

NGO Anti-Corruption Action Center (AntAC)

Project #TF0B2997

***Statement of Sources and Uses of Funds for the period
from 12 June 2020 till 31 December 2021
together with Independent Auditor's Report***

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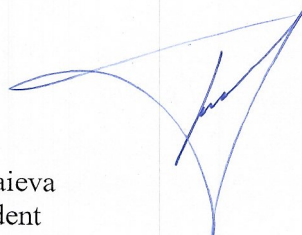
13 February 2023

Dear Ms. Kaleniuk,

Pursuant to the terms of the contract ANTAC-LCS-C-01 dated 19 December 2022 signed between the NGO Anti-Corruption Action Center and "RSM UKRAINE" LLC, we are providing you with our Independent Auditor's Report on the accompanying the Statement of Sources and Uses of Funds of the Empowering Civil Society and Journalists in Oversight and Promotion of Effective Anti-Corruption Environment Project for the period from 12 June 2020 till 31 December 2021.

Sincerely,

Olga Poldiaieva
Vice-President



INDEPENDENT AUDITOR'S REPORT

*To the management of
NGO Anti-Corruption Action Center*

Opinion

We have audited the accompanied Statement of Sources and Uses of Funds of the Empowering Civil Society and Journalists in Oversight and Promotion of Effective Anti-Corruption Environment Project (hereinafter – the Project), implemented by the NGO Anti-Corruption Action Center, a Civil Society Organization with legal personality duly registered in the public registry of civil associations of Ukraine (hereinafter – the Organization) for the period from 12 June 2020 till 31 December 2021, and notes thereto, which comprise a summary of significant accounting policies and other explanatory information (together “the Statement of Sources and Uses of Funds”). The Statement of Sources and Uses of Funds has been prepared by the management using the cash receipts and disbursements basis of accounting described in Note 3 to the Statement of Sources and Uses of Funds.

In our opinion, the Statement of Sources and Uses of Funds for the period from 12 June 2020 till 31 December 2021 is prepared in all material respects in accordance with the requirements of the International Bank for Reconstruction and Development (hereinafter – the IBRD), the Letter Agreement for GPSA Trust Fund Grant No. TF0B2997 dated 12 June 2020, as well as the IBRD Guidelines and the GPSA Operational Manual approved by the IBRD.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – ISAs). Our responsibilities according to those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement of Sources and Use of Funds* section of our report.

We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (hereinafter – IESBA Code) together with ethical requirements that are relevant to our audit of the Statement of Sources and Uses of Funds, 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 opinion.

Significant uncertainty regarding going concern

We bring to your attention Note 8 to the Statement of Sources and Use of Funds, which states that Russian Federation launched invasion of the territory of Ukraine. Military actions may significantly impact the economic situation in Ukraine and their consequences cannot be assessed with sufficient level of predictability. Having analysed the present internal, economic, and military factors of uncertainty and considering their possible impact, the management of the Organization concluded that assumptions regarding going concern of

the Project is a subject of significant uncertainty caused by the military aggression of Russian Federation against Ukraine.

Emphasis of Matter – Basis for Accounting and Limitations to Distribute and Use

We bring to your attention Note 3 to the Statement of Sources and Use of Funds, which describes cash principle of receipts and disbursements as the comprehensive basis for accounting, other than accounting principles generally applied in Ukraine. The Statement of Sources and Use of Funds was prepared with the purpose to assist in the Organization's compliance with the IBRD requirements and in accordance with the Letter Agreement for GPSA Trust Fund Grant No. TF0B2997 dated 12 June 2020, the IBRD Guidelines and the GPSA Operational Manual approved by the IBRD, as stated above. Therefore, the Statement of Sources and Use of Funds may not be suitable for other purposes. Our Independent Auditor's Report is solely aimed for the Organization and the IBRD and shall not be distributed or used otherwise. Our opinion was not modified with regard to this matter.

Responsibilities of Management and Those Charged with Governance for the Statement of Sources and Use of Funds

Management is responsible for the preparation and fair presentation of the Statement of Sources and Uses of Funds in accordance with the accounting basis of cash receipts and disbursements described in Note 3 to the Statement of Sources and Uses of Funds, for determining acceptability of this basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the Statement of Sources and Uses of Funds that is free from material misstatement, whether due to fraud or error.

In preparing the Statement of Sources and Uses of Funds, the management of the Organization is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matter 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 Statement of Sources and Uses of Funds

Our objectives are to obtain reasonable assurance about whether the Statement of Sources and Uses of Funds as a whole is 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 this Statement of Sources and Uses of Funds.

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

- Identify and assess the risks of material misstatement of the Statement of Sources and Uses of Funds, 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 of the Organization;
- Conclude on the appropriateness of the Organization 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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement of Sources and Uses of Funds 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 to those charged with governance information on 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.

