

NGO “Centre for Environmental Initiatives “Ecoaction”

Financial Statements

As at 31 December 2023

Together with Independent Auditor’s Report

NGO “Centre for Environmental Initiatives “Ecoaction”
IFRS Financial Statements
As at 31 December 2023 and for the year then ended

Contents:

Independent Auditor’s report 2023	
Balance sheet as at 31 December 2023	3
Income statement for 2023	4
Cash flow statement for 2023	5
Statement of changes in capital and reserves for 2023	6
Notes to the financial statements	
1. Background	7
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	16
5. Intangible assets.....	16
6. Inventories	17
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).....	18
12. Received from donors	18
13. Administrative expenses	19
14. Expenses of carrying out programs	20



INDEPENDENT AUDITOR'S REPORT

**To the board and members of Organization;
To the Executive Director
Of the Centre for Environmental Initiatives "Ecoaction"
Mr. Oleksi Pasyuk**

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, 2023, 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, 2023 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.

Material Uncertainty Related to Going Concern

We draw attention to Note «Special Provisions» in the financial statements, which indicates that according to Decree of the President of Ukraine of February 24, 2022 No. 64/2022 "On martial law in Ukraine "in connection with the military aggression of the Russian Federation against Ukraine on the territory of Ukraine imposed martial law from 05 hours 30 minutes on February 24, 2022.

This situation and subsequent events have a comprehensive impact on all Organizations operating in Ukraine. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. At present, it is impossible to reliably assess the impact of military aggression on the Organization's future activities.

Our opinion is not modified in respect of this matter.

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 preparation and fair presentation of the financial statements in accordance with IFRSs 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.

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 Audit firm Marinchenko and Partners, LLC



Alexander Marinchenko
Alexander Marinchenko (Registration number in the Register of Auditors №100369)

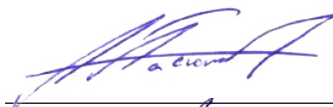
July 11, 2024

NGO “Centre for Environmental Initiatives “Ecoaction”
IFRS Financial Statements
For the year ended December 31, 2023
(in Euro)

Balance sheet as at December 31, 2023

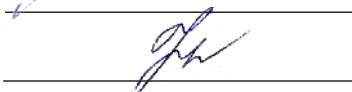
Assets	Notes	2023	2022
Non-current assets			
Property, plant and equipment	4	8 634	7 504
Intangible Assets	5	327	1 113
Total Non-current assets		8 961	8 617
Current assets			
Inventories	6	71	38 544
Accrued grants income	7	15 753	41 987
Prepayments	8	73 019	34 395
Other current assets		261	179
Cash at bank and on hand	9	390 162	225 583
Total Current assets		479 266	340 688
Total Assets		488 227	349 305
Equity and liabilities			
Equity			
Property fund		8 961	8 617
Project fund		50 787	68 979
Provision for foreign currency translation		(1)	(1)
Total Equity		59 747	77 595
Current liabilities			
Payable		37 571	29 570
Other payable	10	81 505	40 365
Other current liabilities (Deferred grants income)	11	309 404	201 775
Total Current liabilities		428 480	271 710
Total Equity and liabilities		488 227	349 305

Executive Director



Olexi Pasyuk

Chief Accountant



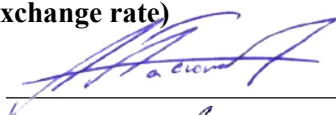
Svitlana Korobova

NGO “Centre for Environmental Initiatives “Ecoaction”
IFRS Financial Statements
For the year ended December 31, 2023
(in Euro)

Income statement for 2023


	Notes	2023	2022
INCOME:			
Grants			
Received from donors	12	1 162 225	779 149
Humanitarian aid		5 233	260 637
Deferred in the previous year		201 775	311 704
Deferred to the next year		(309 404)	(201 775)
Accrued income on grants in the previous year		(41 987)	(19 768)
Accrued income on grants in the current year		15 753	41 987
Services provided		22 934	8 807
% Bank			215
Realized exchange gain			417
Foreign exchange gain		183	36 964
TOTAL INCOME		<u>1 056 712</u>	<u>1 218 338</u>
EXPENSES:			
Foreign exchange loss		(69)	
Exchange difference			
Account of own funds		(32 433)	(8 438)
Humanitarian aid		(8 983)	(250 180)
Administrative expenses	13	(155 073)	(133 149)
Expenses of carrying out programs	14	(869 153)	(726 692)
TOTAL EXPENSES:		<u>(1 065 711)</u>	<u>(1 118 459)</u>
The (deficit)/surplus for the year		(8 999)	99 879
Balance at the beginning		68 979	10 410
Transfer to Property Fund		(9 100)	(4 750)
Transfer to Project Fund			
Balance at the end		<u>50 880</u>	<u>105 539</u>
Exchange income arising from translation income statement account at average rate rather than closing rate		(93)	(36 560)
Balance at 31 December (at closing exchange rate)		<u>50 787</u>	<u>68 979</u>

