

NGO “Centre of Environmental Initiatives “Ecoaction”

Financial Statements

As at 31 December 2018

Together with Independent Auditor’s Report

NGO “Centre of Environmental Initiatives “Ecoaction”
IFRS Financial Statements
As at 31 December 2018 and for the year then ended

Contents:

Independent Auditor’s report 2018	3
Balance sheet as at 31 December 2018	4
Income statement for 2018	5
Cash flow statement for 2018	6
Statement of changes in capital and reserves for 2018	7
Notes to the financial statements	
1. Background	8
2. Basis for preparation of financial statements	11
3. Key accounting judgments, estimates and assumptions and basic accounting policies	11
4. Property, plant and equipment	14
5. Intangible assets.....	14
6. Inventories	15
7. Accrued grants income	15
8. Prepayments	15
9. Cash and cash equivalents	15
10. Other payable	15
11. Other current liabilities (Deferred grants income).....	16
12. Received from donors	16
13. Administrative expenses	16
14. Expenses of carrying out programs	17



Audit firm «Sonar»
pr. Bazhana 16, app. 321
02140, Kyiv, Ukraine
Tel./Fax: +380(44)501-86-08,
E-mail: sonar@afsonar.kiev.ua

Independent Auditor's Report

To the Board of
NGO «Centre for environmental initiatives «Ecoaction»
52-A, Saksaganskogo street, Kyiv 01033, Ukraine

Opinion

We have audited the financial statements of NGO «Centre for environmental initiatives «Ecoaction» (the Organization), which comprise the balance sheet as at December 31, 2018, and the related statement of income, statement of changes in capital and reserves, and 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 present fairly, in all material respects, the financial position of **NGO «Centre for environmental initiatives «Ecoaction»** as at December 31, 2018, and the results of its financial performance and its cash flows for the year then ended in conformity 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is K.P. Naumenko

Director of the «Audit Firm «Sonar»



K.P. Naumenko
2019, May 29

NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2018
(in Euro)

Balance sheet as at December 31, 2018

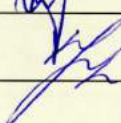
Assets	Notes	2018	2017
Non-current assets			
Property, plant and equipment	4	18 124	4 190
Intangible Assets	5	486	
Total Non-current assets		18 610	4 190
Current assets			
Inventories	6	1 020	637
Accrued grants income	7	26 258	18 924
Prepayments	8	8 320	3 559
Other current assets		31	13
Cash at bank and on hand	9	24 844	10 473
Total Current assets		60 473	33 606
Total Assets		79 083	37 796
Equity and liabilities			
Equity			
Property fund		18 498	4 190
Project fund		3 727	3731
Provision for foreign currency translation		111	(420)
Total Equity		22 336	7 501
Current liabilities			
Payable		6	124
Other payable	10	8 555	5 185
Other current liabilities (Deferred grants income)	11	48 186	24 986
Total Current liabilities		56 747	30 295
Total Equity and liabilities		79 083	37 796

Executive Director



Iryna Stavchuk

Chief Accountant




Svitlana Korobova

NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2018
(in Euro)

Income statement for 2018


	Notes	2018	2017
INCOME:			
Grants			
Received from donors	12	440 005	170 599
Deferred in the previous year		24 986	
Deferred to the next year		(48 186)	(24 986)
Accrued income on grants in the previous year		(18 924)	
Accrued income on grants in the current year		26 258	18 924
% Bank		2	
Realized exchange gain			
Foreign exchange gain			1 966
TOTAL INCOME		424 141	166 503
EXPENSES:			
Foreign exchange loss		(681)	
Exchange difference		(533)	(279)
Administrative expenses	13	(100 190)	(35 755)
Expenses of carrying out programs	14	(301 372)	(119 958)
TOTAL EXPENSES:		(402 776)	(155 992)
The (deficit)/surplus for the year		21 365	10 511
Balance at the beginning		3 731	
Transfer to Property Fund		(21 280)	(6 074)
Balance at the end		3 816	4 437
Exchange income arising from translation income statement account at average rate rather than closing rate		(89)	(706)
Balance at 31 December (at closing exchange rate)		3 727	3 731

Executive Director



Iryna Stavchuk

Chief Accountant



Svitlana Korobova

NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2018
(in Euro)


Cash flow statement for 2018		
	2018	2017
Cash flow from operating activities		
The (deficit)/surplus for the year	21 365	10 511
Adjustment for:		
Depreciation for the year		
accrued interest of the bank		
Decrease (Increase) in accrued grant income	(7 334)	(18 924)
Increase (Decrease) in deferred grant income	23 200	24 986
Working capital adjustments:		
Decrease (Increase) in account of inventories	(383)	(637)
Decrease (Increase) in accounts prepayments	(4 761)	(3 559)
Decrease (Increase) in accounts other current assets	(18)	(13)
Increase (Decrease) in accounts payable	(118)	124
Increase (Decrease) in account other payable	3 370	5 185
Bank interest received		
Cash generated from operating activities	35 321	19 557
Net Cash flow from operating activities	35 321	19 557
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(21 280)	(6 074)
Net cash flow from investing activities	(21 280)	(6 074)
Effect of foreign exchange rate change on cash and cash equivalents	330	(1 126)
Net change in cash and cash equivalents	14 371	10 473
Cash and cash equivalents at beginning of the year	10 473	
Cash and cash equivalents at the year end	24 844	10 473

