancy fees for due diligence and assistance in land lease agreement preparation.

PR and fundraising expenses in amount USD 149,154 (2017: USD 224,835) consisted mainly of expenditures on events organized in Ukraine and abroad, Public Support Council, preliminary fundraising activity and production of video visualization.

Historical narrative expenses in amount USD 420,715 (2017: USD 165,886) include preparation of the narrative which will be the base for the development of the core exhibition. They relate to the fees of local and international historians and meetings organized for historians, experts and public hearings.

For the period ended 31 December 2018 (in US dollars)

7. Project development (continued)

Core exhibition expenses in amount USD 132,593 (2017: USD 156,674) refer to feasibility study of the memorial centre prepared by foreign company, expenses for other projects comprise USD 4,279 (2017: USD nill).

8. General and administrative expenses

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

	for the year ended 31 December 2018	for the period from inception till 31 December 2017
Payroll net of taxes	895,659	538,538
Depreciation and amortisation	207,263	72,927
Other (accounting, IT, legal, audit, bank fees)	183,289	166,325
Office rent and office related costs	164,212	123,204
Tax and social security costs	110,876	97,766
Office renovation costs	40,661	10,070
Accrual for unused vacation	34,725	23,725
Finance lease costs	2,589	6,556
Supervisory Board meetings	-	75,133
Allowance for prepayments made	-	41,355
Non-refundable financial aid	-	3,816
Total	**1,639,274**	**1,159,415**

9. Prepayments made

	2018	2017
Prepayment for office rent	43,697	-
Prepayment for social security tax	21,396	6,265
Prepayment for other services	20,723	10,859
Prepayment for PR of the project	10,805	11,780
Prepayment for Land plot field work	-	10,335
	96,621	**39,239**

10. Restricted cash

As at 31 December 2018, cash at bank of USD 3,732 was restricted for use (2017: USD nill). 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".

11. Cash and cash equivalents

Cash and cash equivalents represent Special purpose funding:

	2018	2017
Cash in bank and in hands	339,365	2,716,961
Short-term deposits	400,001	-
	739,366	**2,716,961**
Less: Allowance for expected credit losses (Note 4)	(3,102)	-
	736,264	**2,716,961**

For the period ended 31 December 2018 (in US dollars)

11. Cash and cash equivalents (continued)

Denominated in the following currencies:

	2018	2017
US Dollars	552,408	1,582,824
Ukrainian Hryvnias	143,285	1,134,105
EUR	43,673	32
	739,366	**2,716,961**

In 2018 short-term deposits earned interest at floating rates, which vary from 1.5% to 3.5% p.a. (2017: nill).

12. Accounts payable

	2018	2017
Provision for unused vacation	59,000	23,725
Other (accounting, IT, legal, audit, admin)	28,442	61,002
Historical narrative exhibition	3,916	35,354
Land leasing	2,191	-
Tax and social security	2,122	8,883
Payroll	191	5,270
Core exhibition	-	64,682
PR and fundraising of the project	-	15,348
Office renovation	-	338
Other payables	3,438	3,245
	99,300	**217,847**

13. Charitable funds

	Balance as at 18 October 2016	Change in accountin g policy	Donations received	Sales of Fixed Assets	Donations used	Foreign currency translation reserve	Balance as at 31 December 2017
Programs							
Project “Babi Yar Holocaust Memorial Center”.	-	-	4,566,685	-	(1,653,977)	(124,800)	2,787,908
Total programs	**-**	**-**	**4,566,685**	**-**	**(1,653,977)**	**(124,800)**	**2,787,908**
Total special purpose	**-**	**-**	**4,566,685**	**-**	**(1,653,977)**	**(124,800)**	**2,787,908**

	Balance as at 1 January 2018	Change in accounting policy	Donations received	Sales of Fixed Assets	Donations used	Foreign currency translation reserve	Balance as at 31 December 2018
Programs							
Project “Babi Yar Holocaust Memorial Center”.	2,787,908	(15,390)	3,115,015	32,698	(2,657,614)	53,958	3,316,575
Total programs	**2,787,908**	**(15,390)**	**3,115,015**	**32,698**	**(2,657,614)**	**53,958**	**3,316,575**
Total special purpose	**2,787,908**	**(15,390)**	**3,115,015**	**32,698**	**(2,657,614)**	**53,958**	**3,316,575**

For the period ended 31 December 2018 (in US dollars)

