

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

Financial Statements  
in accordance with the National Regulations  
(Standards) of Accounting in Ukraine  
31 December 2024

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 Organisation “Agency for Legislative Initiatives”:

### Opinion

We have audited the financial statements of Non-Government Organisation “Agency for Legislative Initiatives” (the “Organisation”), which comprise the balance sheet (statement of financial position) as at 31 December 2024, 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 2024, 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 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.

## **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 „Debitte & Touche USC“*

26 June 2025

# NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

## BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31 DECEMBER 2024

(in Ukrainian Hryvnias and in thousands)

|   | Date (year, month, day) | Codes      |    |    |
|---|-------------------------|------------|----|----|
|   |                         | 2024       | 12 | 31 |
| Entity: NGO “ALI”   | USREOU                  | 25880404   |    |    |
| Territory: Kyiv, Podilskyi district   | 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: 16   |                         |            |    |    |
| Address, phone: 04071, Kyiv, Vozdvyzhenska str., 45-47-49, office 404             |                         |            |    |    |
| 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 2024

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                                  |
| <b>I. Non-current assets</b>   |             |  |                                    |
| Property, plant, and equipment | 1010        | 2,538.0                                  | 2,548.7                            |
| historical cost                | 1011        | 4,600.9                                  | 5,274.0                            |
| accumulated depreciation       | 1012        | (2,062.9)                                | (2,725.3)                          |
| Other non-current assets       | 1090        | -  | -                                  |
| <b>Total section I</b>         | <b>1095</b> | <b>2,538.0</b>                           | <b>2,548.7</b>                     |
| <b>II. Current assets</b>      |             |  |                                    |
| Inventories                    | 1100        | -  | 21.0                               |
| Current accounts receivable    | 1155        | 12,992.5                                 | 14,171.9                           |
| Cash and cash equivalents      | 1165        | 8,981.6                                  | 11,219.5                           |
| Other current assets           | 1190        | 465.2                                    | 6,250.8                            |
| <b>Total section II</b>        | <b>1195</b> | <b>22,439.3</b>                          | <b>31,663.2</b>                    |
| <b>Balance</b>                 | <b>1300</b> | <b>24,977.3</b>                          | <b>34,211.9</b>                    |

# NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

## BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31 DECEMBER 2024 (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                                  |
| <b>I. Equity</b>  |             |  |                                    |
| Capital   | 1400        | -  | -                                  |
| Retained earnings (uncovered loss)                                  | 1420        | -  | -                                  |
| Unpaid capital  | 1425        | (-)                                      | (-)                                |
| <b>Total section I</b>  | <b>1495</b> | <b>-</b>                                 | <b>-</b>                           |
| <b>II. Long-term obligations, targeted financing and provisions</b> | <b>1595</b> | <b>9,467.8</b>                           | <b>16,100.9</b>                    |
| <b>III. Current liabilities and provisions</b>                      |             |  |                                    |
| Short-term bank loans   | 1600        | -  | -                                  |
| Current accounts payable on goods, works, services                  | 1615        | 3,943.8                                  | 765.5                              |
| 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        | 11,565.7                                 | 17,345.5                           |
| <b>Total section III</b>  | <b>1695</b> | <b>15,509.5</b>                          | <b>18,111.0</b>                    |
| <b>Balance</b>  | <b>1900</b> | <b>24,977.3</b>                          | <b>34,211.9</b>                    |

Approved for issuance on 26 June 2025:

Executive Director



*Svitlana Matvienko*

Svitlana Matvienko

Chief Accountant

*Iryna Podliesna*

Iryna Podliesna

**NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”**

**STATEMENT OF FINANCIAL RESULTS (STATEMENT OF COMPREHENSIVE INCOME)  
FOR THE YEAR ENDED 31 DECEMBER 2024  
(in Ukrainian Hryvnias and in thousands)**

|                   |                         |          |    |    |
|-------------------|-------------------------|----------|----|----|
| Entity: NGO “ALI” | Date (year, month, day) | Codes    |    |    |
|                   | USREOU                  | 2024     | 12 | 31 |
|                   |                         | 25880404 |    |    |

