



**Charitable Organisation “Foundation of Olena Pinchuk “ANTI AIDS”**

**Statement of Cash Receipts and Disbursements**

*For the year ended 31 December 2010 and  
cumulative as at that date  
with Independent Auditors’ Report*

Ernst & Young

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## INDEPENDENT AUDITORS' REPORT

To Management and Founders of  
Charitable Organisation "Foundation of Olena Pinchuk "ANTIAIDS"

We have audited the accompanying statement of cash receipts and disbursements of Charitable Organisation "Foundation of Olena Pinchuk "ANTIAIDS" (referred to as "the Foundation") for the year ended 31 December 2010 and cumulative as at that date, and a summary of significant accounting policies and other explanatory information ("the Statement"). The Statement has been prepared by management of the Foundation using the cash receipts and disbursement basis of accounting described in Note 2.

### **Management responsibility for the Statement**

Management is responsible for the preparation and fair presentation of this Statement in accordance with the cash receipts and disbursements basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the Statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the Statement 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the Statement presents fairly, in all material respects, the cash receipts and disbursements of the Foundation for the year ended 31 December 2010 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.

### **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 2 to the Statement, which describes the basis of accounting. The Statement is prepared to provide information to the founders and management of the Foundation. As a result, the Statement may not be suitable for another purpose.



31 August 2011



Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"

Statement of Cash Receipts and Disbursements  
For the year ended 31 December 2010 (in US dollars)

	Notes	2010	2009	Cumulative from commencement to 31 December 2010
Cash balance as at 01 January		7,679	15,389	-
<b>CASH RECEIPTS COLLECTED:</b>	<b>3</b>	<b>2,335,464</b>	<b>1,529,596</b>	<b>9,795,644</b>
<b>EXPENSES PAID:</b>				
Informational and educational campaigns on HIV/AIDS		(549,789)	(173,905)	(3,235,602)
Material aid paid to people with HIV/AIDS, medical establishments and orphanages		(363,787)	(646,957)	(2,792,061)
International co-operation		(705,070)	(500,243)	(2,346,040)
<b>ADMINISTRATIVE EXPENSES</b>	<b>4</b>	<b>(278,695)</b>	<b>(213,977)</b>	<b>(902,017)</b>
Foreign exchange and translation differences		3,945	(2,224)	(70,177)
<b>TOTAL EXPENSES</b>		<b>(1,893,396)</b>	<b>(1,537,306)</b>	<b>(9,345,897)</b>
Cash balance as at 31 December		449,747	7,679	449,747

Signed and authorized for release on behalf of the Foundation on 31 August 2011:



*Olga Rudneva* Olga Rudneva

*Lilia Dzyadyk* Lilia Dzyadyk

The accompanying notes are an integral part of this statement



## Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"

### Notes to the Statement of Cash Receipts and Disbursements

For the year ended 31 December 2010 (in US dollars)

#### 1. General Information

The Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS" ("the Foundation") was founded by Mrs. Olena Pinchuk, a Ukrainian citizen, jointly with two other Ukrainian individuals in September 2003. The registered office of the Foundation is located at 2, Mechnikova Street, Kyiv, Ukraine.

The goals of the Foundation as stated in its founding documents are to combat the HIV/AIDS epidemic in Ukraine, to reduce its escalation, to support people living with HIV/AIDS by improving their quality of life, and to bring to Ukraine the best international experience in combating HIV/AIDS.

The Foundation's projects implemented during 2003-2010 were mainly focused on the following main areas:

- Informational and educational campaigns;
- Support to people with HIV/AIDS, medical establishments and orphanages;
- International co-operation.

International co-operation mainly related to the Foundation's participation in the joint project with the Clinton Foundation, which aim is to increase access to HIV/AIDS treatment in Ukraine, to reduce the risk of HIV transmission among non-injecting drug users, and finally, to cut down the number of AIDS related deaths. Main directions of the project are: rapid HIV/AIDS testing and identifying new cases of HIV infection; training, mentoring, consulting and support for health care providers of various qualification levels; comprehensive drug treatment and substitution therapy for injecting drug users; improvement of existing drug procurement system. The project is designed for 5 years. The first stage started in 2007 in Dnepropetrovsk region – the region with one of the highest HIV/AIDS rates in Ukraine.

#### 2. Summary of Significant Accounting Policies

##### ***Basis of accounting***

The Foundation's statement of cash receipts and disbursements (the "statement") is prepared on the cash receipts and disbursements basis, which represents other comprehensive basis of accounting, and is not intended to be a presentation in conformity with International Financial Reporting Standards or any other generally accepted accounting principles in other countries, including Ukraine, where the Foundation is registered. On this basis, donations and other cash collections are recognised when received, and expenses are recognized when paid rather than when incurred.

The Foundation prepares and files its statements for the tax and other statutory reporting purpose on the basis of the statutory accounting records maintained by the Foundation.

##### ***Foreign Currencies***

The presentation currency for the purpose of this statement of cash receipts and disbursements is the United States dollar ("US dollar"). The functional currency of the Foundation is the national currency of Ukraine, the Hryvnia ("UAH"). Accordingly, transactions included in the statement of cash receipts and disbursements that were not already measured in US dollars (primarily UAH) have been re-measured into US dollars using the official exchange rate established by the National Bank of Ukraine as at the transactions' occurrence dates. The remaining cash balance as at the reporting dates is translated into the presentation currency using the closing exchange rate at the reporting date (7.962 UAH for 1 US dollar as at 31 December 2010 (2009: 7.985 UAH for 1 US dollar)).

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBU exchange rate on the date of the transaction are also included in gains/losses from foreign currencies.



## Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"

### Notes to the Statement of Cash Receipts and Disbursements

For the year ended 31 December 2010 (in US dollars)

#### 3. Cash Receipts Collected

Cash receipts collected by the Foundation include the following:

	2010	2009	Cumulative from commencement to 31 December 2010
Contributions received from legal entities, including the founders' affiliates	1,832,520	1,351,778	8,105,587
Contributions received from founders and other individuals	498,525	177,432	1,660,090
Founders' contributions to the Charter Fund	-	-	10,010
Bank interest	4,419	386	19,957
	<b>2,335,464</b>	<b>1,529,596</b>	<b>9,795,644</b>

#### 4. Administrative Expenses

Administrative expenses represent cash disbursements related to general management of the projects and arrangement of the Foundation's activities. They primarily comprise of the Foundation's employees salaries and related taxes and office rental expenses.

#### 5. Operating Environment and Economic Conditions

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets, high inflation and the existence of currency controls which cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government's policies and actions with regard to administrative, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets.

While the Foundation is not-for-profit organization, the above risks relating to general economic environment in Ukraine and the regulatory framework may affect the Foundation's activities in a manner not currently determinable or predictable

#### 6. Tax and Other Regulatory Compliance Risks

The Foundation has the status of non-for-profit organization and it is generally exempt from the income tax and other taxes, which would otherwise be applicable to its activity, including passive income earned, subject to its continued compliance with this status.

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

#### 7. Commitments and Contingencies

##### *Legal*

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



**Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"**

**Notes to the Statement of Cash Receipts and Disbursements**

*For the year ended 31 December 2010 (in US dollars)*

*Appropriation of donations*

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

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