Non-Governmental Organization
“Agency for Legislative Initiatives”

Financial Statements
in accordance with the National Regulations
(Standards) of Accounting in Ukraine
31 December 2025

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 ”Organization”), which comprise the balance sheet (statement of financial position) as at 31 December 2025, 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 Organization as at 31 December 2025, 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 statement 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 Organization 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 Organization. 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.

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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 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 Organization'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 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 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 Organization'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 Organization'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 Organization 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.

Basic Information about Audit Firm

Name: Limited Liability Company “Deloitte & Touche Ukrainian Services Company”.

Address of registration and location of the audit firm: 48, 50a Zhylianska Str., Kyiv, 01033, Ukraine.

“Limited Liability Company “Deloitte & Touche Ukrainian Services Company” was enrolled to Sections of “Audit Entities”, “Audit Entities and Auditors That Have the Right to Conduct Statutory Audits of Financial Statements”, and “Audit Entities and Auditors That Have the Right to Conduct Statutory Audits of Financial Statements of Public Interest Entities” of the Register of Auditors and Auditing Entities under # 1973”.

LLC „Deloitte & Touche USC“

Auditor Kateryna Yermoshyna

Registration Number in the Register of Auditors and
Auditing Entities 102247

LLC “Deloitte & Touche Ukrainian Services Company”
48, 50a Zhylianska Str., Kyiv, 01033, Ukraine

23 July 2026

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NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2025
(in Ukrainian Hryvnias and in thousands)

	Date (year, month, day)	Codes		
		2025	**12**	**31**
Entity: NGO “ALI”	USREOU	25880404		
Territory: Kyiv, Podilskyi district	CATUTC	UA80000000000719633		
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: 17				
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 2025

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	2,548.7	293.5
historical cost	1011	5,274.0	1,587.6
accumulated depreciation	1012	(2,725.3)	(1,294.1)
Other non-current assets	1090	-	0.5
Total section I	**1095**	**2,548.7**	**294.0**
II. Current assets			
Inventories	1100	21.0	-
Current accounts receivable	1155	14,171.9	23,861.9
Cash and cash equivalents	1165	11,219.5	106,962.3
Other current assets	1190	6,250.8	618.2
Total section II	**1195**	**31,663.2**	**131,442.4**
Balance	**1300**	**34,211.9**	**131,736.4**

NON-GOVERNMENTAL ORGANIZATION “AGENCY FOR LEGISLATIVE INITIATIVES”

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2025 (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	2	3	4
I. Equity			
Capital	1400	-	-
Retained earnings (uncovered loss)	1420	-	-
Unpaid capital	1425	(-)	(-)
Total section I	**1495**	**-**	**-**
II. Long-term obligations, targeted financing and provisions	**1595**	**16,100.9**	**106,304.2**
III. Current liabilities and provisions			
Short-term bank loans	1600	-	-
Current accounts payable on: goods, works, services	1615	765.5	2,246.4
settlements with the budget	1620	-	-
insurance	1625	-	-
payroll	1630	-	-
Other current liabilities	1690	17,345.5	23,185.8
Total section III	**1695**	**18,111.0**	**25,432.2**
Balance	**1900**	**34,211.9**	**131,736.4**

Approved for issuance on 23 July 2026:

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 2025
(in Ukrainian Hryvnias and in thousands)

	Date (year, month, day)	Codes		
		2025	12	31
Entity: NGO “ALI”	USREOU	25880404		

Statement of Financial Results (Statement of Comprehensive Income)
For the year ended 31 December 2025

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	138,238.1	77,749.0
Total Income (2000 + 2160)	**2280**	**138,238.1**	**77,749.0**
Cost of sales of goods, works, services	2050	(-)	(-)
Other expenses	2165	(138,238.1)	(77,749.0)
Total Expenses (2050 + 2165)	**2285**	**(138,238.1)**	**(77,749.0)**
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 issuance on 23 July 2026:

Executive Director Svitlana Matviienko

Chief Accountant Iryna Podliesna

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 the leading Ukrainian think tanks, founded in 2000. Its mission is to promote democratic transformations and an effective policy-making process in Ukraine, to develop the legal and political culture of citizens and authorities, and support Ukraine in its integration into the European community. Agency has over 24 years of experience in implementing projects aimed at introducing the practice of democratic dialogue on various policy issues into the law-making process, spreading the practices of public participation in decision-making, monitoring the activities of the parliament and studying the problems of Ukrainian parliamentarism, research in the areas of electoral legislation, political parties, the fight against corruption, decentralization, and local self-government.