**Statement of Financial Results (Statement of Comprehensive Income)  
For the year ended 31 December 2024**

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        | 77,749.0             | 74,934.6                             |
| <b>Total Income (2000 + 2160)</b>                                       | <b>2280</b> | <b>77,749.0</b>      | <b>74,934.6</b>                      |
| Cost of sales of goods, works, services                                 | 2050        | (-)                  | (-)                                  |
| Other expenses  | 2165        | (77,749.0)           | (74,934.6)                           |
| <b>Total Expenses (2050 + 2165)</b>                                     | <b>2285</b> | <b>(77,749.0)</b>    | <b>(74,934.6)</b>                    |
| Financial result before taxation (2280 - 2285)                          | 2290        | -                    | -                                    |
| Income tax expense  | 2300        | (-)                  | (-)                                  |
| Expenses (income) that reduce (increase) the financial result after tax | 2310        | -                    | -                                    |
| <b>Net financial result (2290 - 2300 - (+) 2310)</b>                    | <b>2350</b> | <b>-</b>             | <b>-</b>                             |

Approved for issuance on 26 June 2025:

Executive Director   
  
 Chief Accountant 

Svitlana Matviienko

Iryna Podliesna

# NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 *(in Ukrainian Hryvnias and in thousands)*

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### 1. GENERAL INFORMATION ABOUT ORGANIZATION

The non-governmental organization “Agency for Legislative Initiatives” (hereinafter referred to as “the Agency”, “ALI,” or “the Organization”) is one of Ukraine's leading think tanks, established in 2000. Its mission is to promote democratic transformation and an effective policy-making process in Ukraine, develop legal and political culture among both citizens and government, and support Ukraine's integration into the European community. With over 20 years of experience, the Agency has implemented projects aimed at introducing democratic dialogue practices into the legislative process, promoting public participation in decision-making, monitoring parliamentary activities, and studying the challenges of Ukrainian parliamentarism, research in areas such as electoral legislation, political parties, anti-corruption efforts, decentralization, and local self-government.

In the reporting year of 2024, the Agency operated under four statutory pillars: analytical, educational, editorial and publishing, and communication.

Under the analytical direction, the Agency prepared and published semi-annual monitoring reports on the activities of the Ukrainian Parliament; several editions of the “Parliament” journal, including Issue No. 1 2023–2024 titled “Temporary Committees in Parliament: Oversight Without Influence” and Issue No. 2 2023–2024 titled “Challenges Facing Ukraine Amid International Armed Conflict: War Crimes and the Crime of Genocide”. Work began on another edition of “Parliament” analyzing the effectiveness of law implementation in local self-government systems. Additionally, a Shadow Report examining the invisible veteran policy from 2014 to 2022 was prepared and submitted for peer review. As part of its research on decentralization and regional development, the Agency presented studies assessing the state of public services in de-occupied communities of Kherson region, a report titled “Social Services in Ukraine: Current State, Problems, and Limitations”, and an analysis of the socio-economic conditions in de-occupied Kherson communities, presented and discussed with stakeholders the study of analysing the status of local councillors. A comprehensive Green Paper titled “Military Justice in Ukraine” was published, and a report was presented on “The Role of Legal Education in Shaping Students”. In 2024, ALI began in-depth work on justice-related topics. In coalition with other civil society organizations, it prepared and presented to key stakeholders a Shadow Report for Chapter 23 “Justice and Fundamental Rights” of the European Commission’s 2023 Report on Ukraine. This report was submitted by Ukraine’s civil society to the European Commission after Ukraine was granted EU candidate status. European Commission representatives highly appreciated the Shadow Report, noting that its findings would be used to shape the Commission’s recommendations for the screening report and the reform roadmap in the rule of law sector. In 2024, the Agency continued holding educational seminars for the staff of the Verkhovna Rada of Ukraine and civil servants, including seminars on the principles and practices of legislative impact assessment.

## NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 *(in Ukrainian Hryvnias and in thousands)*

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Throughout 2024, the Agency provided expert-analytical support to parliamentary actors, upon request, concerning progress, key challenges, and opportunities of parliamentary reform, the functioning of the Verkhovna Rada of Ukraine, and cooperation between NGOs and the Parliament. A policy paper on the feasibility of adopting an Ethics Code in the Verkhovna Rada of Ukraine was developed, included in the documentation package submitted to Pat Cox, and presented to deputies of Verkhovna Rada of Ukraine during the Jean Monnet Dialogue. Expert support was also provided for developing IT infrastructure recovery plans for parliamentary continuity. Analytical assistance was offered on requests from Verkhovna Rada of Ukraine leadership, parliamentary committees, and the Secretariat, particularly regarding explanatory note structure, analysis of business processes in the Verkhovna Rada of Ukraine, Cabinet of Ministers, and Office of the President in the legislative process. Expert support was provided in drafting the Verkhovna Rada of Ukraine Business Continuity Plan. As a result of cooperation with target committees, 12 legislative impact assessments were conducted. ALI representatives participated in working (negotiating) groups and will be involved in developing reform roadmaps for democratic institutions, justice, and public administration.

