

**Non-Governmental Organization
“Agency for Legislative Initiatives”**

Financial Statements
in accordance with the National Regulations
(Standards) of Accounting in Ukraine
31 December 2023

Together with Independent Auditor’s Report

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

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INDEPENDENT AUDITOR'S REPORT

To the Management of Non-Government Organization "Agency for Legislative Initiatives":

Opinion

We have audited the financial statements of Non-Government Organization "Agency for Legislative Initiatives" (the "Organisation"), which comprise the balance sheet (statement of financial position) as at 31 December 2023, and the statement of financial results (statement of comprehensive income) for the year then ended, and notes to the financial statements, including material accounting policy information (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2023, and its financial performance for the year then ended in accordance with the National Regulations (Standards) of Accounting in Ukraine ("NR(S)AU") and the preparation of the financial statements requirements of the Law of Ukraine "On accounting and financial reporting in Ukraine" ("Law on accounting and financial reporting").

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 Organisation in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Emphasis of Matter – Operating Environment

We draw your attention to Note 2 and Note 3 to the financial statements, which indicate that since 24 February 2022 the impact of the ongoing military actions in Ukraine, the magnitude of further developments, the timing of cessation of those actions and final resolution are unpredictable and may adversely affect the Ukrainian economy and the operations of the Organisation. Management's plans concerning this impact are also discussed in Note 3 to the financial statements. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Organisation for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 16 June 2023.

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 NR(S)AU and the requirements of the Law on accounting and financial reporting and for such internal control as management determines is necessary to enable the preparation of the 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 Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation'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 Organisation'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 Organisation'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 Organisation 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.

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.

LLC "Deloitte & Touche LLC"

5 August 2024

NON-GOVERNMENTAL ORGANIZATION "AGENCY FOR LEGISLATIVE INITIATIVES"

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31 DECEMBER 2023

(in Ukrainian Hryvnias and in thousands)

	Date (year, month, day)	Codes		
		2023	12	31
Entity: AGENCY FOR LEGISLATIVE INITIATIVES	USREOU	25880404		
Territory: Kyiv, Ukraine	COATSU	8038500000		
Organisational and legal form of economic activity: non-governmental organization	COLFA	815		
Type of economic activity: Activities of other public organizations	CTEA	94.99		
Average number of employees: 15				
Address, phone: 04071, Kyiv, Vozdvizhenska str., 45				
Unit of measurement: UAH thousand, with one decimal place				
Prepared (mark "v" in the respective box):				
in accordance with National Regulations (Standards) of Accounting		v		
in accordance with International Financial Reporting Standards				

Balance Sheet (Statement of Financial Position)

As at 31 December 2023

Form N 1-mc

SCAD code

1801006

ASSETS	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Non-current assets			
Property, plant, and equipment	1010	2,534.9	2,538.0
Historical cost	1011	4,041.9	4,600.9
Accumulated depreciation	1012	(1,507.0)	(2,062.9)
Other non-current assets	1090		
Total section I	1095	2,534.9	2,538.0
II. Current assets			
Inventories	1100		
Other current accounts receivables	1155	3,923.2	12,992.5
Cash and cash equivalents	1165	49,343.6	8,981.6
Other current assets	1190	292.1	465.2
Total section II	1195	53,558.9	22,439.3
Balance	1300	56,093.8	24,977.3

NON-GOVERNMENTAL ORGANIZATION "AGENCY FOR LEGISLATIVE INITIATIVES"

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31 DECEMBER 2023 (CONTINUED)

(in Ukrainian Hryvnias and in thousands)