In the reporting year 2025, the activities of the Agency were implemented in all statutory areas: analytical, educational, advocacy, international, editorial and publishing, and communication.

Activities within the main analytical direction can be grouped into sub-directions.

Thus, under the sub-direction of support for parliamentarism: semi-annual monitoring reports on the activities of the Parliament of Ukraine were prepared and published, covering the results of the 12th and 13th sessions of the current convocation; analytical support was continued for the institutionalization of the parliamentary Code of ethics at the request of the Verkhovna Rada of Ukraine (hereinafter referred to as “VRU”), including the preparation of an updated version of the draft Code of ethics; expert ad-hoc assistance was provided, in particular, on the development of plans for the continuous work of the VRU with documents with limited access under martial law; an interpretation of the Rules of Procedure of the VRU was prepared; a study was conducted and a report was prepared on the interaction between the VRU and the Ministry of Defense of Ukraine in the process of legislative work; monitoring of the VRU’s draft legislative work plan was initiated, and the first monitoring report was published; several studies were initiated, in particular on the instrument of parliamentary diplomacy and the assessment of the effectiveness of legislation adopted during the legal regime of martial law; as a result of cooperation with target committees, legislative impact assessments of draft regulations were prepared.

In the sub-direction “Justice and Security”: a “Green book” has been prepared on the functioning of the state and patronage service in the judicial authorities of Ukraine and the preparation of a “White book” has been initiated; a number of studies are at various stages, in particular on the analysis of: the disciplinary practice of the High Council of Justice; the activities of competition commissions for the selection of judges of local courts and the Constitutional Court of Ukraine (CCU); certification of prosecutors in 2019-2025; measures have been initiated to digitize the High Qualification Commission of Judges (development of individual modules within the Unified Judicial Information and Communication System, as well as updating the website) and the CCU.

Under the sub-direction of promoting Ukraine’s European and Euro-Atlantic integration: a fundamental “Shadow report” was prepared on the implementation of reforms in the field of justice and fundamental rights in Ukraine in the context of Articles 23 and 24 of Cluster 1 of the European Commission’s Report on Ukraine in 2024; “Green books” were prepared at the request of the parliamentary committee on national security, defense and intelligence on the topic “Protection of state secrets on the path to Euro-Atlantic integration” and “Parliamentary oversight of the security and defense sector: global and Ukrainian practices”; representatives of the ALI were involved in working groups on the development and implementation of roadmaps, in particular on the functioning of democratic institutions, justice and public administration.

Under the sub-direction of support for the restoration of Ukraine: a comprehensive analysis of individual communities affected by the war in the regions of Ukraine was conducted, a report and recommendations were prepared; a “Shadow report” on the implementation of veterans’ policy was prepared; comprehensive expert support was provided to the relevant interdepartmental working group on the development of the concept of the new Urban Planning Code, and the final version of the specified concept was developed.

A number of studies not listed above are at various stages of preparation. In general, in addition to the indicated major analytical studies, during the year ALI team prepared over a hundred different analytical and information-analytical materials.

As part of the international direction, ALI provided organizational and expert support for the participation of Ukrainian parliamentary delegations in experience-sharing events in Canada, Armenia, and the United Kingdom at the request of the Verkhovna Rada of Ukraine, as well as for the participation of female parliamentarians in the work of the “Women Legislators in Defense” (“WLID”) conference in Singapore. The delegation of the Ukrainian School of Political Studies (USPS) traditionally participated in the “World Forum for Democracy” in Strasbourg. It is worth noting the presentations of the “Shadow report” on the implementation of reforms in the field of justice and fundamental rights in Ukraine in the context of Articles 23 and 24 of Cluster 1 for representatives of European institutions and EU member states. Representatives of the European Commission highly appreciated the level of preparation of the report, noting that its work will definitely be used in the formation of further recommendations of the European Commission.

As part of the advocacy direction, presentation and advocacy activities were held for relevant state institutions to take into account the conclusions and implement the recommendations proposed in the key analytical products prepared by the ALI (“Shadow reports”, analytical reports, studies) during the formation and implementation of state policies. Some of the conclusions and recommendations were processed in the form of briefs, articles and published.

