

NGO “Centre of Environmental Initiatives “Ecoaction”

Financial Statements

As at 31 December 2019

Together with Independent Auditor’s Report

NGO “Centre of Environmental Initiatives “Ecoaction”
IFRS Financial Statements

As at 31 December 2019 and for the year then ended

Contents:

Independent Auditor’s report 2019	3
Balance sheet as at 31 December 2019	6
Income statement for 2019	7
Cash flow statement for 2019	8
Statement of changes in capital and reserves for 2019	9
Notes to the financial statements	
1. Background	10
2. Basis for preparation of financial statements	12
3. Key accounting judgments, estimates and assumptions and basic accounting policies	13
4. Property, plant and equipment	15
5. Intangible assets.....	16
6. Inventories	16
7. Accrued grants income	17
8. Prepayments	17
9. Cash and cash equivalents	17
10. Other payable	17
11. Other current liabilities (Deferred grants income).....	17
12. Received from donors	18
13. Administrative expenses	18
14. Expenses of carrying out programs	19



INDEPENDENT AUDITOR'S REPORT

**To the board and members of Organization;
To the Executive Director
Of the Centre for Environmental Initiatives "Ecoaction"
Ms. Gozak Natalia**

Opinion

We have audited the financial statements of the Centre for Environmental Initiatives "Ecoaction" (hereinafter – Organization), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at December 31, 2019, and of 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 Financial Statements section of our report. We are independent of the Organization within the meaning of the ethical requirements applicable in Ukraine to our audit of financial statements and have fulfilled our other responsibilities under those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of income and expenses related to the execution of projects

Implementation of non-profit projects, including contracts funded by various donors, is a core activity of the Organization. Auditors believe, the income and expenses associated with the implementation of these projects are the most influential indicators of financial reporting; they give an idea of the Organization's activities for the reporting year. Taking into account the significance of this indicator, the auditors carried out in-depth analysis of the documents that are the basis for recognizing such income and expenses. Documents that verify the balance of payments with donors were also examined, as these documents also confirm the Organization's compliance with its obligations under grant agreements.



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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Director of LLC "Marinchenko & Partners"



Olexander Marinchenko (Register number in RAAE 100369)

09.07.2020

1

NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2019
(in Euro)

Balance sheet as at December 31, 2019

Assets	Notes	2019	2018
Non-current assets			
Property, plant and equipment	4	19 204	18 124
Intangible Assets	5	4 772	486
Total Non-current assets		23 976	18 610
Current assets			
Inventories	6	4 567	1 020
Accrued grants income	7	17 855	26 258
Prepayments	8	10 282	8 320
Other current assets		78	31
Cash at bank and on hand	9	1 130	24 844
Total Current assets		33 912	60 473
Total Assets		57 888	79 083
Equity and liabilities			
Equity			
Property fund		23 976	18 498
Project fund		(5 791)	3 727
Provision for foreign currency translation		3 670	111
Total Equity		21 855	22 336
Current liabilities			
Payable		3 591	6
Other payable	10	13 330	8 555
Other current liabilities (Deferred grants income)	11	19 112	48 186
Total Current liabilities		36 033	56 747
Total Equity and liabilities		57 888	79 083

Executive Director





Natalia Gozak

Chief Accountant

Svitlana Korobova



NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2019
(in Euro)

Income statement for 2019

	Notes	2019	2018
INCOME:			
Grants			
Received from donors	12	481 480	440 005
Deferred in the previous year		48 186	24 986
Deferred to the next year		(19 112)	(48 186)
Accrued income on grants in the previous year		(26 258)	(18 924)
Accrued income on grants in the current year		17 855	26 258
Services provided		2 182	
% Bank		5	2
Realized exchange gain			
Foreign exchange gain			
TOTAL INCOME		504 338	424 141
EXPENSES:			
Foreign exchange loss		(5 667)	(681)
Exchange difference		(1 260)	(533)
Administrative expenses	13	(108 225)	(100 190)
Expenses of carrying out programs	14	(383 278)	(301 372)
TOTAL EXPENSES:		(498 430)	(402 776)
The (deficit)/surplus for the year		5 908	21 365
Balance at the beginning		3 727	3 731
Transfer to Property Fund		(14 403)	(21 280)
Balance at the end		(4 768)	3 816
Exchange income arising from translation income statement account at average rate rather than closing rate		(1 023)	(89)
Balance at 31 December (at closing exchange rate)		(5 791)	3 727