Executive Director



Olexi Pasyuk

Chief Accountant

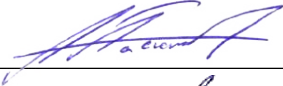



Svitlana Korobova

NGO “Centre for Environmental Initiatives “Ecoaction”
IFRS Financial Statements
For the year ended December 31, 2023
(in Euro)

Cash flow statement for 2023

	2023	2022
Cash flow from operating activities		
The (deficit)/surplus for the year	(8 999)	99 879
Adjustment for:		
Accrued interest of the bank		(216)
Decrease (Increase) in accrued grant income	26 234	(22 219)
Increase (Decrease) in deferred grant income	41 140	24 362
Working capital adjustments:		
Decrease (Increase) in account of inventories	38 473	(37 564)
Decrease (Increase) in accounts prepayments	(38 624)	(25 644)
Decrease (Increase) in accounts other current assets	(82)	25
Increase (Decrease) in accounts payable	107 629	(109 929)
Increase (Decrease) in account other payable	8 001	9 248
Bank interest received		216
Cash generated from operating activities	173 772	(61 842)
Net Cash flow from operating activities	173 772	(61 842)
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(9 100)	(4 752)
Net cash flow from investing activities	(9 100)	(4 752)
Effect of foreign exchange rate change on cash and cash equivalents	(93)	(36 559)
Net change in cash and cash equivalents	164 579	(103 153)
Cash and cash equivalents at beginning of the year	225 583	328 736
Cash and cash equivalents at the year end	390 162	225 583

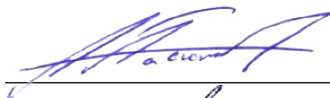
Executive Director		Olexi Pasyuk
Chief Accountant		Svitlana Korobova

NGO “Centre for Environmental Initiatives “Ecoaction”
IFRS Financial Statements
For the year ended December 31, 2023
(in Euro)

Statement of changes in capital and reserves for 2023

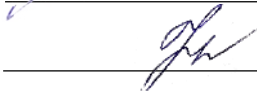
	Property Fund	Project Fund	Provision for foreign currency translation	Total
Balance at 31 December 2022	8 617	68 979	(1)	77 595
The surplus for the year	0	0		0
Transfer to property fund	0	(8 999)		(8 999)
Transfer to project fund	9 100	(9 100)		0
Depreciation for the year	(8 024)	0		(8 024)
Balance at 31 December 2023	9 693	50 880	(1)	60 572
Exchange gain arising from translation income statement account at average rate rather than closing rate	(732)	(93)		(825)
Balance at 31 December 2023 (at closing exchange rate)	8 961	50 787	(1)	59 747

Executive Director



Olexi Pasyuk

Chief Accountant



Svitlana Korobova

NGO “Centre for Environmental Initiatives “Ecoaction”
IFRS Financial Statements
For the year ended December 31, 2023
(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 new approaches to energy sector management. Due to Russia's full-scale invasion on 24 February 2022 Ecoaction has shifted its focus to a green reconstruction of Ukraine, a reconstruction with renewables and energy efficiency measures and without new fossil and nuclear projects. In 2023 Ecoaction contributed to the draft Ukraine Plan, several draft laws on the green transformation of the energy sector, NECP consultations, as well as State Regional Development Strategy 2027.

In 2023 Ecoaction continued to work on the national and international levels promoting the energy transition to sustainable RES but now through the lenses of energy security and energy resilience of the Ukrainian communities. Due to Russia's targeted attacks on Ukraine's energy system the topic of energy transition sped up and the discussions around a more decentralised energy system became mainstream.