LIABILITIES	Line code	At the beginning of the reporting period	At the end of the reporting period
1	3	4	5
I. Equity			
Registered capital	1400	-	-
Retained earnings (uncovered loss)	1420	-	-
Unpaid capital	1425	(-)	(-)
Total section I	1495	-	-
II. Long-term obligations, targeted financing and provisions	1595	49,190.2	9,467.8
III. Current liabilities and provisions			
Short-term bank loans	1600	-	-
Current accounts payable on goods, works, services	1615	452.2	3,943.8
Current accounts payable on settlements with the budget	1620	-	-
Current accounts payable on insurance	1625	-	-
Current accounts payable on payroll	1630	-	-
Other current liabilities	1690	6,451.4	11,565.7
Total section III	1695	6,903.6	15,509.5
Balance	1900	56,093.8	24,977.3

Approved for release on 5 August 2024:

Executive Director

Svitlana Matviienko

Chief Accountant

Iryna Podliesna

NON-GOVERNMENTAL ORGANIZATION "AGENCY FOR LEGISLATIVE INITIATIVES"

**STATEMENT OF FINANCIAL RESULTS (STATEMENT OF COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2023
(in Ukrainian Hryvnias and in thousands)**

Entity: AGENCY FOR LEGISLATIVE INITIATIVES	Date (year, month, day)	Codes		
	USREOU	2023	12	31
		25880404		

**Statement of Financial Results (Statement of Comprehensive Income)
For the year ended 31 December 2023**

Form № 2-mc SCAD code 1801007

Item	Line code	For reporting period	For similar period of the prior year
1	2	3	4
Net revenue from the sales of products (goods, works, services)	2000	-	-
Other income	2160	74,934.6	28,202.1
Total Income (2000 + 2160)	2280	74,934.6	28,202.1
Cost of sales of goods, works, services	2050	(-)	(-)
Other expenses	2165	(74,934.6)	(28,202.1)
Total Expenses (2050 + 2165)	2285	74,934.6	28,202.1
Financial result before taxation (2280 - 2285)	2290	-	-
Income tax expense	2300	(-)	(-)
Expenses (income) that reduce (increase) the financial result after tax	2310	-	-
Net financial result (2290 - 2300 - (+) 2310)	2350	-	-

Approved for release on 5 August 2024

Executive Director

Svitlana Matviienko

Chief Accountant

Iryna Podliesna

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 *(in Ukrainian Hryvnias and in thousands)*

1. GENERAL INFORMATION ABOUT ORGANIZATION

The non-governmental organization “Agency for Legislative Initiatives” (hereinafter referred to as “Agency” or the “Organization”) is one of the leading Ukrainian think tanks, founded in 2000. Its mission is to promote democratic transformations and an effective policy-making process in Ukraine, develop the legal and political culture of citizens and authorities, and support Ukraine’s integration into the European community. Agency has over 20 years of experience in implementing projects aimed at introducing democratic dialogue practices into the legislative process, promoting public participation in decision-making, monitoring parliamentary activities, and studying the issues of Ukrainian parliamentarism. The organization also conducts research in the fields of electoral law, political parties, anti-corruption, decentralization, and local self-government.

In the reporting year 2023, Agency’s activities were carried out in four statutory directions: analytical, educational, editorial-publishing, and communication.

Within the analytical direction, the following were prepared: semi-annual monitoring reports on the activities of the Parliament of Ukraine; several issues of the “Parliament” journal; a “shadow report” on the implementation of public administration reform in 2019-2023; a methodology for analyzing the legislative impact of draft laws; a report on the motivations of refugees based on a sociological survey of over 1000 people and a concept for the return of refugees; a study on the employment issues of female veterans; a report reflecting Ukrainian experience and gaps in the mechanism of restoring public institutions in de-occupied territories, and a concept for the restoration of public institutions in de-occupied territories; a study on the system of providing social services at the national and local levels; a study on minimizing the risks of judicial influence on the results of reforms and a report with recommendations submitted to the Verkhovna Rada of Ukraine and the Government Office for Coordination of European and Euro-Atlantic Integration of the Secretariat of the Cabinet of Ministers of Ukraine.