Executive Director



Natalia Gozak

Chief Accountant




Svitlana Korobova




NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2019
(in Euro)

Cash flow statement for 2019	2019	2018
Cash flow from operating activities		
The (deficit)/surplus for the year	5908	21 365
Adjustment for:		
Depreciation for the year		
accrued interest of the bank	(5)	
Decrease (Increase) in accrued grant income	8 403	(7 334)
Increase (Decrease) in deferred grant income	(29 074)	23 200
Working capital adjustments:		
Decrease (Increase) in account of inventories	(3 547)	(383)
Decrease (Increase) in accounts prepayments	(1 962)	(4 761)
Decrease (Increase) in accounts other current assets	(47)	(18)
Increase (Decrease) in accounts payable	3585	(118)
Increase (Decrease) in account other payable	4775	3 370
Bank interest received	5	
Cash generated from operating activities	(11 959)	35 321
Net Cash flow from operating activities	(11 959)	35 321
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(14 403)	(21 280)
Net cash flow from investing activities	(14 403)	(21 280)
Effect of foreign exchange rate change on cash and cash equivalents	2 648	330
Net change in cash and cash equivalents	(23 714)	14 371
Cash and cash equivalents at beginning of the year	24 844	10 473
Cash and cash equivalents at the year end	1 130	24 844







Natalia Gozak

Svitlana Korobova

NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2019
(in Euro)

Statement of changes in capital and reserves for 2019

	Property Fund	Project Fund	Provision for foreign currency translation	Total
Balance at 31 December 2018	18 498	3 727	111	22 336
The surplus for the year		5 908		5 908
Transfer to property fund	14 403	(14 403)		
Depreciation for the year	(9 037)			(9 037)
Balance at 31 December 2019	23 864	(4 768)	111	19 207
Exchange gain arising from translation income statement account at average rate rather than closing rate	112	(1 023)	3 559	2 648
Balance at 31 December 2019 (at closing exchange rate)	23 976	(5 791)	3 670	21 855

Executive Director

Chief Accountant



Natalia Gozak

Svitlana Korobova



**NGO “Centre of Environmental Initiatives “Ecoaction”
IFRS Financial Statements**

For the year ended December 31, 2019
(in Euro)

Notes to financial statements

1. Background

NGO “Centre of Environmental Initiatives “Ecoaction” (Ecoaction) is a non-governmental not-for-profit organization founded in 2017 to unite efforts of experts and activists in a joint struggle to protect the environment. We advocate for renewable energy, countering climate change, clean air for all and sustainable development of transport and agriculture in Ukraine.

Our mission is to protect the environment via influencing decision makers and stakeholders and to develop an active Ukrainian community. Thus, our activities aim to influence decision makers and encourage them to conduct more environmentally friendly government policy from one hand, and from the other, to develop strong and influential community of civil society actors in Ukraine and the region to make the joint efforts more effective.

Ecoaction is willing to maintain political and economic independence, therefore it doesn't accept money from political parties or business corporations. Currently Ecoaction relies on funding from development programs of European governments and private foundations. However, we aim to get more support through individual donations from Ecoaction supporters.

Ecoaction is working currently on the following topics:

Energy

Ecoaction is trying to redirect the energy policy of Ukraine away from intensive coal and nuclear energy development to energy efficient economy and renewable energy sources (RES). Ecoaction is working with politicians and officials advocating for the new approaches to energy sector management. In 2019 Ecoaction focused on uniting 6 Donbas region municipalities around the vision of future just transition from coal to renewables and diversification of their economies; and on the monitoring and advocating for the safe decommissioning of nuclear power stations in Ukraine.