Ecoaction has been vocally advocating on the international level for the "greening" of the emergency energy aid Ukrainian communities are receiving, especially for critical social infrastructure (hospitals, schools, water utilities etc.) using successful examples already implemented by various Ukrainian NGOs. This work resulted in the announcement of a new 2 mln EUR support project from the German government. Ecoaction has also supported and consulted on the additional allocation of 20 mln grant from the EIB and the German government announced at COP28 in Dubai. Additionally, two advocacy trips were organised to the U.S., in March 2023 and October-November 2023, as well as a letter from 50 Ukrainian communities to the U.S. government asking to help with provision of RES. The second visit included 3 other NGOs and two Ukrainian mayors and was supported by the U.S. Embassy in Kyiv. Meeting with the U.S. officials (Department of State, Department of Energy, USAID) have contributed to the announcement of new USAID projects focused on helping Ukrainian communities with renewables.

Ecoaction continued to advocate for a just transition of coal regions and the inclusion of its core principles into Ukraine's reconstruction, supporting the Platform for Sustainable Development of Coal Towns of Donetsk region (uniting 9 towns, 3 local NGOs and the regional CCI), as well as working with other coal communities in other regions (overall, more than 20 coal mining communities). Ecoaction has also supported and pushed for a recommitment to a 2035 coal phase-out date on the national level, which was publicly voiced for the first time since the start of the Russian full-scale invasion during a URC 2023 side event in London, which Ecoaction has helped to organise. Additionally, the Ministry of Reconstruction confirmed the development of the State Target Just Transition Program 2030 at a public event co-organised by Ecoaction, and our experts have already joined its preparation together with representatives from coal mining communities Ecoaction has been supporting.

Ecoaction has also opposed the inclusion of new nuclear projects into national documents, including recovery plans/programs, as well as communicated the need to prepare for the eventual decommissioning of old nuclear units.

Climate change

In 2023 Ecoaction continued its work on the development of ambitious climate policy and climate adaptation in Ukraine, as well as its advocacy work on the impact of war on climate.

Together with Ukrainian and international partners Ecoaction carried on a unique study of the impact of war on climate. There were two iterations of the report in 2023, the most recent of which covered 18 months of the war. The official presentation of the research was held at the UN Climate Conference (COP28) in Dubai, it was presented to various stakeholders. The assessment concluded that GHG emissions, attributable to 18 months or 555 days of the war, total to 150 million tCO₂e. The report is supported and communicated by the Ministry of Environmental Protection and Natural Resources of Ukraine on international and national levels.

During 2023 Ecoaction also continued to maintain the database of potential negative environmental damage caused by Russian aggression. This information together with specific impact of the Russian war on the Black and Azov Seas, and environmental impact of Kakhovka HPP destruction etc. was actively communicated in national, international media and social networks.

Ecoaction also upheld active work with communities in various formats, including a series of trips as part of the “Recovery and energy security: examples of implemented projects and prospects for Ukraine” Green Infotour, in which representatives of 21 communities participated. The goal of the Green Info Tour was to study the experience of already implemented projects, emphasise the mandatory energy independence of critical infrastructure (medical facilities, schools, kindergartens, etc.) and the residential sector during the war, convince the authorities of the importance of green recovery as seen by the public, and promote the scaling up of the implemented ideas. Ecoaction also maintained its support program and provided sub-grants to selected public organizations for the implementation of climate-friendly projects on the ground. 4 local projects in different communities (started in 2022), aimed at their green recovery with adaptation to climate change were completed and additional 10 new sub-grants were introduced. The 10 new projects, supported by Ecoaction, focused on the green recovery of communities, according to which local organizations developed recommendations for taking into account the green component in restoration plans, prepared action plans for sustainable energy development and climate, implemented nature-oriented solutions and, together with local stakeholders, planned how to rebuild their community in a better way.

Ecoaction also joined the Global Fight to End Fossil Fuels to remind that fossil fuels sponsor the deaths of Ukrainians and will kill more people in the next decades through consequences of climate change.

