

INDEPENDENT AUDITOR'S REPORT

*To the Embassy of Sweden in Ukraine
To the Danish International Development Agency
To the management of NGO «Public television»*

Opinion

Under the Contract № 10-2020-A dated 26.02.2020 we have audited the accompanying Financial Statements of Non-Governmental Organization «Public television» (the Organization), prepared in accordance with the principles, stated in the Note 2 to these financial statements, comprising the accounting Balance Sheet statement, Profit and Loss Statement, and Notes as well, for the year that ended on December, 31st, 2019 (the financial statements).

In our opinion, the accompanying financial statements of the Organization for the year that ended on December, 31st, 2019 are prepared, in all material respects, in accordance with the principles, stated in the Note 2 to these financial statements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the principles, stated in the Note 2 to these financial statements and for such internal control as management determines is necessary to enable the preparation of 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 relating 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 supervision over 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.

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.

Other Matters - Implementation of recommendations of previous auditors

Our additional assignment was to state all previous audit recommendations and describe in the summary section of our report the status of actions taken on findings and recommendations reported in prior audits of the Organization. We have noticed that previous audit recommendations concerning financial statements were not provided.

Director of
LLC "Audit company "UHY Prostor Ltd"



Safinskiy V.L.

27.03.2020

Office # 315, 14 Vasylkivska Str.
Kyiv, Ukraine, 03040

Register number 51

FINANCIAL REPORT of small enterprise

		CODES			
		Date (year, month, day)	2020	01	01
Enterprise	<u>Non-Governmental Organization "Public television"</u>	EDRPOU	38780085		
Territory	<u>Kyiv, Pechersk district</u>	KOATUU	4610136600		
Form of incorporation	<u>Non-Governmental Organization</u>	KOPFG	815		
Type of economic activity	<u>Charitable</u>	KVED	94.99		
Average number of employees	<u>7</u>				
Measurement units: thousands UAH with one decimal place					
Address	<u>4/6, Mykhaila Omelyanovycha-Pavlenka, Kyiv, Ukraine</u>				

1. Balance sheet Form No.1-M DKUD Code **1801006**
as of 31 December 2019

Assets	Row code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
I. Non-current assets			
Intangible assets:	1000	828,2	3 079,4
initial value	1001	1 093,2	3 457,3
amortization accumulated	1002	(265,0)	(377,9)
Incomplete capital investments	1005	2 014,2	6,4
Fixed assets:	1010	7 217,2	6 204,7
initial value	1011	16 481,1	17 995,6
depreciation	1012	(9 263,9)	(11 790,9)
Long-term biological assets	1020	-	-
Long-term financial investments	1030	-	-
Other non-current assets	1090	-	-
Total for section I	1095	10 059,6	9 290,5
II. Current assets			
Inventories	1100	0,3	-
including finished goods	1103	-	-
Current biological assets	1110	-	-
Receivables for goods, works and services	1125	2,0	10,2
Due for taxes, levies and other statutory charges paid	1135	-	8,1
including corporate income tax	1136	-	-
Other current receivables	1155	513,3	367,7
Current financial investments	1160	-	-
Cash and cash equivalents	1165	17 937,3	3 612,1
Deferred expenditures	1170	107,1	40,8
Other current assets	1190	4,4	-
Total for section II	1195	18 564,4	4 038,9
III. Non-current assets and disposal groups	1200	-	-
Balance	1300	28 624,0	13 329,4

Liabilities	Row code	At the beginning of reporting period	At the end of reporting period
1	2	3	4
I. Owners' equity			
Authorized Capital	1400	-	-
Additional capital	1410	348.5	393.0
Reserve capital	1415	-	-
Unappropriated income (uncovered loss)	1420	863.1	881.2
Unpaid capital	1425	-	-
Total for section I	1495	1 211.6	1 274.2
II. Long-term liabilities, special purpose financing and provisions	1595	15 137.0	2 777.0
III. Current liabilities			
Short-term bank loans	1600	-	-
Current liabilities for settlements:			
current long-term liabilities	1610	-	-
accounts payable for goods, works and services with the budget	1615	2346.9	83.1
including corporate income tax	1620	67.0	31.70
on insurance	1621	-	-
on labour remuneration	1625	79.2	-
Deferred income	1630	296.1	-
Deferred income	1665	9 484.4	8 895.2
Other current liabilities	1690	1.8	268.2
Total for section III	1695	12 275.4	9 278.2
IV. Liabilities on non-current assets and disposal groups	1700	-	-
Balance	1900	28 624.0	13 329.4

2. Profit and Loss Statement for the year 2019

Form No. 2-м
DKUD Code

1801007

Budget item	Row code	For the Reporting period	For the Same Period of the Previous Year
1	2	3	4
Net income from sale of products (goods, works	2000	383.5	305.8
Other operating income	2120	63 309.1	54 535.4
Other income	2240	507.0	252.8
Total income (2000+2120+2240)	2280	64 199.6	55 094.0
Costs of sales (goods, works, services)	2050	-	-
Other operating expenses	2180	(64 113.9)	(54 610.3)
Other expenses	2270	(67.6)	-
Total expenditures (2050 + 2180 + 2270)	2285	(64 181.5)	(54 610.3)
Financial result before tax (2280-2285)	2290	18.1	483.7
Income tax	2300	(-)	(-)
Net income (loss) (2290-2300)	2350	18.1	483.7