In 2019 Ecoaction as a part of NGOs coalition had active advocacy work on messages regarding 100%RES with political parties, aiming to include respective statements into candidates and parties' agenda. As a result, 5 political parties wrote in their political agenda about support for energy transition & renewables for Ukraine.

In 2019 Ecoaction also continued to work on promoting the energy transition to a sustainable renewable energy system via development of the coalition of Ukrainian non-governmental organizations and business associations promoting transition to 100% renewable energy. 2 joint positions of Coalition, plus our active policy work also contributed to the fact, that the change in financial support of RES (Green Tariff change into auctions) did not affected the small RES. Coalition with the support and initiative of Ecoaction has also launched a public petition demanding energy transition to 100% renewable energy sources by 2050 which gathered 14 000 signatures and was delivered to the government at the start of 2020.

Climate change

In the sphere of national climate policy, we've pushed for modeling of development of scenarios, which are the basis for new NDC2 for Paris Agreement, to include a scenario with no new fossil-fuel and nuclear energy capacity. At this stage, the Institute for Forecasting is modeling additional scenarios that include no new energy capacity on fossil fuels.

Active monitoring of developments in the sector of transport on the Kyiv municipal level supported the fact, that electromobility was considered for city planning.

In 2019 we've continued to develop Ukrainian Climate Network (UCN) to make it more influential on national and local levels in order to support energy transition towards 100% RES. Over the year they managed to engage 3 new members, representatives of few UCN member organizations took part in COP25 in Madrid. Major joint event – Global Climate Strike was the main success of the year regarding mobilization – more than 2000 people joint the Strike in Kyiv, demanding 100%RES and ambitious climate policy.

In 2019 we've also continued our support to civil society in the EECCA region, aiming to provide civil society organizations, local experts and governments of EECCA region with information on issues under UNFCCC negotiations and best examples in climate policies, all this to ensure implementation of low-carbon development actions in these countries, raising knowledge and engagement in official negotiations. During the year, Ecoaction shared with the network 52 newsletters, updated CAN EECCA website and Facebook page. The website is the one of a few sources of Russian-language information on international climate-related events. By the end of the year, network has grown to 39 representatives from 35 NGOs from the region.

Industry

Ecoaction developed a pack of information materials on the implementation of the EU directives and standards in agriculture. Active monitoring and commenting of national legislation in the sector of livestock agriculture allowed our positions to be integrated into the draft of climate change

adaptation strategy for agriculture sector, which was submitted and are to be adopted by the government.

In 2019 Ecoaction continues to support local communities in their claims on defending their rights for safe environment against Myronivsky Hliboproduct (MHP) through the EBRD complaint mechanism (complaint submitted in 2018). The moderation process is ongoing and Ecoaction supports local activists in preparations to the meetings and overall process of negotiations with the company.

Ecoaction acts as a regional focal point for the **Land Matrix Initiative** (<http://landmatrix.org/>). The Initiative is a collaboration of the civil society and research institutions from around the globe aiming to build comprehensive database of the big land acquisitions and to provide analysis of the phenomenon trends and impacts. Further, organization has been contributing to the discussion on the land ownership in Ukraine with the public events and media publications, especially in the light of the new Land Law, being actively discussed in the Parliament.

In the sector of industrial air pollution, we've continued our support of the informal coalition with local activists in industrial cities, together with experts from Czech Republic we have organized a number of trainings on air pollution monitoring.

In addition during 2019 Ecoaction has been monitoring the projects financed by development banks (such as EBRD, EIB and World Bank) in Ukraine in order to prevent the negative impacts of those projects on environment and local communities.

We understand that in order to achieve great change the efforts should to be united. Thus, we are members of six international networks: Climate Action Network International and CAN EECCA, CEE Bankwatch Network, Coalition on Human Rights in Development, INFORSE Europe, Land Matrix, Transport and Environment, – we are the members of 4 national networks: Ukrainian Climate Network, Ukrainian Rural Development Network, Ukrainian Urban Movement, Coalition for Energy Transition.