Throughout 2023, expert-analytical support was provided to parliamentary actors based on their requests, regarding: updating the roadmap for parliamentary reform; developing a strategy for creating an innovative digital parliament/IT strategy; a parliamentary code of conduct and the institutionalization of the corresponding parliamentary oversight body; preparing a draft law on parliamentary opposition; amendments to the Rules of Procedure of the Verkhovna Rada (to improve interaction between Parliament and Government); enhancing the oversight function of parliamentary committees; planning and using the tool of parliamentary hearings and involving non-government organizations in such hearings, etc. Expert support was also provided to the Government Office for Coordination of European and Euro-Atlantic Integration and the Ministry of Justice of Ukraine.

In the educational direction, three sessions of the Ukrainian School of Political Studies (USPS) were organized and held. A conference themed “Call of the Land” was organized and held, attended by over 250 USPS alumni and partners. A course of video lectures “Political Theory with Ivan Homza” (cycle “Lectorium”) was recorded. The quality of educational programs, including USPS speakers, was assessed. The concept of the event “You Are Important” – an educational session for female military personnel and veterans – was prepared.

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in Ukrainian Hryvnias and in thousands)

In the editorial-publishing direction, publications and journalistic investigations on socially significant topics (such as the cases of Maidan, Kateryna Handziuk, Kyrylo Tliavov, and others) were prepared and published based on court session visits. Approximately 30 thematic publications documenting and highlighting war crimes committed by the Russian Federation during its aggression against Ukraine were produced, along with 7 materials based on the stories of USPS alumni (including accounts of resisting Russian aggression against Ukraine and rebuilding Ukraine).

In terms of communication, the organization has ensured the dissemination of all major products and events through its own and partner web resources, as well as national media. Several presentation events targeting specific audiences and the public have been organized. A new website featuring the organization's updated identity and enhanced functionality was developed. An account on X was launched, and new formats were introduced on the USPS Instagram account. Additionally, translation and publication of the Laboratory's key analytical products in English were completed.

As of 31 December 2023, the number of employees hired by the Organization was 15 (31 December 2022 – 14).

The registered office of the Organization is located at: 45 Vozdvyzhenska St., office 404, Kyiv, 04071, Ukraine.

2. OPERATING ENVIRONMENT

In 2023, the full-scale war that began in February 2022 with the armed invasion by the Russian Federation continued across the entire territory of Ukraine. These events resulted in significant infrastructure destruction, large-scale displacement of people, and disruption of economic activities in Ukraine. However, by 2023, Ukraine's GDP began to recover, increasing by 5% (in 2022, GDP fell by 30%). Additionally, inflation sharply decelerated to 5.1% year-on-year in 2023 (2022: 26.6%). Nevertheless, the National Bank of Ukraine (NBU) expects further inflation growth in 2024. During 2023, the national currency devalued by 4% against the US dollar and 8% against the euro compared to the official rates at the end of 2022 (2022: devaluation of 34% against the US dollar and 26% against the euro).

Since the start of the full-scale war, the NBU has implemented several temporary measures, such as restrictions on international payments in foreign currencies and the fixation of the official exchange rate for major currencies. In October 2023, the NBU introduced a managed flexibility exchange rate regime, allowing daily fluctuations within narrow bounds in both directions depending on market conditions. In 2022, the NBU raised the discount rate to 25%. Throughout 2023, the NBU's Board made decisions to lower the discount rate, which as of 26 April 2024, was set at 13.5%. In 2023, the NBU additionally increased the requirements for banks' mandatory reserves. Thanks to support from international partners, the NBU's international reserves exceeded the pre-war level as of 31 December 2023, reaching \$40.5 billion. Overall, the Ukrainian government continues to service external debt obligations, and the banking system remains operational and stable.

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 *(in Ukrainian Hryvnias and in thousands)*

In May 2024, the NBU implemented significant easing of currency restrictions. All currency restrictions on the import of works and services were lifted; enterprises were allowed to repatriate dividends abroad accrued from 1 January 2024; funds transfers abroad for leasing/rental agreements were permitted without additional restrictions; conditions for paying interest and repaying certain types of foreign loans were simplified; and restrictions on currency transfers from representative offices to their parent companies were eased.