Under the educational pillar, three sessions were organized for the main program of the Ukrainian School of Political Studies (hereinafter referred to as “USPS”). A conference themed “Foundations” gathered over 250 USPS alumni and partners. A video lecture course titled “Political Theory with Ivan Homza” (as part of the “Lectorium” series) was produced and published. A training program “You Matter” was held for female service members and veterans, including mentorship. Four educational-networking events were held within the USPS Club on de-occupation and reintegration of temporarily occupied territories, and one event focused on postwar world architecture. A public discussion featuring USPS permanent lecturer Ivan Homza tested an open event format for broader audience engagement. Two alumni programs were held under the USPS Alumni Programme on the phenomenon of war and negotiation skills. A training program concept “Leaders of Integrity” was developed for anti-corruption agency staff, civil society, and media representatives whose activities are focused on anti-corruption. The quality of training programs, including USPS speakers, was evaluated.

In the editorial and publishing sphere, the Agency published investigations and materials on socially significant issues, such as the Maidan cases, the murder of Kateryna Handziuk, Judge Oleksii Tandy, and others, based on court observation. Approximately 25 thematic publications documented and covered war crimes committed by the Russian Federation during its aggression against Ukraine. The topic of Russian athletes in international competitions was highlighted to raise global awareness and advocate for their exclusion due to Russia’s ongoing aggression. To strengthen and support the editorial-publishing and educational activities of ALI, based on the decision of the General Assembly of ALI dated May 31, 2024, a 20% share in the authorized capital of LLC “Osnovy Publishing named after S. Pavlychko” was acquired. This acquisition provides ALI with additional opportunities to fulfill its statutory mission.

In the communication domain, the Agency ensured coverage of all its core products and events on ALI’s and partners’ websites and national media, a series of presentation events for target audiences and the public has been prepared. A new website for the Agency of Legislative Initiatives has been developed, tested, and launched based on a new identity. Several targeted ad campaigns on YouTube, Instagram, and Facebook were launched to promote USPS. Stable organic growth of followers on Instagram and Facebook has been provided. Specifically, the number of followers on the USPS Instagram page has significantly increased compared to 2023.

## NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 *(in Ukrainian Hryvnias and in thousands)*

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Cooperation was established with media outlets targeting similar audiences to ALI and USPS, including Ukrainska Pravda, The Ukrainians, AIN.UA, and Grunt. Throughout the year, 11 media materials based on USPS alumni stories – particularly on resisting russian aggression and rebuilding Ukraine – were prepared and published. Total outreach from USPS-related media cooperation exceeded 350,000 people. Partnerships with Ukrainska Pravda, ZN.UA, and the Decentralization portal were established for publishing ALI’s analytical articles on parliamentary work, judicial reform, and decentralization (over 15 articles were published in 2024). Key ALI analytical products were translated and published in English.

## 2. OPERATING ENVIRONMENT

In 2024, the full-scale war which had started in February 2022 as a result of the armed aggression of the russian federation continued in the whole territory of Ukraine. Those events led to a significant destruction of infrastructure, displacement of large numbers of people, and disruption of economic activities in Ukraine. In particular, starting from April 2024, missile attacks on the Ukrainian energy system resumed, which resulted in massive power outages for households and businesses.

In 2024, the growth in Ukraine’s GDP was estimated at the level of 2.9%. In 2024, the inflation rate, in annual terms, reached 12%. During 2024, the national currency devalued by 10.7% against USD and by 4.1% against EUR comparing to the official exchange rates at the end of 2023.

From the onset of the full-scale war, the National Bank of Ukraine (the “NBU”) has introduced a range of temporary protective measures, such as restriction of cross-border payments in foreign currencies. During 2024, the NBU’s Board made decisions to reduce the discount rate from 15% to 13% but as of 7 March 2025, the discount rate was set at 15.5%. Thanks to the assistance from partners, the NBU’s international reserves as of 31 December 2024 exceeded the pre-war level and reached USD 43.8 billion. In general, the Ukrainian Government continues to service external debt obligations, and the banking system remains operational and maintains stability.