Head of th Organization

Yuliya Bankova

(signature)

Chief Accountant

Olga Lomakovska

(signature)



**Notes to the financial statements of Non-Governmental Organization "Public television"
for year ended on December, 31st, 2019**

1. General information

Non-Governmental Organization "Public television" (hereinafter – the Organization) is a voluntary association of individuals established for implementation of protection of rights and freedoms, satisfaction of public, in particular, social, cultural, informational, creative and other non-commercial interests.

The main directions of Organization's activity are: collection, processing, creation, storing and preparation of information, issuing and distributing news, providing photo-, video- and other informational products to mass media, state governing authorities and other legal entities and individuals.

2. Basis of preparation and presentation

Financial statements consist of:

- Financial report of the small enterprise subject including Balance sheet (form № 1-m) as at 31.12.2019 and Profit and Loss statement (form № 2-m) for year ended on December, 31st, 2019, prepared in accordance with the rules of the National accounting standards in Ukraine, namely NAS 25 "Simplified financial report". Financial report of the small enterprise subject is prepared in accordance with the accruals principle and valuation at initial cost method;
- Notes to the financial statements, which were prepared in accordance with Terms of Reference for Annual Audit as they are stated in the Grant Agreement № 12917 dated August, 09, 2019 (the Agreement) between the Swedish International Development Cooperation Agency, represented by the Embassy of Sweden in Ukraine (SIDA) and the Organization.

Financial statements are presented in hryvnias, and all the amounts are rounded to thousands with one decimal point.

3. Disclosure of information on separate items of financial statements

3.1. Intangible assets

Line 1000 «Intangible assets» of the Balance Sheet includes remaining value of computer programs, certificate for a logo for goods and services, broadcasting license, copyrights for television programs etc.

Intangible assets received on the account of using donors' funds are reflected in the purchase amount minus accumulated depreciation as at the reporting date.

Depreciation of the intangible assets is accrued using the straight-line method. Useful life term is defined at the moment of recognition and is analyzed at the end of every year reporting period and is adjusted if necessary.

Part of intangible assets has indefinite useful life term. Depreciation is not accrued for such items. Balance sheet value of such intangible assets as at 31.12.2019 amounts to 2 277 thousand UAH (2018 – 131,7 thousand UAH).

3.2. Fixed assets

Line 1010 «Fixed assets» of the Balance Sheet includes remaining value of computer, video-, office equipment, furniture, instruments, other non-current assets, initial value of which exceeds 6 000,00 UAH.

Fixed assets received on the account of using donors' funds are reflected in the purchase amount minus accumulated depreciation as at the reporting date.

Depreciation of the fixed assets (except the other non-current assets) is accrued using the straight-line method. Useful life term is defined at the moment of recognition and is analyzed at the end of every year reporting period and is adjusted if necessary.

Expenditures for repair works and technical maintenance of fixed assets are reflected in the Profit and Loss statement during the financial period in which they were incurred.

3.3. Other current receivables

Line 1155 «Other current receivables» of the Balance Sheet includes:

	As at 31.12.2019	As at 31.12.2018
Advances paid for goods, works, services	285,7	454,8
Settlements under income accrued (royalty)	72,1	24,4
Settlements under compensation of losses	-	24,3
Other current receivables	9,9	9,8
Total	367,7	513,3

3.4. Cash and cash equivalents

Line 1165 «Cash and cash equivalents» of the Balance Sheet includes the amount of money funds in bank accounts.

	31.12.2019	31.12.2018
Money funds in bank in UAH	1 287,8	2 140,9
Money funds in bank in GBR	1 561,0	-
Money funds in bank in USD	710,6	9 532,8
Money funds in bank in EUR	52,7	6 263,6
TOTAL:	3 612,1	17 937,3

3.5. Additional capital

Line 1410 «Additional capital» of the Balance Sheet includes the value of non-current assets received by the Organization from other persons free of charge. Remaining balance of additional capital is reduced for amount of recognized income during the useful life term of received for free non-current assets and at the disposal of such assets.