Executive Director



Iryna Stavchuk

Chief Accountant



Svitlana Korobova


NGO "Centre of Environmental Initiatives "Ecoaction"
IFRS Financial Statements
For the year ended December 31, 2018
(in Euro)

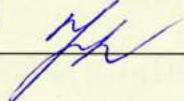
Statement of changes in capital and reserves for 2018

	Property Fund	Project Fund	Provision for foreign currency translation	Total
Balance at 31 December 2017	4 190	3 731	(420)	7 501
The surplus for the year		21 365		21 365
Transfer to property fund	21 280	(21 280)		
Depreciation for the year	(6 860)			(8 376)
Balance at 31 December 2018	18 610	3 816		22 006
Exchange gain arising from translation income statement account at average rate rather than closing rate	(112)	(89)	531	330
Balance at 31 December 2018 (at closing exchange rate)	18 498	3 727	111	22 336

Executive Director

Chief Accountant



Iryna Stavchuk


Svitlana Korobova

NGO “Centre of Environmental Initiatives “Ecoaction”
IFRS Financial Statements
For the year ended December 31, 2018
(in Euro)

Notes to financial statements

1. Background

NGO “Centre of Environmental Initiatives “Ecoaction” (Ecoaction) is a non-governmental not-for-profit organization created in 2017. Ecoaction consolidates individuals for common action to protect the environment.

Ecoaction works to bring environmental consideration into the core of any decision. We aim to bring concerns of local population and experts to the politicians, to redesign strategies and projects. We work both to save nature, by maintaining and creating new protected areas, and to decrease human impact on environment, through policy changes in energy and transport sectors.

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 donations from individual Ecoaction supporters.

Ecoaction is working in such major directions:

Energy

Ecoaction is trying to redirect the energy policy of Ukraine away from intensive coal and nuclear energy development to energy efficient economy and alternative energy sources. Ecoaction is working with politicians and officials educating them about the new approaches of energy sector management. Ecoaction conducted a comprehensive research on the risks for construction of 2 new nuclear power plants at Khmelnytskyi NPP and communicated the risks to the media with 9 articles and blogs.

In 2018 Ecoaction continued to work on promoting in Ukraine the energy transition to a sustainable renewable energy system: by organizing and participation at public events (Ability Solar in Kyiv, Atlas Weekend, public lecture by Stephan Singer), holding the coordination meetings of NGOs working in this field, development of media portal on energy transition in Ukraine, research on potential of schools to install renewable energy and connect to the green tariff system.

In 2018 Ecoaction initiated and coordinated development of the coalition network among Ukrainian non-governmental organizations and business associations promoting transition to 100% renewable

energy. There were a number of meetings, development of joint vision for work and theory of change, design of the web-platform and logo, production of articles and video.

Climate change

On National climate policy Ecoaction has provided comments and has been participating in the public discussions of the National Low Carbon Development Strategy by 2050, Low on monitoring, reporting and verification of GHG emissions and other documents. For the last few year we have been communicating to the MEP and media on the need to increase national climate change goals and in 2018 at UNFCCC negotiation the Minister of Environment has announced the official process to review and increase climate change target of the country to Paris Agreement. Transport strategy of Ukraine by 2030 includes Ecoaction's comments.

Ecoaction has developed a briefing to Parliamentarians on climate change challenges and necessary policies, which was presented at Verkhovna rada in July 2018 by executive director.

Ecoaction in cooperation with ukrainian scientists developed a unique study "The water is close. Increase in the sea level in Ukraine due to climate change". It analyses impacts on lands at the risk of flooding, infrastructure objects, industries, residential houses, hazardous objects and areas of protected nature reserves.

In 2018 Ecoaction has initiated work on transformation of Donbass region from coal-mining dependency. We have organized several study trips for Ukrainian journalists and representatives from the municipalities to Germany to learn about their experience on transformation of coal mining regions, major challenges and successes.

Ecoaction has run massive campaign and petition "Free lane!" with the goal to increase control of police on the public bus lanes in Kyiv. The petition collected 1500 signatures, a number of media materials have been developed and an action in front of Ministry of internal Affairs organized.

Agriculture

Ecoaction continues to support local communities from three oblasts (Vinnytsya, Cherkasy and Ivano-Frankivsk) on defending their rights for safe environment. Ecoaction has organized a media briefing with local activists and deputy Sergiy Leshchenko in the Parliament of Ukraine. The court cases against local activists were closed.