Within the framework of the educational direction, three sessions were organized and held for the main USPS program. In addition, a separate anti-corruption training program “Leaders of Integrity” was held in Kyiv in the format of lectures, seminars and discussion panels. The annual USPS Conference was organized and held, this time on the theme “Unity. Dignity. Honor”.
A publicly available online training course “Public Policy Analysis” was launched, and another one is being prepared on the topic “Why is the past more unpredictable than the future?”. A training program was held (lecturer – Pavlo Klimkin) within the USPS Alumni Programme, as well as events dedicated to Pavlo Ostrikov’s debut science fiction feature film “You are Space”.

An assessment of the quality of training programs, in particular, of the speakers of the USPS, was conducted. In addition, to enhance the effectiveness of analytical work in support of the Parliament, a series of trainings were organized and conducted for representatives of the Apparatus of the VRU and secretariats of parliamentary committees on gender analysis during the preparation of draft regulatory legal acts.

As part of the editorial and publishing direction, the journalistic project "Watchers" prepared and published publications and journalistic investigations on socially significant topics, such as the Maidan cases, top corruption and war crimes, based on the results of attending relevant court hearings. The topic of judicial reform was also covered. An issue of the journal "Parliament" was prepared on the topic "Assessment of legislation in the field of local self-government and regional development for the period 2019-2025".

As part of the communication direction, communication of all the main products and events of ALI was ensured on the web resources of the ALI and its partners, in the all-Ukrainian media (in particular, "Ukrainian Pravda", "Dzerkalo Tyzhnia", "Livyi Bereg"), a number of presentation events were prepared for target audiences and the public. ALI cooperated with Ukrainian media that have a similar target audience to ALI and USPS, such as "Ukrainian Pravda", nv.ua, The Ukrainians, on the publication of materials based on the stories of USPS graduates (in particular, on the opposition to the aggression of the russian federation against Ukraine and the reconstruction of Ukraine). The updated identity of the organization was fully implemented in all ALI products. Several targeted advertising campaigns were conducted on social networks Instagram and Facebook to promote the activities of USPS, in particular to attract potential students to participate in the annual USPS selection process. A stable organic growth in the number of subscribers on Instagram and Facebook was observed. Other social networks of the ALI and USPS showed moderate growth. The translation and publication of the vast majority of the ALI's analytical and information-analytical products in English has been ensured.

2. OPERATING ENVIRONMENT

In 2025, the full-scale war that began in February 2022 due to the armed aggression of the Russian Federation continued across the entire territory of Ukraine. These events caused significant destruction of infrastructure, displacement of large numbers of people, and widespread disruption of economic activity. Attacks on critical infrastructure, including electricity generation and transmission facilities, continued during 2025. In particular, toward the end of 2025, intensified shelling and missile attacks on the energy system led to increased damage to power infrastructure and resulted in more frequent and prolonged electricity supply interruptions for households and businesses. These disruptions increased operating costs for many businesses and required companies to further adapt their production processes, energy consumption patterns and continuity plans.

During 2025, periodic disruptions to the operation of Ukrainian seaports and export corridors occurred as a result of missile and drone attacks by the Russian Federation on port, railway, and other transport infrastructure, heightened security risks, and related infrastructure damage, adversely affecting transportation, trade flows, and logistics. Despite these challenges, alternative logistics routes and export mechanisms continued to operate, allowing certain levels of export activity to be maintained.

In 2025, Ukraine's GDP growth was estimated at 2.2% (2024: 2.9%). The annual inflation rate reached 8% (2024: 12%), and the national currency depreciated by 0.8% against the USD (2024: 10.7%) and by 14.0% against the EUR (2024: 4.1%) compared to the official exchange rates at the end of 2024.

Since the onset of the full-scale war, the National Bank of Ukraine (the "NBU") has introduced a range of temporary protective measures, including restrictions on cross-border payments in foreign currencies. In January 2025, the NBU Board increased the discount rate from 13.5% to 14.5%, and it was further raised to 15.5% in March 2025. The NBU's monetary policy remained focused on containing inflation, supporting exchange rate stability and maintaining confidence in the financial system. With the support of international partners, the NBU's international reserves as of 31 December 2025 exceeded pre-war levels, reaching USD 57.3 billion.