The approved state budget of Ukraine for 2024 foresees a budget deficit of about 20% of GDP (or \$42 billion) (2023: 30% of GDP). It is expected that the budget deficit will be financed through financial assistance from foreign partners in the form of grants and concessional long-term interest-free loans.

The Ukrainian government received substantial international support, funding, and donations from international organizations, including individual countries, and charitable contributions to maintain financial stability, social payments, and military needs. From the end of January 2022 to the end of 2023, announced international financial aid exceeded €141 billion, military aid surpassed €98 billion, and humanitarian aid reached €15 billion.

Since 22 July 2022, an agreement between Ukraine, Turkey, and the UN on unblocking ports and resuming grain exports, which had been blocked in Black Sea ports due to the war, has been in effect. Russia signed a mirror agreement with Turkey and the UN. On 17 July 2023, Russia officially withdrew from the “grain deal”, complicating agricultural exports. In August 2023, a temporary maritime corridor became operational, through which 12.8 million tons of cargo were exported during 2023. A total of 56.3 million tons of cargo was exported through Ukrainian ports in 2023 (2022: 47.8 million tons).

During the winter of 2022-2023, there were widespread power outages for the population and businesses due to significant damage to power grids from Russian shelling, causing issues with water and heat supply. The government introduced a series of emergency measures to address these issues and stabilize the impact on the country’s economy. Since February 2023, the situation in Ukraine’s power system has improved and stabilized. However, in April-May 2024, missile attacks on Ukraine’s energy system resumed, leading to new outages.

In June 2023, Russian forces blew up the Kakhovka hydroelectric power station dam, causing the reservoir to drain. This led to negative environmental, humanitarian, and economic consequences for the Kherson region and neighboring areas, particularly affecting agriculture in the region.

In November 2023, Polish carriers began blockading the Ukrainian-Polish border by restricting the movement of freight transport at key checkpoints, complicating logistics and causing significant economic losses for Ukraine. Later, similar border blockades began in Slovakia, Hungary, and Romania. In December 2023, freight transport movement was partially unblocked, but the situation remains difficult due to ongoing protests, including from Polish farmers.

In 2023, the government continued zero export quotas established in 2022 on the export of gold and silver (excluding banking metals), table salt, fuel wood, coal, and gas. In 2023, quotas were set on the export of coking coal, fuel oil, and sugar. The export of chicken meat, cattle (animals and meat), eggs, mineral fertilizers, wheat, rye, barley, and other seed crops, as well as vegetable oils, was subject to licensing throughout the year or for certain periods. As of 1 January 2024, the export of wheat, rye, oats, corn, soybeans, and other oilseeds, vegetable oil, and by-products is subject to licensing.

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in Ukrainian Hryvnias and in thousands)

The war between Ukraine and the Russian Federation continues, leading to significant destruction of property and assets in Ukraine and other substantial consequences. The consequences of the war change daily, and their long-term impact cannot be determined. The further impact on the Ukrainian economy depends on the outcome of the full-scale war, the successful implementation of new reforms by the Ukrainian government, the strategy for the country’s recovery and transformation towards EU membership, and cooperation with international funds.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Organization’s financial statements have been prepared in accordance with National Regulations (Standards) of Accounting in Ukraine (referred to as “NR(S)AU”) 25 “Simplified Financial Reporting” and the preparation of the financial statements requirements of the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” (the “Law on accounting and financial reporting”).

The attached financial statements cover the period from 1 January 2023, to 31 December 2023, and include comparative information for the period from 1 January 2022, to 31 December 2022. These statements were prepared as of 31 December 2023.

The financial statements have been prepared in the national currency of Ukraine – the Ukrainian Hryvnia (UAH).