Ecoaction developed a research paper on the implementation of the EU directives and standards in agriculture. Based on it we have prepared comments to the drafts of national legislation.

Ecoaction assisted in documenting and preparing of the complaint to MHP through the EBRD complaint mechanism, which was submitted in June 2018. The investigation process has started with independent mediator and is still going on. Ecoaction supports local activists in preparations to the meetings and overall process of negotiations with 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 institution 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, organisation has been contributing to the discussion on the land ownership in Ukraine with the public events and media publications.

In 2018 Ecoaction for the second time organized a competition “A postcard from the village” to promote rural development and raise issue of environmental pollution from industrial agriculture.

Air protection:

In 2018 Ecoaction has started to work on the issue of industrial air pollution. Over the year we have built informal coalition with local activists in industrially polluted cities, organized local workshops and round tables on air pollution monitoring and policies, jointly with Czech scientists organized independent testing of sand and eggs for pollutants and presented results to the media, developed a research on the current state of Ukrainian policies on industrial air pollution and implementation of EU directives.

Multilateral Development Banks: Ecoaction is monitoring the activities of development banks (such as EBRD, EIB, World Bank, etc) in Ukraine to prevent the negative impacts of their projects on environment and local people. We believe that tax-payers money must not be used to harm the society.

Ecoaction is a member of CEE Bankwatch Network, NGO Working Group on climate change, Climate Action Network International, Transport and Environment, INFORSE.

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 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;
- 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
31.12.2018	31,714138	27,688264	1,230279	3,179745
31.12.2017	33,495424	28,067223		
Annual average NBU rate in 2018	32,142915	27,200492	1,253877	3,347594

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 01.01.2018	6074	0	0	6074
Additions	14219	6190	358	20767
Transfers				
Disposals				
Effect of exchange rate changes				
Value as at 31.12.2018	20293	6190	358	26841

	Equipment	office furniture and fittings	Others	Total
Value as at 01.01.2018	1884	0	0	1884
Depreciation	3482	3190	161	6833
Disposals				
Effect of exchange rate changes				
Value as at 31.12.2018	5366	3190	161	8717
Net book value at 31.12.2018	14927	3000	197	18124

5. Intangible Assets

	Intangible Assets	Total
Value as at 01.01.2018		
Additions	513	513
Transfers		
Disposals		
Effect of exchange rate changes		
Value as at 31.12.2018	513	513
	Intangible Assets	Total
Value as at 01.01.2018		
Depreciation	27	27
Disposals		
Effect of exchange rate changes		

Value as at 31.12.2018	27	27
Net book value at 31.12.2018	486	486

6. Inventories

Brochures		
Value as at 01.01.2018	637	637
Additions	6457	6457
Write off	(6114)	(6114)
Effect of exchange rate changes	40	40
Value as at 31.12.2018	1 020	1 020

7. Accrued grants income

As at 31 December accrued grant income included:

	2018	2017
Arnika	1 452	3 255
CEE Bankwatch Network	12 163	6 905
Germanwatch	5 488	1 847
Lend matrix		6 917
Norges naturvernforbning	5 225	
BUND	1	
DRA	1 929	
Total	26 258	18 924

8. Prepayments

As at 31 December prepayments included:

	2018	2017
Prepayments to suppliers for equipment and intangible assets		
Prepayments to suppliers for services	8 320	3 559
Total	8 320	3 559

9. Cash and cash equivalents

As at 31 December cash and cash equivalents included:

	2018	2017
Cash at banks and on hand in local currency	5 391	1 473
Cash at banks in foreign currency	19 453	9 000
Total	24 844	10 473

10. Other payable

	2018	2017
Reserve fund for anticipated expenses	8 555	5185

Total	8 555	5185
--------------	--------------	-------------

11. Other current liabilities (Deferred grants income)

	2018	2017
DRA		8 120
Germanwatch		335
GGF	349	2 868
Norges naturvernforbning		3 660
SSNC	4 496	10 003
SEE	2 065	
MOTT Foundations	41 276	
Total	48 186	24 986

12. Received from donors

Income:	2018	2017
Arnika	20 414	21 871
BUND	40 610	1 000
CEE Bankwatch Network	27 787	20 289
DRA	21 250	23 278
Germanwatch	59 123	3 184
GGF		4 432
Norges naturvernforbning	24 971	32 065
SEE	2 539	
SSNC	133 572	49 415
Boell Foundation	17 359	4 150
Friends of the Earth Europe		445
Lend matrix	28 277	10 058
MOTT Foundations	63 468	
Other	635	412
Total:	440 005	170 599

13. Administrative expenses

	2018	2017
Salaries administrative staff	54 005	17 222
Consultants and External experts	11 096	
Office rent and maintenance, office expences	27 060	15 152
Communications (phone, internet, postal)	1 175	522
Maintenance		319
General assembly, retreats, planing sessions	1 136	1 118
Audits	1 864	299
Foreign currency translation difference	660	
Bank fees	3 194	1 123
Total:	100 190	35 755