

**Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"
"Elena Pinchuk Antiaids Foundation" (United Kingdom)**

Combined Statement of Cash Receipts and Disbursements

*For the year ended 31 December 2013 and
cumulative as at that date
with Independent Auditors' Report*



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We have audited the cash receipts and disbursements of the Combined Statement presented on the cash receipts and disbursements basis of accounting described in Note 2. Our objective was to obtain reasonable assurance about whether the cash receipts and disbursements basis of accounting is in accordance with the applicable accounting standards in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Combined Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Combined Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Combined Statement is free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Combined Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control related to the Foundations' preparation and fair presentation of the Combined Statement 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 Foundations' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of an auditor's estimates and assumptions made by management, as well as evaluating the overall presentation of the Combined Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Combined Statement presents fairly, in all material respects, the cash receipts and disbursements of the Foundations for the year ended 31 December 2013 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.



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INDEPENDENT AUDITORS' REPORT

To Management and Founders of Charitable Organisation "Foundation of Olena Pinchuk "ANTIAIDS" "Elena Pinchuk Antiaids Foundation" (United Kingdom)

We have audited the accompanying Combined Statement of cash receipts and disbursements of Charitable Organisation "Foundation of Olena Pinchuk "ANTIAIDS" and "Elena Pinchuk Antiaids Foundation" (United Kingdom), (hereinafter together referred to as "the Foundations") for the year ended 31 December 2013 and cumulatively as at that date, and a summary of significant accounting policies and other explanatory information ("the Combined Statement"). The Combined Statement has been prepared by management of the Foundations using the cash receipts and disbursement basis of accounting described in Note 2.

Management responsibility for the Combined Statement

Management is responsible for the preparation and fair presentation of this Combined Statement in accordance with the cash receipts and disbursements basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the Combined Statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Combined Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Combined Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Combined Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Combined Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundations' preparation and fair presentation of the Combined Statement 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 Foundations' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the Combined Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Combined Statement presents fairly, in all material respects, the cash receipts and disbursements of the Foundations for the year ended 31 December 2013 in accordance with the cash receipts and disbursements basis of accounting described in Note 2.



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Emphasis of matter

We draw attention to Note 4 to the Combined Statement, which describe the political unrest in Ukraine that started in November 2013 and escalated in 2014. The events referred to in Note 4 could adversely affect the Foundations' operations in a manner not currently determinable. Our opinion is not qualified in respect of this matter.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the Combined Statement, which describes the basis of accounting. The Combined Statement is prepared to provide information to the founders and management of the Foundations. As a result, the Combined Statement may not be suitable for another purpose.

Ernst & Young & Audit Services LLC

23 December 2014

Charitable Organisation "Foundation of Olena Pinchuk "ANTI AIDS"
 "Elena Pinchuk Antiaids Foundation" (United Kingdom)

Combined Statement of Cash Receipts and Disbursements
 For the year ended 31 December 2013 (in US dollars)

	Notes	2013	2012	Cumulative from commencement to 31 December 2013
Cash balance as at 01 January		194,957	588,665	-
Cash receipts collected:				
Contributions received from legal entities, including the founders' affiliates		1,471,829	3,560,835	15,722,506
Contributions received from the founders and other individuals		41,344	119,283	1,888,130
Founders' contributions to the Charter Fund		-	-	10,010
Bank interest		24	2,295	42,584
Total collected		1,513,197	3,682,413	17,663,230
Program disbursements made:				
Informational and educational campaigns on HIV/AIDS		(389,375)	(807,448)	(4,855,389)
Material aid paid to people with HIV/AIDS, medical establishments and orphanages		(341,368)	(432,014)	(3,844,384)
International co-operation	1	(697,440)	(2,543,476)	(7,056,604)
Total program disbursements		(1,428,183)	(3,782,938)	(15,756,377)
Administrative expenses	3	(257,988)	(300,954)	(1,749,852)
Total disbursements		(1,686,171)	(4,083,892)	(17,506,229)
Foreign exchange and translation differences		22,786	7,771	(112,232)
Cash balance as at 31 December		44,769	194,957	44,769

Signed and authorized for release on behalf of the Foundations on 23 December 2014:

Director

Chief Accountant



[Handwritten signature]

[Handwritten signature]

Olga Rudneva

Nataliia Kucherina

The accompanying notes are an integral part of this Combined Statement

**Charitable Organisation “Foundation of Olena Pinchuk “ANTIAIDS”
“Elena Pinchuk Antiaids Foundation” (United Kingdom)**

Notes to the Combined Statement of Cash Receipts and Disbursements
For the year ended 31 December 2013 (in US dollars)

1. General Information

The Charitable Organisation “Foundation of Olena Pinchuk “ANTIAIDS” (“the ANTIAIDS Foundation”) was founded by Mrs. Olena Pinchuk, a Ukrainian citizen, jointly with two other Ukrainian individuals in September 2003. The registered office of the Foundation is located at 2, Mechnikova Street, Kyiv, Ukraine.