14. Property, fixtures and intangible assets

	Furniture and fixtures	*Office renovation*	*IT equipment*	*Vehicles*	*Website and software*	*Collection and other exposition*	*Total*
	USD	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*
At 18 October 2016, net of accumulated depreciation	-	-	-	-	-	-	-
Additions and transfers	59,901	60,059	47,467	38,726	140,378	-	346,531
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	(9,709)	(29,835)	(10,435)	(22,600)	(348)	-	(72,927)
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Foreign currency translation reserve	(2,679)	(2,251)	(2,275)	(900)	(5,285)	-	(13,390)
At 31 December 2017, net of accumulated depreciation	**47,513**	**27,973**	**34,757**	**15,226**	**134,745**	**-**	**260,214**
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
At 31 December 2018, net of accumulated depreciation	**36,728**	**17,210**	**15,552**	**-**	**141,770**	**4,030**	**215,290**

	Furniture and fixtures	*Office renovation*	*IT equipment*	*Vehicles*	*Website and software*	*Collection and other exposition*	*Total*
At 31 December 2017							
Cost	56,641	56,673	44,600	36,544	134,876	-	329,334
Accumulated depreciation	(9,128)	(28,700)	(9,843)	(21,318)	(131)	-	(69,120)
Carrying value	**47,513**	**27,973**	**34,757**	**15,226**	**134,745**	**-**	**260,214**
At 31 December 2018							
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)
Carrying value	**36,728**	**17,210**	**15,552**	**-**	**141,770**	**4,030**	**215,290**

For the period ended 31 December 2018 (in US dollars)

15. Land lease right

	Land Lease Right
	USD
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**

	Land Lease Right
	USD
As at 31 December 2018	**-**
Cost	2,481,971
Accumulated amortization	(118,003)
At 31 December 2018, carrying value	**2,363,968**

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

16. Finance lease liability

Finance lease liability is represented by amounts due under the purchase of car. Maturity of lease is 28 April 2018. During the period from inception till 31 December 2017 Fund acquired the asset under finance lease agreement in amount of USD 38,726. The following are the minimum lease payments and present value of finance lease liability under finance lease agreement.

	2017	
	Minimum payments	*Present value of payments*
	USD	*USD*
Amounts payable under finance lease		
Within one year	10,659	10,659
Total minimum lease payments	**10,659**	**10,659**

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.

For the period ended 31 December 2018 (in US dollars)

18. Tax and regulatory compliance (continued)

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.

19. Other commitments and contingencies

Operating leases

The Group leases a number of land plots and buildings 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:	***2018***	***2017***
	USD	*USD*
Within one year	212,364	64,919
Between one and five years	640,639	48,690
More than five years	9,130	-
Total minimum future lease payments	**862,133**	**113,609**

Purchases of property, fixtures and equipment

In December 2018 the Group conducted agreement in relation to office renovation in 2019 year, total amount of consideration equals to USD 166,272 (31 December 2017: USD nill).

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.

Applicability of the status of charity Fund

The Group offend requirement for charitable organization related to limited amount of administrative expenses (no more than 20% of income for the current year). The percentage of administrative expenses amounts to 65% of income for the year ended 31 December 2018 (for the period from inception till 31 December 2017: 66%). In accordance with the Ukrainian Tax Code, the charitable organization is non-taxable, as it carries out its activities not for profit. Notwithstanding that the Group has exceed this 20% limit for the year ended 31 December 2018, management explains this by setting stage of Group’s activities and expect significant donations in future which will allow to comply with legislation requirements. Management

For the period ended 31 December 2018 (in US dollars)

19. Other commitments and contingencies (continued)

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.

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 2018 Groups current assets exceeded its current liabilities by USD 740,419 (2017: USD 2,527,694).

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 2018:

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Accounts payable (Note 12)	4,295	89,885	5,120	-	-	**99,300**
Finance lease liability (Note 16)	-	-	-	-	-	**-**
	4,295	**89,885**	**5,120**	**-**	**-**	**99,300**

The table below shows the remaining (undiscounted) contractual maturities Group's financial liabilities as at 31 December 2017:

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Accounts payable (Note 12)	14,260	203,587	-	-	-	**217,847**
Finance lease liability (Note 16)	-	8,527	2,132	-	-	**10,659**
	14,260	**212,114**	**2,132**	**-**	**-**	**228,506**

21. Subsequent events

In April and May 2019 the Group acquired Government bonds with maturity in August 2019 – April 2020 years, total amount of purchase consideration equals to USD 1,208,131.