2. Basis for preparation of financial statements

Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

National currency of Ukraine is hryvnya. Therefore, the accounting currency for the purposes of given financial statements is hryvnya.

The Organization keeps its records in UAH according to Ukrainian National Accounting Standards (UNAS). Certain adjustments not reflected in the Organization's accounting registers and required to present the Organization's financial position, its operating results and cash flows according to IFRS, make these financial statements different from those prepared under UNAS.

Financial statements are presented in euro (EUR), all amounts are rounded to integer values, if not stated another.

3. Key accounting judgments, estimates and assumptions and basic accounting policies

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on information available as at the date of the financial statements. Actual results, therefore, could differ from these estimates. The most significant estimates with regard to these financial statements relate to the valuation of cost and useful lives of property, plant and equipment, intangible assets.

Foreign currencies

Based on the economic substance of the underlying events and circumstances, the functional currency of the Organization is Ukrainian hryvnia.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates valid at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange valid at the balance sheet date. All resulting differences are reflected in the income statement. Non-monetary assets and liabilities in other currencies are reflected in terms of historical cost and translated using the exchange rate as at the date of the initial transaction.

These financial statements are presented in Euro. The Organization maintains its accounting records in Ukrainian hryvnia ("UAH") in accordance with the requirements of Ukrainian statutory accounting and tax legislation. The accompanying financial statements differ from the financial statements issued for statutory purposes in Ukraine in that they reflect certain adjustments, not recorded in the Organization's books, which are appropriate to present the financial position and the results of the Organization's operations in accordance with IAS.

The translation of the financial statements from the hryvnia to the euro is carried out as follows:

- current assets and liabilities are translated at the NBU exchange rate at the date of preparation of the financial statements;
- long-term assets are translated into euros at the historical exchange rate (at the date of acquisition);
- costs in UAH for projects funded from grants in euros or US dollars are translated into euros or dollars at the exchange rate agreed upon in the grant contract;
- costs in dollars are converted into euro at the exchange cross rate of the NBU;
- other expenses and incomes in UAH are translated into euro at the average annual exchange rate of the NBU;

- balancing amounts are reflected as a reserve for conversion into foreign currency.

Following is a summary of exchange rates published by the NBU for the currencies of the Company's principal activities:

Currency exchange rates according to NBU:

Official rate by NBU	Euro	USD	CZK	NOK
31.12.2019	26,422000	23,686200	1,035700	2,680700
31.12.2018	31,714138	27,688264	1,230279	3,179745
Annual average NBU rate in 2019	28,951847	25,845589	1,127717	2,943131

Property, plant and equipment

Property, plant and equipment are valued at acquisition, less accumulated depreciation and accumulated loss from impairment.

Property, plant and equipment are depreciated under the straight-line method over estimated useful lives of corresponding assets:

Group	Useful life
Office equipment	3-5 years
Other	5 years

Intangible assets

Intangible assets are valued at acquisition cost, less accumulated depreciation and accumulated loss from impairment.

Intangible assets are amortized on a straight-line basis over 3 - 5 years.

Receivables and other assets

Receivables and other assets are reported at nominal value, where necessary adjusted by specific bad-debt charges.

Inventories

Inventories are assessed at lower of the cost or the net realizable value. Expenses attributable to transportation of each inventory to its current location and present condition, are included in the cost of inventories. Inventories are written-off under FIFO method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term bank deposits.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Liabilities

Liabilities are reported at the prepayment amount.

Income recognition

Income from grants is recognized in the period in which expenses related to fulfillment of the grant were incurred.

Financing of capital investments is recognized as income in the period of beneficial usage of corresponding investment facilities (fixed assets, intangible assets, etc.) in proportion to the amount of accrued depreciation of such facilities.

Incurred project expenses coordinated with donors are recognized as receivable at the same time as income is recognized.

Accordingly, deferred grant income comprises income received in advance of the period to which it relates, is excluded from income, and accounted for as a current liability.

Similarly, accrued grant income which is income designated for the current year but received subsequent to the financial year end, is included in income and accounted for a current asset.