On 13 October 2010, the Companies House of England and Wales registered “Elena Pinchuk Antiaids Foundation” (“the UK Foundation”). The UK Foundation was established by Mrs. Olena Pinchuk with the aim to contribute to the achievement of the ANTIAIDS Foundation’s goals through international cooperation.

All the activities of the above foundations, hereinafter collectively referred to as “the Foundations”, are governed by the ANTIAIDS Foundation management appointed by and reporting to the founders. The governing power to the ANTIAIDS Foundation management is provided by virtue of the respective agreements between the ANTIAIDS Foundation and the UK Foundation.

The goals of the Foundations, as stated in the founding documents, are to combat the HIV/AIDS epidemic in Ukraine, to reduce its escalation, to support people living with HIV/AIDS by improving their quality of life, and to bring to Ukraine the best international experience in combating HIV/AIDS.

The Foundations’ projects implemented during 2003-2013 were mainly focused on the following areas:

- Informational and educational campaigns;
- Support to people with HIV/AIDS, medical establishments and orphanages;
- International co-operation.

International co-operation mainly related to the Foundations’ participation in the joint project with the Clinton Foundation and the joint project of the UK Foundation with The Elton John AIDS Foundation (EJAF).

The aim of the joint project with the Clinton Foundation, initiated in 2007, is to increase access to HIV/AIDS treatment in Ukraine, to reduce the risk of HIV transmission among non-injecting drug users, and finally, to cut down the number of AIDS related deaths. Main directions of the project are: HIV/AIDS testing and identifying new cases of HIV infection; training, mentoring, consulting and support for health care providers of various qualification levels; comprehensive drug treatment and substitution therapy for injecting drug users; improvement of the existing drug procurement system.

Cooperation with Elton John AIDS Foundation (EJAF) started in 2007. The first 5 year project was focused on children infected and affected by AIDS epidemic. The main goals of the project were to raise awareness about HIV/AIDS amongst school teachers, find families for HIV-positive orphans, retain kids in biological families and train specialists about main principles of status disclosure. In 2009 the new project targeted at homeless girls vulnerable to HIV/AIDS was launched. In 2012, on the eve of EURO 2012 Championship final, Sir Elton John performed charitable concert aimed at raising awareness about HIV and reducing stigma and discrimination. During 2013 cooperation with EJAF was mainly focused on information campaigns for attracting additional resources into the fight against AIDS.

2. Summary of Significant Accounting Policies

Basis of accounting

The Foundations’ Combined Statement of cash receipts and disbursements (the “Combined Statement”) is prepared on the cash receipts and disbursements basis, which represents other comprehensive basis of accounting, and is not intended to be a presentation in conformity with International Financial Reporting Standards or any other generally accepted accounting principles in other countries, including Ukraine and the UK, where the entities of the Foundations are registered. On this basis, donations and other cash collections are recognised when received, and expenses are recognized when paid rather than when incurred.

The Foundations prepare and file Statements for the tax and other statutory reporting purposes on the basis of the statutory accounting records maintained by the Foundations.

Notes to the Combined Statement of Cash Receipts and Disbursements

For the year ended 31 December 2013 (in US dollars)

Basis of combination

The Combined Statement of cash receipts and disbursements of the Foundations is presented on a combined basis, which management considered appropriate for entities under its control exercised as described above in the Note 1. The Combined Statement comprises individual statements of the Foundations for the year ended and cumulatively through 31 December 2013. The separate statements of the Foundations are prepared as of the same reporting date, using consistent accounting policies. All cash receipts and disbursements between the Foundations have been eliminated in full.

Foreign Currencies

The presentation currency of this Combined Statement is the United States dollar (“US dollar”). The functional currency of the Ukrainian entity is the national currency of Ukraine, the Hryvnia (“UAH”). The functional currency of the UK Foundation is US dollar. Accordingly, transactions included in the Combined Statement of cash receipts and disbursements that were not already measured in US dollars have been premeasured into US dollars using the official exchange rate established by the National Bank of Ukraine (‘NBU’) at the date of transaction throughout 2013. The exchange rate approximates market rates. The remaining cash balance as at the reporting date is translated into the presentation currency using the closing exchange rate at that date (7.993 UAH for 1 US dollar as at 31 December 2013 (2012: 7.993 UAH for 1 US dollar)).