Just as in previous years, Ecoaction actively continued to advocate the need for an ambitious climate policy at the national and international levels, therefore, an important part of the work of Ecoaction's climate department became participation in climate negotiations, namely at the Climate Conference in Bonn and within the framework of COP28. For the UN Climate Conference (COP28), Ecoaction prepared a Position on the Priorities of Climate Policy in Ukraine and the world, where it emphasized the need to abandon fossil fuels to achieve the goals of the Paris Agreement. The position was shared with Ukrainian stakeholders, including the Ukrainian Climate Network, the Ministry of Foreign Affairs, and the Ministry of the Environment. During COP28, representatives of Ecoaction also actively reported the role of Russia and the impact of the war on the climate.

In 2023 Ecoaction changed its partnership in Climate Action Network nodes from CAN network in Eastern Europe, Caucasus and Central Asia (EECCA) to Climate Action Network Europe (CAN Europe) and started to be more actively involved in cooperation and experience sharing with NGOs at the European level.

Altogether in 2023 Ecoaction prepared 8 climate-related positions/comments/appeals, most of them supported by other NGOs: on climate adaptation in Ukraine's post-war reconstruction, on the EU reform implementation in Environment, Climate Change and Energy, on the government's approval of the pilot project to rebuild Kakhovka HPP, on action plan for the implementation of the updated NDC of Ukraine to the Paris Agreement for the period up to 2030; on inventory of anthropogenic emissions and absorption by sinks of GHG in Ukraine; on the Ukraine Plan (included proposals concerning challenges of climate change that are already taking place in Ukraine); on the need to continue European integration environmental and climate reforms; on the Priorities of Climate Policy in Ukraine and the world before the UN Climate Change Conference (COP28).

Agriculture and land-use

In 2023, Ecoaction continued to focus on issues of green recovery and further development of agriculture in Ukraine to ensure food and environmental security in line with EU policy. At the national level, Ecoaction tried to promote more sustainable practices in agriculture and land use, particularly with regard to the development of the Ukraine Plan.

In 2023, Ecoaction presented a study concerning the impact of war on Ukrainian soil. Within the study, it has been analysed the impact of war on the concrete communities in Kharkiv and Donetsk regions. After the presentation, we were involved in discussions concerning the future of agricultural land and its sustainable recovery during the year. Additionally, Ecoaction tried to consider the complexity of land use issues because even before the full-scale invasion, Ukraine had a land-use imbalance due to the predominant amount of arable land. Regarding the general land-use problems, Ecoaction analysed environmental and land law violations by agricultural companies and conducted a field visit to fix the breach of law in buffer zones within water courses.

To understand the farmers' attitude to environmental practices, their challenges and priorities, in 2023, Ecoaction conducted a sociological survey. As part of it, representatives of small and medium-sized agricultural producers were interviewed about their attitude to the greening of agricultural production, needs and obstacles to the restoration, development and implementation of best environmental practices, and their expectations from European integration.

The process of Ukraine's accession to the EU is ongoing. Thus, Ecoaction has been involved in the self-screening procedure of national legislation for compliance with the EU. To understand the path of EU accession, challenges, and perspectives, Ecoaction researched challenges and solutions for sustainable agricultural, rural development, and environmental protection, using the examples of Poland, Bulgaria, and Romania in the EU accession process. Based on the mentioned research and analysis of the current state of Ukrainian agriculture, we developed recommendations for responsible government bodies that can be integrated into developing strategic documents and regulations.

Also, Ecoaction has been working at the local level with local communities and agricultural advisory services. Concerning the local communities, Ecoaction continues to support communities that are negatively impacted by the big poultry farms. In 2023, new communities have been affected by the illegal activities of pig farms. Thus, we supported communities by providing laboratory analyses, public dissemination, etc. Besides that, we conducted offline training for the agricultural advisors and university representatives on the topic "EU environmental standards for sustainable management of fertilisers and pesticides". During this training, we had a field visit to a small cow farm. Also, Ecoaction created the Facebook group "Careful farming in the European way", which unites all interested parties to learn more about sustainable agriculture practices. Regarding

communication, we cooperated with agriculture media to create articles based on interviews with practicing farmers.

Ecoaction continues to be a regional focal point for the Land Matrix Initiative. The Initiative is a collaboration of civil society and research institutions from around the globe aiming to build a comprehensive database of the big land acquisitions and to provide analysis of the phenomenon trends and impacts.

We understand that to achieve change, efforts should be united. Thus, we continued to support relationships with partner organisations, such as the Network of Agricultural Advisory Services, the Ukrainian Network of Rural Development, and the German-Ukrainian Agricultural Policy Dialogue.