In May 2024, the NBU introduced a significant easing of currency restrictions. All currency restrictions have been lifted for imports of works and services; businesses are allowed to repatriate abroad dividends based on the results of their activities for the period starting from 1 January 2024; funds may be transferred abroad to pay for leases/rent without additional restrictions; conditions for interest payment and repayment of some types of foreign loans have been relaxed; restrictions on the transfer of foreign currency from representative offices to their parents have been eased, etc. In July, September, and November 2024, there was further gradual easing of certain currency restrictions.

The approved state budget of Ukraine for 2025 presupposes that the budget deficit amount to about 19% of GDP (2024: 20% of GDP). It is expected that the budget deficit will be financed through financial assistance from foreign partners in the form of grants and preferential long-term interest-free loans. For the period from late January 2022 the Ukrainian Government has been receiving a significant international support, financing, and donations from international organizations, along with individual countries, and charities to support financial stability, social related payments, and military needs.

## **NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in Ukrainian Hryvnias and in thousands)**

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During 2024, the Government continued to apply restrictions on exports of certain types of products. As of 31 December 2024, the zero quotas on exports of gold and silver (except for bank metals), table salt, and natural gas were set; exports of wheat, corn, soybeans and sunflower seeds, sugar, and chicken meat are subject to licensing.

During the martial law period, certain changes were repeatedly introduced to the Tax Code of Ukraine. In particular, on 28 November 2024, the President of Ukraine signed the Law “On Amending the Tax Code of Ukraine and Other Laws of Ukraine on Ensuring Balanced Budget Revenues during the Martial Law Period”, also known as Bill No. 11416-d.

The war between Ukraine and the Russian Federation is ongoing, resulting in a significant destruction of property and assets in Ukraine and other serious consequences. The consequences of the war are changing day to day, and the long-term implications are unclear. Further impact on the Ukrainian economy depends upon the way the Russian military invasion in Ukraine is resolved and upon the success of the Ukrainian Government in realization of new reforms, recovery strategy after the invasion is stopped, and the transformation of the state to acquire the European Union membership, as well as cooperation with the 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 2024 to 31 December 2024, and include comparative information for the period from 1 January 2023 to 31 December 2023. These statements were prepared as of 31 December 2024.

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.

## **NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in Ukrainian Hryvnias and in thousands)**

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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 Agency’s financial position and access to financial resources committed from donors and analyzed 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.

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 Agency's program and administrative activity and significant part of budgeted financing for 2025 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 2025 to be higher than total amount of the cash contributions for the year ended 31 December 2024.
- 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 2024 at sufficient level to perform its operations.
- During the period after the reporting date and before the authorization of these financial statements, the Agency continues its operations and manages to meet main goals of the Organization’s activities in 2025.

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.

## NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in Ukrainian Hryvnias and in thousands)

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#### 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. 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.

The Organization applies a simplification in the accounting of fixed assets, specifically accounting at historical cost less accumulated depreciation, without considering impairment, as provided by NR(S)AU 25.

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.

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.

## NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in Ukrainian Hryvnias and in thousands)

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

Purchased or freely obtained rights to intangible assets are recognized at their initial cost, less accumulated amortization. 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.

**Financial Investments.** Financial investments are initially recognized in the accounts at cost, which includes the purchase price and other fees directly related to their acquisition. Held to maturity financial investments are recognized at each reporting date at amortized cost, determined using the effective interest rate method.

**Current Accounts Receivable.** The Organization’s current accounts receivable primarily consist of advances provided to suppliers, repayable financial aid, and receivables from donors in the process of procuring goods and services for the implementation of program activities.

The Organization applies a simplification in accounting for current accounts receivable, namely, recognizing them at their nominal (actual) value without deducting an allowance for doubtful accounts, as permitted by NR(S)AU 25.

**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 targeted financing, which 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 implementation of programs, with the corresponding recognition of other income for the period. The initial cost of property, plant and equipment and intangible assets acquired at the expense of special purpose funding is depreciated and amortized over their useful lives, with the simultaneous recognition of other 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 liabilities, targeted financing, and provisions”.

**Current Accounts Payable for Goods, Works, 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 Current Liabilities.** Other current liabilities represent prepaid expenses, which are recorded at the actual amount of funds paid. Prepaid expenses are recognized in the statement of financial results as the related expenses are incurred.

# NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (in Ukrainian Hryvnias and in thousands)

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**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<br/>2024</u> | <u>31 December<br/>2023</u> |
|-------------|-----------------------------|-----------------------------|
| 1 US Dollar | 42.0390 hryvnias            | 37.9824 hryvnias            |
| 1 Euro      | 43.9266 hryvnias            | 42.2079 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 2024. There were no significant events that would require disclosure in the financial statements.