Vice-president



Olga Poldiaieva

Registration number
in the Register of Auditors and Audit Entities – 100721
37/19 Donetska Str., Kyiv, Ukraine
13 February 2023

Statement of Sources and Uses of Funds
for the period from 12 June 2020 till 31 December 2021

<i>(in US dollars)</i>	<i>Note</i>	01 January 2021 - 31 December 2021	12 June 2020 - 31 December 2020	Cumulative
Opening balance of cash and cash equivalents		2,610	-	-
Financing received				
Grant Funds of the IBRD	5	180,000	30,000	210,000
Co-financing	5	-	-	-
Total financing	5	180,000	30,000	210,000
Project expenditures				
Component/Category 1	6	41,701	17,700	59,401
Component/Category 2	6	55,444	4,124	59,568
Component/Category 3	6	57,715	5,566	63,281
Total project expenditures	6	154,860	27,390	182,250
Closing balance of cash and cash equivalents		27,750	2,610	27,750

The Statement of Sources and Uses of Funds is to be read in conjunction with the notes set out on pages 8-12.

Executive Director

Daria Kaleniuk

Chief Accountant

Anna Trosenko



Notes to the Statement of Sources and Uses of Funds for the period from 12 June 2020 till 31 December 2021

1. Background

On June 12, 2020, the International Bank for Reconstruction and Development ("IBRD") acting as administrator of grant funds provided by multiple donors ("Donors") under the Global Partnership for Social Accountability ("GPSA") Multi Donor Trust Fund ("GPSA Trust Fund") and the NGO Anti-Corruption Action Center ("Organization" or "AntAC"), a Ukrainian civil society organization that unites experts from legal, media and civic-political sectors fighting corruption as a root cause of the key state-building problems in Ukraine, signed the Letter Agreement ("Agreement") on extension of a grant from the GPSA Trust Fund No. TF0B2997 ("Grant") to finance the Empowerment of Civil Society and Journalists in Oversight and Promotion of Effective Anti-Corruption Environment Project ("Project"). The purpose of the Project is to improve the implementation of anti-corruption legislation in Ukraine by strengthening the country's anti-corruption coalition's capacities to enhance and enforce said legislation through collaborative social accountability processes at the national and sub-national levels.

The Project consists of the following parts:

Part 1. Capacity building for collaborative social accountability (Category 1).

Provide capacity building support for collaborative social accountability, including inter alia, through:

- (a) Support the network of investigative journalists and activists by producing learning and operational resources.
- (b) Creating micro centers of investigative journalism in regions with weak investigative journalism capacities, including provision of training and mentoring of selected journalists on research and reporting on corruption cases.
- (c) Facilitating networking and collaboration across stakeholders from various sectors implementing or supporting anti-corruption reforms.

Part 2. Implementing collaborative social accountability mechanisms for improved anti-corruption reforms (Category 2).

Support civil society's collaborative engagement with selected pro-reform institutions and leaders, including preventive and investigative bodies at the national and sub-national levels, including inter alia, through:

- (a) Conducting independent analyses, observations, preparing technical recommendations and presenting them before relevant state institutions to ensure transparency and accountability, as well as adherence to quality standards with regards to anti-corruption reforms and their implementation.

(b) Supporting the establishment of new or strengthening of existing institutionalized mechanisms for continued collaborative engagement between civil society and state institutions.

Part 3. Improving knowledge and learning on social accountability in the Ukrainian anti-corruption sector and Project management (Category 3).

Establish an internal adaptive knowledge and learning process to regularly adjust Project implementation based on experience and contextual circumstances, and to generate knowledge and learning for targeted external dissemination amongst key stakeholders, including inter alia, through:

(a) Developing and implementing a monitoring, evaluation and learning (MEL) system designed to strengthen CSOs' capacities for adaptive Project management and learning.

(b) Conducting regular internal project MEL sessions focused on adjusting the project's social accountability strategy and operations.

(c) Developing and implementing a plan for disseminating the Project's knowledge and learning products to key target audiences.

(d) Promoting knowledge and learning about collaborative social accountability.

(e) Preparing and disseminating learning products, tailored at local activists and journalists on finding conflicts of interest in local authorities and addressing them.

(f) Support to carry out day to day Project implementation and monitoring.

The initial cost of the Project was estimated at USD 450,000. The source of financing is the GPSA Trust Fund.

According to extended implementation schedule, the Project shall be completed by 30 June 2023.

The Statement of Sources and Uses of Funds is prepared for the reporting period from 12 June 2020 till 31 December 2021.

2. Political and economic environment in Ukraine

Before February 24, 2022, the main factor affecting the economic and political processes in Ukraine was the instability of the political and economic situation, which began at the end of 2013 and led to a drop in the gross domestic product and foreign trade volumes, the deterioration of the public finances, and the reduction of foreign exchange reserves of the National Bank of Ukraine, a significant devaluation of the national currency and further lowering of the credit ratings of Ukraine's sovereign debt. Despite some improvement in the situation in 2017-2021, the pace of economic growth remained low due to the incompleteness of the structural reforms needed to strengthen investor confidence.