Special provisions

According to the Decree of the President of Ukraine of February 24, 2022, No. 64/2022 "On martial law in Ukraine" in connection with the military aggression of the Russian Federation against Ukraine on the territory of Ukraine imposed martial law from 05 hours 30 minutes on February 24, 2022.

The specified situation and subsequent events have a comprehensive impact on all companies whose activities are carried out on the territory of Ukraine. Accordingly, the Organization's management notes that there is a material uncertainty that may cast significant doubt on the Organization's ability to continue as a going concern.

Currently, it is impossible to reliably assess the impact of military aggression on the Organization's future activities. It should be noted that the Organization has no suppliers and buyers who are residents of aggressor countries, business relations do not extend to the territory of these countries.

It should be noted separately that the Management does not intend to cease the Organization's activities, therefore the provisions of IFRS 5 "Non-current assets held for sale and discontinued operations" were not applied during the preparation of financial statements.

2. Basis for preparation of financial statements

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

National currency of Ukraine is hryvnia (UAH). Therefore, the accounting currency for the purposes of given financial statements is hryvnia.

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.

These financial statements are presented in Euro. The Organization maintains its accounting records in Ukrainian hryvnya ("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;

- 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	NOK
31.12.2023	42,2079	37,9824	3,7489
31.12.2022	38,9510	36,5686	3,6917
Annual average NBU rate in 2023	39,5582	36,5738	3,4677

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 01.01.2023	42 996	7 093	1 205	51 294
Additions	8 352		748	9 100
Transfers				
Disposals	(476)			(476)
Effect of exchange rate changes				
Value as at 31.12.2023	50 872	7 093	1 953	59 918

	Equipment	office furniture and fittings	Others	Total
Depreciation				
Value as at 01.01.2023	35 492	7 093	1 205	43 790
Depreciation	6 529		748	7 277
Disposals	(476)			(476)
Effect of exchange rate changes	693			693
Value as at 31.12.2023	42 238	7 093	1 953	51 284
Net book value at 31.12.2023	8 634			8 634

5. Intangible Assets

	Intangible Assets	Total
Value as at 01.01.2023	5 615	5 615
Additions		
Transfers		
Disposals		
Effect of exchange rate changes		
Value as at 31.12.2023	5 615	5 615
Depreciation		
Value as at 01.01.2023	4502	4502
Depreciation	747	747
Disposals		
Effect of exchange rate changes	39	39
Value as at 31.12.2023	5288	5288
Net book value at 31.12.2023	327	327

6. Inventories

Materials		
Value as at 01.01.2023	38 544	38 544
Additions	90 916	90 916
Write off	(128 793)	(128 793)
Effect of exchange rate changes	(596)	(596)
Value as at 31.12.2023	71	71

7. Accrued grants income

As at 31 December accrued grant income included:

	2023	2022
CEE Bankwatch Network	6 327	9 769
Germanwatch		16 169
GREENPEACE	3 252	
Austausch e.V	4 174	13 869
NORDISK FOLKECENTER		1 136
LandMatrix		1 024
ECF	2 000	20
Total	15 753	41 987

8. Prepayments

As at 31 December prepayments included:

	2023	2022
Prepayments to suppliers for equipment and intangible assets		
Prepayments to suppliers for services	73 019	34 395
Total	73 019	34 395

9. Cash and cash equivalents

As at 31 December cash and cash equivalents included:

	2023	2022
Cash at banks and on hand in local currency	27 392	31 763
Cash at banks in foreign currency	362 770	193 820
Total	390 162	225 583

10. Other payable

	2023	2022
Reserve fund for anticipated expenses	81 505	40 365
Total	81 505	40 365

11. Other current liabilities (Deferred grants income)

	2023	2022
Ecoclub NGO	14 250	
Austausch e.V	6 683	
IRF		24 494
Norges naturvernforbung		10 437
SSNC	27 304	6 274
LandMatrix	67 415	
BUND	5 545	4 886
CAN		14 000
ECF	20 646	
EUROPEAN COMMISSION	105 638	112 357
Germanwatch	25 335	993
GREENPEACE	10 134	26 406
CEE Bankwatch Network	23454	
INFORSE	3 000	
Others		1 928
Total	309 404	201 775

