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AUDITOR’S OPINION
(INDEPENDENT AUDITOR’S REPORT)
on the expenditures of the Charitable Foundation “City of Goodness”
as of December 31, 2021.

TO THE CHAIR OF THE BOARD

We have performed the procedures agreed with you and listed below and conducted an audit of the expenditures of the Charitable Foundation “City of Goodness” as of December 31, 2021 (hereinafter referred to as the “Charitable Foundation”), which comprises the Balance Sheet (Statement of Financial Position) as of December 31, 2021, and the Statement of Financial Results (Statement of Comprehensive Income) for the year 2021.

Our engagement was carried out in accordance with International Standard on Related Services (ISRS) 4400, “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information,” which applies to agreed-upon procedures engagements. The procedures were performed solely to assist you in assessing the reliability of the expenditures recorded in the accounting registers and presented in the Charitable Foundation’s financial statements for 2021.

In our opinion, the expenditures presented in the accompanying financial statements are fairly stated as of December 31, 2021, for the year then ended, in accordance with the National Accounting Regulations (Standards) of Ukraine (NAS) and the current legislation of Ukraine.

Prior to the preparation of the annual financial statements, the Charitable Foundation conducted an inventory of assets in order to ensure the reliability of accounting data, in accordance with the Regulation on the Inventory of Assets and Liabilities, approved by Order of the Ministry of Finance of Ukraine No. 879 dated September 2, 2014 (as amended). The auditors did not observe the inventory of assets which, according to the above Regulation, should be conducted before the preparation of the annual financial statements, since we were appointed as auditors of the Charitable Foundation after December 31, 2021.

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the section “Auditor’s Responsibility for the Audit of Selected Items of the Financial Statements” of this Auditor’s Opinion (Independent Auditor’s Report). We are independent of the Charitable Foundation “City of Goodness” in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements applicable in Ukraine to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the expenditures presented in the financial statements for the

current period. These matters were addressed in the context of our audit of the Charitable Foundation's financial statements as a whole and in forming our opinion thereon; however, we do not express a separate opinion on these matters.

In addition to the matters described in this report, we determined that there are no other key audit matters that should be communicated in our Auditor's Opinion (Independent Auditor's Report).

The management of the Charitable Foundation "City of Goodness" is responsible for the other information prepared for the year ended December 31, 2021.

Our opinion regarding the completeness of the expenditures presented in the Charitable Foundation's financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the reliability of the Charitable Foundation's expenditures, our responsibility is to read the other information identified above and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements of expenditures or our knowledge obtained during the audit, or whether the other information otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of such other information, we are required to report that fact.

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

Management is responsible for the fair presentation of expenditures in the financial statements, which provide a true and unbiased view in accordance with the National Accounting Regulations (Standards) of Ukraine (NAS) and the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996-XIV dated July 16, 1999, 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 ability of the Charitable Foundation to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern assumption as the basis of accounting, unless management either intends to liquidate the Charitable Foundation or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process regarding the expenditures of the Charitable Foundation.

Auditor's Responsibilities for the Audit of Expenditures Presented in the Financial Statements

Our objectives are to obtain reasonable assurance that the amount of expenditures presented in the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an Auditor's Opinion (Independent 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 International Standards on Auditing (ISA) will always detect a material misstatement when it exists.

Misstatements may 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.

In performing an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- identify and assess the risks of material misstatement of the financial statements 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 internal control system;
- 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 assumption as the basis for accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charitable Foundation's ability to continue as a going concern. If we conclude that such a material uncertainty exists, we are required to draw attention in our Auditor's Opinion (Independent 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 Opinion (Independent Auditor's Report). However, future events or conditions may cause the Charitable Foundation 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.

Our conclusions are based on the audit evidence obtained up to the date of the Auditor's Opinion (Independent Auditor's Report).

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

Audit Assessments

We performed our audit of expenditures by determining materiality and assessing the risks of material misstatement in the financial statements. The identification and assessment of risks of material misstatement were carried out at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures. In identifying the risks of material misstatement in the financial statements, we applied professional skepticism.

Risks at the financial statement level may arise, in particular, due to deficiencies in the control environment, including insufficient competence of management, lack of oversight over the preparation of financial statements, management override of internal controls, or a tendency toward misappropriation of assets. Based on the information obtained during the risk assessment procedures at the financial statement level, including audit evidence gathered while evaluating the design of control measures and determining whether they had been implemented, we did not identify the above-mentioned risks that would lead to a modification of our opinion.

Risks at the assertion level regarding classes of transactions and events, as well as related disclosures during the audit period, can be described as follows:

- **Occurrence** – transactions and events that have been recorded or disclosed actually took place and relate to the Charitable Foundation;
- **Completeness** – all transactions and events that should have been recorded were recorded, and all related disclosures required to be included in the financial statements were included;
- **Accuracy** – amounts and other data relating to recorded transactions and events were recorded correctly, and related disclosures were appropriately measured and presented;
- **Cut-off** – transactions and events were recorded in the correct accounting period;
- **Classification** – transactions and events were recorded in the appropriate accounts;
- **Presentation** – transactions and events were appropriately aggregated or disaggregated and clearly presented, and related disclosures are relevant and understandable within the context of the applicable financial reporting framework.