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBU exchange rate on the date of the transaction are also included in gains/losses from foreign currencies.

3. Administrative Expenses

Administrative expenses represent cash disbursements related to general management of the projects and arrangement of the Foundations’ activities and primarily comprise the Foundations’ employees’ salaries and related taxes as well as office rental expenses.

4. Operating Environment and Economic Conditions

The Ukrainian economy while deemed to be of market status continues to display certain characteristics consistent with that of an economy in transition. These characteristics include, but are not limited to, low levels of liquidity in the capital markets and the existence of currency controls which cause the national currency to be illiquid outside of Ukraine. The stability of the Ukrainian economy will be significantly impacted by the Government’s policies and actions with regard to administrative, fiscal, legal, and economic reforms. As a result, operations in Ukraine involve risks that are not typical for developed markets. The Ukrainian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

The protests and signs of political unrest, which began in late 2013, have escalated in 2014. Specifically, in February 2014, the President and majority of Government officials were dismissed by the Parliament, and a transitional Government was appointed. On 25 May 2014, the new President was elected, followed by appointment of the new Government.

In March 2014, following a referendum and declaration of independence the Autonomous Republic of Crimea was annexed by the Russian Federation. The referendum and declaration of independence have been ruled unconstitutional by the Ukraine’s Constitutional Court.

Protests against the central Government, which began in the Donetsk and Lugansk oblasts (regions) in March 2014, escalated into the insurgency. This led the Government to launch a military counter-offensive mission against the insurgents, which resulted in the ongoing armed confrontation in these regions.

Notes to the Combined Statement of Cash Receipts and Disbursements

For the year ended 31 December 2013 (in US dollars)

Furthermore, from 1 January 2014 to 23 December 2014, the Ukrainian Hryvnia devaluated against major foreign currencies by approximately 80%, calculated based on the NBU exchange rate of US\$ as of the respective date, and the National Bank of Ukraine imposed certain restrictions on purchase of foreign currencies at the inter-bank market, and also mandated obligatory conversion of foreign currency proceeds into Ukrainian Hryvnia. The international rating agencies have downgraded sovereign debt ratings for Ukraine. The combination of the above events has resulted in a deterioration of liquidity and much tighter credit conditions where credit is available.

On 21 March 2014, Ukraine signed political provisions of the association agreement with the European Union. On 27 June 2014, Ukraine signed the economic part of the association agreement. The EU-Ukraine association agreement has been ratified by the parties on 16 September 2014. The International Monetary Fund made available to Ukraine US dollar 3.2 billion loan from the 17 billion two-year Stand-By Arrangement, and Ukraine is further negotiating additional financial aid from other international financial sources.

Management is monitoring these developments in the current environment and taking actions where appropriate. Further negative developments in the political, macroeconomic or international trade conditions may adversely affect the Foundations' operations in a manner not currently determinable.

5. Tax and Regulatory Compliance

The Foundations have the status of non-for-profit organization and are generally exempt from income tax and other taxes, which would otherwise be applicable to their activity, including passive income earned, subject to their continued compliance with this status.

Management believes that its interpretation of the relevant applicable legislation is appropriate and that the Foundations have complied with all regulations and continues to maintain their non-for-profit status. All due statutory withholdings, including employment related taxes have been paid timely and properly. At the same time it is possible that transactions and interpretations that have not been challenged in the past may be challenged by the authorities in the future, although this risk significantly diminishes with passage of time. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

6. Other Commitments and Contingencies

Legal

In the ordinary course of activities, the Foundations may become subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints would not have a material adverse effect on the financial condition or the future operations of the Foundations.

Appropriation of donations

Prior to entering into the projects, management evaluates the compliance of the proposed project activities with the statutory goals of the Foundations as well as with the statutory requirements for the charitable and non-for-profit activities. Further, in course of the projects' implementation, management monitors, to the extent practical and possible, their alignment with the declared goals based on the reports and other documentation provided by the participants of the projects and donation recipients as well as selective inspections.

However, because of the inherently limited ability of the Foundations' management to assess and monitor eligibility and actual appropriation of the funding by the other project participants and the donation recipients, misappropriation of the funds extended to the projects by the Foundations may take place and not be detected. As with other contingencies, management believes that the ultimate liability of the Foundations arising from such cases, if any, will not have a material adverse effect on the financial condition or the future operations of the Foundations.