Basis of Financial Statement Preparation

The accompanying financial statements are based on accounting data maintained in accordance with Ukrainian legislation, which mandates the use of the historical (actual) cost principle.

The preparation of financial statements in accordance with NR(S)AU requires management to make certain significant accounting estimates and judgments in applying accounting policies. Actual results may differ from these estimates.

These financial statements have been prepared on the assumption that the Organization will be able to continue as a going concern and that it will continue in operation for the foreseeable future. In making this judgment management considered the Organization’s financial position and access to financial resources committed from donors and analysed the impact of the macro-economic developments on the activities of the Organization.

However, as noted in Note 2 on 24 February 2022, Russian forces began a military invasion of Ukraine, which led to a full-scale war throughout Ukraine. The operating environment remains risky and with a high level of uncertainty. Therefore, the going concern assumption is to be carefully assessed by management to ensure the Organization has sufficient funding for its activities.

As the Russian military invasion of Ukraine originates from many directions, some regions of Ukraine remain the scene of intense hostilities or are temporarily occupied. As at the date of the issue of these financial statements, no assets preventing the Organization from continuing operations have been damaged. The Organization does not have any assets located in areas of active hostilities or in the temporarily occupied territories.

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in Ukrainian Hryvnias and in thousands)

Management of the Organization believes that preparation of these financial statements on a going concern basis is appropriate based on the following facts and circumstances:

- The Organization is operating in not-for-profit sector and has ongoing grant agreements with donors financing at least for the next 12 months.
- The management continues discussions with current and potential donors for the further financing of the Organization's program and administrative activity and significant part of budgeted financing for 2024 has been already received.
- There are no any indicators of potential termination of the current grant agreements with donors. The Organization expects total forecasted amount of its cash contributions for the year ended 31 December 2024 to be higher than total amount of the cash contributions for the year ended 31 December 2023. This forecast is supported by the trend of increase in the cash contributions received by the Organization for the first four months of 2024 compared to the same period of 2023.
- Significant part of donors financing comes to the Organization in EUR and the program activity is not negatively affected by the exchange rate fluctuations.
- The Organization has cash and cash equivalents balance as at 31 December 2023 and subsequently at sufficient level to perform its operations.
- During the period after the reporting date and before the authorization of these financial statements, the Organization continues its operations and manages to meet main goals of the Organization's activities in 2024.

Considering the reasons above, management believes that preparation of these financial statements on a going concern basis is appropriate, and the Organization has adequate resources to realize its assets, discharge its liabilities and continue in operational existence for the foreseeable future.

Significant Accounting Policy Information

Below is significant information about the Organization's accounting policy. This accounting policy was applied consistently in all periods, unless otherwise stated.

Property, Plant, and Equipment. The balance sheet item “Property, Plant, and Equipment” includes property, plant, equipment, and intangible assets in accordance with the requirements of NR(S)AU 25.

All property, plant, and equipment items are carried at historical cost, less any accumulated depreciation and accumulated impairment losses. The historical cost of property, plant, and equipment consist of the purchase price, non-recoverable indirect taxes related to their purchase, costs of installation and maintenance of property, plant and equipment, other directly attributable cost of bringing the property, plant and equipment to working condition for their intended use.

Depreciation is calculated using the accelerated declining balance method for computer equipment and the straight-line method for all other fixed assets over their useful life. Low-value non-current tangible assets are fully depreciated upon being put into use.

The useful life of fixed assets and low-value non-current tangible assets is determined for each asset individually by the commission responsible for commissioning and decommissioning assets at the time of putting the asset into use. The determined useful life of the asset is recorded in Form 03-1 and the Commissioning Order. The useful life for computer equipment is 3 years, uninterrupted power supply equipment is 5 years, peripheral equipment is 3 years, and furniture is 5 years.