3.6. Long-term liabilities, special purpose financing and provisions

Line 1595 «Long-term liabilities, special purpose financing and provisions» of the Balance Sheet includes target purpose financing for implementation of the Organization's charter activities, including the following split to donors:

	As at 01.01.19	Funds received	Income accrued *	Repay ment to donor	Correctio ns	Exchange differen ces	As at 31.12.19
The Ministry of Foreign Affairs of Denmark (DANIDA)	5 235,4	12 124,1	(16 315,2)	-	-	(991,2)	53,1
OMIDYAR NETWORK FUND, INC	6 506,3	9 411,2	(15 635,5)	-	-	(282,0)	-
Swedish International Development Cooperation Agency (SIDA)	222,0	7 892,0	(7 260,6)	-	-	(330,0)	523,4
Ukrainian world foundation	18,7	3 359,9	(3 267,8)	-	-	(43,7)	67,1
US Embassy in Ukraine	-	3 868,9	(3 868,9)	-	-	-	-
Free Press Unlimited	855,9	2 121,7	(2 395,2)	-	(5,7)	(89,9)	486,8
BBC MEDIA ACTION	-	3 129,0	(2 294,3)	-	-	2,4	837,1
The Black Sea Trust for Regional Cooperation (BST)	-	1 564,5	(1 489,5)	-	-	(75,0)	-
Radio Freedom	1 500,0	-	(1 364,7)	-	-	(135,3)	-
Free Press for Eastern Europe , nadační fond	485,1	491,3	(928,0)	-	-	(48,4)	-

Notes to the financial statements of Non-Governmental Organization "Public television"
for year ended on December, 31st, 2019

European Endowment for Democracy (EED)	-	1 733,1	(914,4)	-	-	4,0	822,7
Balkan Investigative Reporting Network	-	458,2	(517,9)	-	-	(36,3)	(96,0)
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	(4,5)	570,3	(552,0)	-	5,7	(19,5)	-
London school of economics and policy science	-	835,8	(755,5)	-	-	2,9	83,2
INTERNEWS EUROPE	426,3	40,7	(467,1)	-	-	0,1	-
International Renaissance Foundation	-	284,4	(267,6)	(16,8)	-	0,0	-
THOMSON FOUNDATION	-	163,1	(160,5)	-	-	(3,0)	(0,4)
NEW MEDIA DEVELOPMENT GROUP NFP	103,5	0,0	(103,7)	-	-	0,2	-
Other projects	(211,7)	352,5	(140,5)	-	-	(0,3)	-
TOTAL	15 137,0	48 400,7	(58 698,9)	(16,8)	-	(2 045,0)	2 777,0

*- including deferred incomes

Information on flows of donor funds and funds of other sources of financing prepared on cash method basis for 2019 is presented in the table below:

Sources of financing	Balance as at 01.01.2019	Receipts	Expenditures paid	Return of funds to donor	Balance corrections	Exchange differences	Balance as at 31.12.2019
The Ministry of Foreign Affairs of Denmark (DANIDA)	6447,9	12 077,7	(17 514,8)	-	-	(944,7)	66,1
OMIDYAR NETWORK FUND, ING	7246,4	9 411,2	(16 396,5)	-	-	(261,1)	-
Swedish International Development Cooperation Agency (SIDA)	439,9	7 892,0	(7 491,5)	-	-	(331,0)	509,4
Ukrainian world foundation	179,6	3 359,9	(3 414,9)	-	-	(48,8)	75,8
Embassy of U.S.	-	3 868,9	(3 868,9)	-	-	-	-
FREE PRESS UNLIMITED	971,2	2 121,1	(2 510,5)	-	(5,7)	(89,3)	486,8
BBC MEDIA ACTION	-	3 129,0	(2 274,9)	-	0	2,5	856,6
The Black Sea Trust for Regional Cooperation (BST)	-	1 560,6	(1 489,5)	-	0	(71,1)	-
Radio Freedom	1 603,8	-	(1 468,4)	-	0	(135,4)	-
Free Press for Eastern Europe , nadačni fond	568	491,3	(1 011,9)	-	(4,1)	(42,6)	0,7
European Endowment for Democracy (EED)	-	1 729,0	(1 186,4)	-	2,6	5,5	550,7
Balkan Investigative Reporting Network	-	456,5	(517,9)	-	0	(34,6)	(96,0)
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	128,8	565,7	(685,2)	-	10,6	(19,9)	-
London school of economics and policy science	-	835,8	(755,5)	-	0	2,9	83,2
INTERNEWS EUROPE	(23)	40,7	(22,1)	-	5	(0,6)	-
International Renaissance Foundation	-	284,4	(267,6)	(16,8)	-	0	-
THOMSON FOUNDATION	-	163,1	(160,5)	-	-	(3,0)	(0,4)
NEW MEDIA DEVELOPMENT GROUP NFP	103,5	-	(103,7)	-	-	0,2	-
Open Media Hub	(148,6)	169,2	(26,2)	-	25	(19,4)	-
Embassy of the Netherlands	(156,1)	156,1	-	-	-	-	-
Public donations, royalty and other inflows	575,9	1654,8	(1 059,6)	-	(33,4)	(58,5)	1079,2
TOTAL	17 937,3	49 967,0	(62 226,5)	(16,8)	-	(2 048,9)	3 612,1

3.7. Deferred income

Line 1665 «Deferred income» of the Balance Sheet includes target purpose financing already used for purchase of non-current assets and which will be recognized as income during periods of using respective items in the amount of depreciation accrued and also for purchasing deferred expenses as well.

Head of the Organization

Yuliya Bankova

Chief Accountant

Olga Lomakovska