Interest income

Revenue is recognized as the interest accrued (taking into account the effective yield on the asset).

Project fund

This fund includes voluntary contributions from organizations and citizens of Ukraine and non-project contributions from non-residents of Ukraine to support Ecoaction activities.

Property fund (Equipment fund)

Upon acquisition, through grants, of fixed assets which remain the property of the organization, the funds from grants are transferred to the Property fund. In the future, income from financing is recognized proportional to the amount of accrued depreciation.

4. Property, plant and equipment

During the years ended 31 December, depreciated cost of property, plant and equipment changed as follows:

	Equipment	office furniture and fittings	Others	Total
Value as at 01.01.2019	20 293	6 190	358	26 841
Additions	7 708	903	690	9 301
Transfers				
Disposals				
Effect of exchange rate changes				
Value as at 31.12.2019	28 001	7 093	1 048	36 142

	Equipment	office furniture and fittings	Others	Total
Value as at 01.01.2019	5366	3 190	161	8 717
Depreciation	6 387	1 144	690	8 221
Disposals				
Effect of exchange rate changes				
Value as at 31.12.2019	11 753	4 334	851	16 938
Net book value at 31.12.2019	16 248	2 759	197	19 204

5. Intangible Assets

	Intangible Assets	Total
Value as at 01.01.2019	513	513
Additions	5 102	5 102
Transfers		
Disposals		
Effect of exchange rate changes		
Value as at 31.12.2019	5 615	5 615

	Intangible Assets	Total
Value as at 01.01.2019	27	27
Depreciation	816	816
Disposals		
Effect of exchange rate changes		
Value as at 31.12.2019	843	843
Net book value at 31.12.2019	4 772	4 772

6. Inventories

Brochures		
Value as at 01.01.2019	1 020	1 020
Additions	12 490	12 490
Write off	(9 440)	(9 440)

Effect of exchange rate changes	497	497
Value as at 31.12.2019	4 567	4 567

7. Accrued grants income

As at 31 December accrued grant income included:

	2019	2018
Arnika	1 259	1 452
CEE Bankwatch Network	4 883	12 163
Germanwatch	4 174	5 488
Land matrix		
Norges naturvernforbning		5 225
BUND	7 086	1
DRA		1 929
AirClim	453	
Total	17 855	26 258

8. Prepayments

As at 31 December prepayments included:

	2019	2018
Prepayments to suppliers for equipment and intangible assets		
Prepayments to suppliers for services	10 282	8 320
Total	10 282	8 320

9. Cash and cash equivalents

As at 31 December cash and cash equivalents included:

	2019	2018
Cash at banks and on hand in local currency	1 130	5 391
Cash at banks in foreign currency		19 453
	1 130	24 844

10. Other payable

	2019	2018
Reserve fund for anticipated expenses	13 330	8 555
Total	13 330	8 555

11. Other current liabilities (Deferred grants income)

	2019	2018
DRA	2 048	
IRF	17	
GGF	358	349

Norges naturvernforbning	7 843	
SSNC	8 846	4 496
SEE		2 065
MOTT Foundations		41 276
Total	19 112	48 186

12. Received from donors

Income:	2019	2018
Arnika	7 690	20 414
BUND	97 089	40 610
CEE Bankwatch Network	48 706	27 787
DRA	15 700	21 250
Germanwatch	55 985	59 123
CAN	10 149	
Norges naturvernforbning	48 773	24 971
SEE		2 539
SSNC	121 662	133 572
Boell Foundation		17 359
IRF	5 376	
Land matrix	45 042	28 277
MOTT Foundations	22 318	63 468
Other	2 990	635
Total:	481 480	440 005

13. Administrative expenses

	2019	2018
Salaries administrative staff	53 393	54 005
Consultants and External experts	11 135	11 096
Office rent and maintenance, office expenses	36 294	27 060
Communications (phone, internet, postal)	1 253	1 175
Maintenance		
General assembly, retreats, planning sessions	1 199	1 136
Audits	1951	1 864
Foreign currency translation difference		660
Bank fees	3000	3 194
Total:	108 225	100 190