In 2025, Ukraine missed a USD 665 million payment on GDP linked warrants, resulting in default on those instruments and a downgrade of Fitch's long-term foreign currency rating for Ukraine to "Restricted Default." In December 2025, the full nominal amount of these warrants, approximately USD 2.64 billion, was restructured through an exchange for new sovereign bonds. Following the restructuring, Fitch upgraded Ukraine's long-term foreign currency rating to "CCC." A small portion of external debt remained under ongoing restructuring discussions as of 31 December 2025. Except for the missed payment on growth linked warrants discussed above, Ukraine continued to service interest and principal on other sovereign external and domestic debt obligations as they became due during 2025. The missed GDP linked payment did not materially affect Ukraine's ability to meet its other debt commitments and was not indicative of a broader sovereign debt service failure.

During 2025, the NBU continued to ease certain foreign exchange restrictions introduced under wartime regulations. In May 2025, the NBU introduced a new investment limit, permitting resident entities to undertake a broader set of foreign exchange transactions tied to foreign capital contributions. In August 2025, the NBU further relaxed restrictions, including expanded dividend repatriation (for 2023) and debt repayment options. In September 2025, the NBU allowed specific cross border transfers for customs/tax payments. In January 2026, a loan limit was introduced to facilitate repayments of external borrowings received before 20 June 2023 and other foreign exchange operations for amounts received as foreign borrowings after 1 January 2026.

The approved state budget of Ukraine for 2026 presumes a budget deficit of approximately 18.5% of GDP (2025: 19% of GDP). It is expected that the deficit will be financed through financial assistance from foreign partners in the form of grants and preferential long-term, interest-free loans. The continued reliance on external financing underscores the importance of sustained international support for macroeconomic stability. Since late January 2022, the Ukrainian Government has been receiving substantial international support, financing, and donations from international organizations, individual countries, and charitable entities to maintain financial stability, fund social payments, and support military needs.

During 2025, the Government continued to apply restrictions on exports of certain types of products. As of 31 December 2025, zero quotas remained in place on exports of gold and silver (except for bank metals), table salt, and natural gas; exports of wheat, corn, soybeans and sunflower seeds, sugar, and chicken meat are subject to licensing. In addition, a new 10% export duty on soybeans and rapeseed was introduced effective from 4 September.

During the martial law period, certain changes were repeatedly introduced to the Tax Code of Ukraine. In 2025, Ukraine’s tax regime saw notable developments, including an increased corporate income tax rate for financial institutions, reinstatement of tax loss utilisation from 1 January 2025, entry into force of the special “Defence City” tax regime to support defence industrial enterprises, and continued tax administration

The war between Ukraine and the Russian Federation is ongoing, resulting in significant destruction of property and assets in Ukraine, as well as other serious consequences. The effects of the war are changing daily, and the long-term implications remain unclear. Further impacts on the Ukrainian economy will depend on how the Russian military invasion in Ukraine is resolved, the success of the Ukrainian Government in implementing new reforms and recovery strategies once the invasion ends, the progress of the country’s transformation toward European Union membership, and continued cooperation with international financial institutions.

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 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 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 are 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 2026 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 2026 to be almost at the level of total amount of the cash contributions for the year ended 31 December 2025.
- 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 2025 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 2026.

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. 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.

Intangible assets acquired by the Organization have defined useful lives and primarily consist of the Organization’s 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, 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.

The Organization applies the simplification permitted for accounting for an investment in an associate, namely measuring the investment at its historical cost without subsequent remeasurement to fair value, as provided for by NAS 25 (National Accounting Standard 25).

Current Accounts Receivable. The Organization’s current accounts receivable primarily consist of advances provided to suppliers, provided 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, and liabilities arising from received repayable financial assistance. Prepaid expenses are recognized in the statement of financial results as the related expenses are incurred.

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, as well as charitable assistance (grants) provided to other charity funds.

(in Ukrainian Hryvnias and in thousands)

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:

	31 December 2025	**31 December 2024**
1 US Dollar	42.3878 hryvnias	42.0390 hryvnias
1 Euro	49.8565 hryvnias	43.9266 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 2025. There were no significant events that would require disclosure in the financial statements.