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in Ukrainian Hryvnias and in thousands)

The residual value of fixed assets for depreciation purposes is considered to be zero. The residual value, useful lives, and depreciation methods are reviewed at the end of each financial year. The effect of any changes from previous estimates is accounted for as a change in accounting estimate.

Historical cost of property and equipment items is increased by the expenditures related to the property and equipment item’s improvement (modernization, modification, additional construction, equipment installation, reconstruction, etc.), which increases future economic benefits initially expected from the use of an item of property and equipment. Capitalized cost of property and equipment improvement is depreciated using the straight-line method at the same rates as the respective property and equipment items.

Repair and maintenance costs, as well as costs related to the servicing of assets, are included in the statement of financial results for the period in which they were incurred.

Gain or loss arising from the disposal of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amounts and are included in other income or expenses from ordinary activities.

Intangible assets acquired by the Organization have defined useful lives and primarily consist of the Organization’s websites, websites of leading projects (Ukrainian School of Political Studies), accounting software, and a philosophical piece.

Purchased or freely obtained rights to intangible assets are recognized at their initial cost, less accumulated amortization and accumulated impairment losses. Amortization of intangible assets is recognized on a straight-line basis over their expected useful lives (primarily, websites - 6 years, software – from 3 to 5 years, piece – 5 years). Amortization of intangible assets begins when the assets are ready for their intended use.

Property, plant, and equipment as well as intangible assets of the Organization, are primarily acquired through targeted funding.

Impairment of Property, Plant, and Equipment and Intangible Assets. At each reporting date, the Organization reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indicator that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Organization estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Other Current Receivables. The Organization’s other current receivables primarily consist of advances provided to suppliers and receivables from donors in the process of procuring goods and services for program activities. The amount of other current receivables is reported on the balance sheet net of an allowance for doubtful accounts.

Cash and Cash Equivalents. Cash and cash equivalents include cash on current accounts with banks.

Long-Term Liabilities, Targeted Financing, and Provisions. Long-term liabilities, targeted financing, and provisions include prepaid expenses and targeted financing.

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (in Ukrainian Hryvnias and in thousands)

Prepaid expenses are recognized at their actual cost. These expenses are recorded in the financial statements as they are incurred.

Special purpose funding is initially recognized when the respective cash proceeds are received from donors. Special purpose funding is subsequently reduced by the amount of incurred expenses related to the programs with simultaneous recognition of other operating income of the period. Cost of property and equipment and intangible assets acquired at the expense of special purpose funding is depreciated and amortized over their useful lives, with simultaneous recognition of other operating income. Balance of the special purpose funding received in respect of which the Organization has not yet incurred expenditures is recorded on the Organization’s balance sheet in section “Long-term obligations, targeted financing and provisions”.

Current Accounts Payable for Goods, Works, and Services. Current accounts payable for goods, works, and services are primarily represented by liabilities to suppliers for services related to organizing events, research in the field of social and humanitarian sciences, and other similar activities.

Other Income. The Organization’s income is recognized in the amount of incurred expenses.

Other Expenses. All expenses are recognized in the period in which they are incurred and are reported in the statement of financial results using the accrual method. The expenses incurred by the Organization include costs for goods and services related to program activities provided by experts and contractors, staff salaries, office rent, and other services.

Foreign Currency Transactions. Transactions conducted by the Organization in foreign currencies are recorded at the exchange rate of the National Bank of Ukraine applicable on the transaction date. Gains and losses arising from such transactions, as well as from the revaluation of monetary assets and liabilities denominated in foreign currencies, are reflected in the statement of financial results. Balances in these accounts at year-end are retranslated at the exchange rate prevailing at the end of the year.

The main exchange rates used for translating amounts in foreign currencies were as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
1 US Dollar	37.9824 hryvnias	36.5686 hryvnias
1 Euro	42.2079 hryvnias	38.9510 hryvnias

4. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the reporting date that would require adjustments to the financial statements as of 31 December 2023. There were no significant events that would require disclosure in the financial statements.