During the audit, we did not identify risks at the assertion level relating to classes of transactions and events that would lead to a modification of our opinion.

Risks at the assertion level regarding account balances and related disclosures at the end of the reporting period were assessed as follows:

- **Existence** – assets exist;
- **Rights and obligations** – the Charitable Foundation holds or controls the rights to its assets;
- **Completeness** – all assets that should have been recorded were recorded, and all related disclosures required to be included in the financial statements were included;
- **Accuracy, valuation, and allocation** – assets are included in the financial statements at appropriate amounts, all related valuation or allocation adjustments have been properly recorded, and related disclosures have been appropriately measured and presented;
- **Classification** – assets have been recorded in the appropriate accounts;
- **Presentation** – assets are appropriately aggregated or disaggregated and clearly presented, and related disclosures are relevant and understandable within the context of the applicable financial reporting framework.

During the audit, we identified the following risks at the assertion level regarding account balances at the end of the reporting period.

Explanation of the Effectiveness of the Audit in Detecting Violations, Including Those Related to Fraud

The identification and assessment of the risks of material misstatement of expenditures presented in the financial statements due to fraud were carried out in accordance with ISA 240 “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements.” The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In performing risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including its internal control, as required by ISA 315 “Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment,” we carried out procedures to assess the condition of the internal control system of the Charitable Foundation.

The internal control system is designed to prevent, detect, and correct material errors, ensure the protection and safeguarding of assets, and ensure the completeness and accuracy of accounting documentation. It includes both administrative and accounting controls. Accounting control ensures the safeguarding of the Charitable Foundation's assets and the reliability of reporting and includes preliminary, primary (current), and subsequent control procedures. Based on the above assessment, we concluded that the internal control procedures of the Charitable Foundation are adequate.

We submitted inquiries to management who, in our opinion, may possess information that could help identify risks of material misstatement due to fraud or error. We performed analytical procedures, including substantive procedures using detailed data, observation, and other audit techniques. We obtained an understanding of external factors, the activities of the Charitable Foundation, its ownership structure, the structure and method of financing, accounting policies, objectives and strategies, and related business risks, as well as evaluations and reviews of financial performance.

In assessing the risks of material misstatement due to fraud, we applied our professional judgment. During the audit procedures, we obtained an understanding of the control system designed and implemented by the management of the Charitable Foundation to prevent and detect fraud.

During the audit, we did not identify any facts or allegations of fraud that would require our attention. In our opinion, the control measures applied and maintained by the management of the Charitable Foundation to prevent and detect fraud are appropriate and effective.

Explanation of the Scope of the Audit and the Inherent Limitations of an Audit

An audit involves performing audit procedures to obtain audit evidence regarding the amounts and disclosures in the financial statements. The selection of procedures depends on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements due to fraud or error. In assessing these risks, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements by the Charitable Foundation 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 Charitable Foundation's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by management, and the overall presentation of the financial statements.

Due to the inherent limitations of an audit, arising from the nature of the presentation of the Charitable Foundation's expenditures in the financial statements, the nature of audit procedures, the requirement that the audit be conducted within a reasonable time and at a reasonable cost, as well as limitations inherent in internal control, there is an unavoidable risk that some material misstatements of expenditures in the financial statements may not be detected even if the audit is properly planned and performed in accordance with ISA.

We verified the consistency of expenditure data presented in the Statement of Financial Results, the general ledger, and the analytical accounting records of the Charitable Foundation "City of Goodness" for the year ended December 31, 2021. No discrepancies were identified during the verification. During the period under review, the Charitable Foundation adhered to its selected accounting policies and ensured their consistency.

During the audit, the auditors did not identify any facts indicating that the expenditures of the Charitable Foundation "City of Goodness" for 2021 were prepared based on unreliable or incomplete information regarding the financial and economic activities of the foundation.

For 2021, the expenditures of the Charitable Foundation amounted to UAH 861.8 thousand.

GENERAL INFORMATION ABOUT THE AUDIT FIRM

Full Legal Name of the Entity	Limited Liability Company Audit Firm "West Audit"
Identification Code	22843466
Registered Address, Telephone, E-mail	92H Nezalezhnosti Avenue, Chernivtsi, 58029, Ukraine; Mobile: +380 50 690 7770; E-mail: west.audit@email.ua
Registration Details	The business entity was registered by the Executive Committee of the Chernivtsi City Council of People's Deputies on November 29, 1994, in the Unified State Register of Legal Entities and Individual Entrepreneurs, registration No. 1 404 120 0000 000125
Registration Number of the Audit Firm in the Register of Auditors and Audit Entities	LLC Audit Firm "West Audit" was included in the Register of Auditors and Audit Entities No. 166/5 dated September 28, 2006
Director	Ivan Yaroslavovych Kukul, listed in the Register of Auditors and Audit Entities, Section 1 "Auditors"