12. Received from donors

Income:	2023	2022
BUND	126 604	68 091
Ecoclub NGO	15 214	
CEE Bankwatch Network	80 670	78 161
Austausch e.V	57 185	63 954
Germanwatch	152 069	112 777
CAN	8 000	16 000
Norges naturvernforbung	58 101	36 222
SSNC	132 157	114 164
GREENPEACE	94 427	139 500
IRF	39 307	56 956
Land matrix	117 093	43 762
NORDISK FOLKECENTER		3 986
Swedish Institute		6 750
ECF	50 327	
EUROPEAN COMMISSION	200 000	
Olin GmbH	15 062	
Others	16 009	38 826
Total:	1 162 225	779 149

13. Administrative expenses

	<u>2023</u>	<u>2022</u>
Salaries administrative staff	107 731	90 471
Consultants and External experts		
Office rent and maintenance, office expenses	34 840	33 431
Communications (phone, internet, postal)	545	678
Audits	3 620	1 994
Publications, web, promo, visibility		
Bank fees	4 420	6 236
Others	3 917	339
Total:	<u>155 073</u>	<u>133 149</u>

14. Expenses carrying out program (Euro)

No	Item Name	Total	CEE Bankwatch Network	CAN	Norges naturvern forbning	Green peace CEE	SSNC	Lend matrix	BUND	Austausch	ECF	EU	German watch	IRF	Olin	Others
----	-----------	-------	-----------------------------	-----	---------------------------------	-----------------------	------	----------------	------	-----------	-----	----	-----------------	-----	------	--------

1 Main costs:

1.1	Salaries-staff	439 930	42 140	15 030	21 497	58 995	57 249	35 748	35 070	21 076	15 473	64 682	41 932	12 900	10 050	8 088
1.2	Consultants and External experts	141 951	2 735		12 262	21 151	13 829	4 355	13 291	9 093		116	35 180	28 612		1 327
1.3	Travel	59 794	1 319	1 367	14 163	6 626	5 221	1 791	7 099	2 120	8 547	2 710	3 802	262		4 766
1.4	Events (meetings, trainings, conferences, street actions, etc.)	42 536			6 443	7 692	4 417		7 584	2 375	3 435	1 086	553	4 444		4 506
1.5	Publications, web, promo, visibility	13 498	106		3 475	3 607	1 196	673				159	237	3 157		889
1.6	Sub-grants to other NGOs, incl. partnership projects	159 672					7 750		40 151	919		110 853				
1.7	others	6 776				4 321										2 455
1.8	Office Equipment, office furniture and fittings, others	4 995			651		548		2 213				1 192	383		9

SubTotal		869 153	46 300	16 397	58 490	102 392	90 210	42 566	105 408	35 583	27 455	179 607	82 897	49 756	10 050	22 040
-----------------	--	---------	--------	--------	--------	---------	--------	--------	---------	--------	--------	---------	--------	--------	--------	--------


2 Administrative costs:

2.1	Salaries administrative staff	107 731	3 296	1 681	7 312	5 920	13 725	4 077	15 087	1 978	3 835	16 737	18 887	10 242	4 954	
2.2	Office rent and maintenance, office expenses	34 840	3 719	74	1 627	4 419	5 052		4 375	2 924	141	5 309	4 212	2 987		2
2.3	Audits	3 620			501		877					877	1 366			
2.4	Communications (phone, internet, postal)	545	77				45		212	128		48	33			1
2.5	Bank fees	4 420	240	94	214	295	714	134	864	144	270	757	422	128	50	96
2.6	others	3 735			2 408							205	1 122			
2.7	Travel	182	125					58								

SubTotal		155 073	7 457	1 850	12 062	10 633	20 413	4 269	20 538	5 174	4 245	23 931	26 042	13 356	5 004	99
-----------------	--	---------	-------	-------	--------	--------	--------	-------	--------	-------	-------	--------	--------	--------	-------	----

Total		1 024 226	53 756	18 247	70 552	113 026	110 623	46 835	125 946	40 758	31 701	203 539	108 939	63 112	15 054	22 139
--------------	--	-----------	--------	--------	--------	---------	---------	--------	---------	--------	--------	---------	---------	--------	--------	--------

Executive Director



Olexi Pasyuk

Chief Accountant



Svitlana Korobova