As of the date this Statement of Sources and Uses of Funds is approved for issue, the main factor affecting the economic, political, humanitarian and other processes in Ukraine are the events after the balance sheet date, which are referred to in note 8.

NGO Anti-Corruption Action Center (AntAC)
Notes to the Statement of Sources and Uses of Funds for the period
from 12 June 2020 till 31 December 2021

The outcome of the political and economic situation and the war in Ukraine, as well as its consequences are extremely difficult to predict, however, they may have a further negative impact on the economy of Ukraine.

3. Basis for preparation

This Statement of Sources and Uses of Funds is prepared according to the requirements of the IBRD, the terms and conditions set forth in the Letter Agreement for extension of the GPSA Trust Fund Grant No. TF0B2997, the IBRD Guidelines and the GPSA Operational Manual approved by the IBRD on the accounting basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in Ukraine. On this basis, revenue (receipts) is recognized when received rather than when earned, and expenditures are recognized when paid rather than when incurred.

4. Foreign currency translation

This Statement of Sources and Uses of Funds is presented in US dollars. Transactions in other currencies are converted to US dollars at the commercial exchange rate effective at the date of the foreign currency sale transaction. Cash balances in other currencies are converted to US dollars at the commercial exchange rate effective at the date of the foreign currency sale transaction.

5. Schedule of withdrawals from the Grant account

Cash of withdrawals from the Grant account for the period from 12 June 2020 till 31 December 2021 are as follows:

(in US dollars)

Year	Month	Date of withdrawal	Value Date	Type	Amount
2020	August	31-Jul-2020	03-Aug-2020	DA-A	30,000
2021	February	17-Feb-2021	17-Feb-2021	DA-A	60,000
2021	June	22-Jun-2021	22-Jun-2021	DA-A	65,000
2021	October	28-Oct-2021	29-Oct-2021	DA-A	55,000
Total					210,000

Summary schedule by categories:

DA-A	210,000
Total	210,000

6. Detailed Uses of Funds

NGO Anti-Corruption Action Center (AntAC)
Notes to the Statement of Sources and Uses of Funds for the period
from 12 June 2020 till 31 December 2021

The expenses incurred by the Project for the period from 12 June 2020 till 31 December 2021 have the following detailed structure:

(in US dollars)

Project Components/Categories and Contracts	01 January 2021 - 31 December 2021	12 June 2020 - 31 December 2020	Cumulative
Component 1			
Accountant	6,000	3,000	9,000
Senior analyst	13,200	6,600	19,800
Journalist (two positions)	10,501	2,100	12,601
Local Journalist (three positions)	12,000	6,000	18,000
Total Component 1	41,701	17,700	59,401
Component 2			
Advocacy Expert	2,118	-	2,118
Expert on international PR and GR	13,440	-	13,440
Lawyer (two positions)	20,280	4,124	24,404
Project manager, advocacy expert	11,723	-	11,723
Senior Legal Counsel	7,883	-	7,883
Total Component 2	55,444	4,124	59,568
Component 3			
Bank commission	1,068	127	1,195
Design and visualization	5,731	-	5,731
Editor in Chief	6,010	3,000	9,010
Executive director	8,696	1,435	10,131
Financial manager	4,631	-	4,631
IT service	582	-	582
Laptop	2,210	1,004	3,214
M&E Manager	2,654	-	2,654
Office rent	7,608	-	7,608
Office Supplies	1,534	-	1,534
Project Assistant	8,593	-	8,593
Staff travel (international)	2,960	-	2,960
Translation	5,081	-	5,081
Utilities	305	-	305
Postage	52	-	52
Total Component 3	57,715	5,566	63,281
Total	154,860	27,390	182,250

7. Budget implementation

The Project cost is estimated to be USD 450,000 to be financed completely by the GPSA grant. The table below presents the percentage of expenditures that can be financed:

(in US dollars)

Budgeted financing from the Grant	Indicative Timing of Disbursements	Timing of Disbursements	Cash of withdrawals from the Grant account for the reporting period	Percentage of expenditures being financed for the reporting period	Funds available on the Grant account as at 31.12.2021
		First Disbursement - After signing the Grant Agreement; Second Disbursement - Year 2 – Quarter 1; Third Disbursement - Year 3 – Quarter 1; Final Disbursement- Year 4 – Quarter 1			
450,000	The Project shall be completed by 30 June 2023		210,000	47%	240,000

8. Subsequent events

On February 24, 2022, Russian Federation launched invasion on the territory of Ukraine. Military action can significantly affect the economic, political and humanitarian situation in the country and its consequences cannot be estimated with the sufficient level of predictability.

Having analysed the existing internal, economic and military factors of uncertainty and considering their possible effect, the Organization's management made a conclusion that the assumption about the Organization's ability to continue as a going concern falls under significant uncertainty as a result of military aggression of Russian Federation against Ukraine.

The Company's management monitors the current situation and takes measures to minimize any negative consequences as much as possible.

9. Approval of the project financial statements

These project financial statements (the Statement of Sources and Uses of Funds) were approved by the Organization's management and authorized for issue on 06 February 2023.