

**Non-Governmental Organization Gurt Resource
Centre for NGO Development**

**Statement of Cash Receipts and
Disbursements and Independent Auditor's Report**

31 December 2011

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Independent Auditor's Report on the Statement of Cash Receipts and Disbursements

To the Board of Non-Governmental Organization Gurt Resource Centre for NGO Development and Swedish International Development Cooperation Agency:

We have audited the accompanying statement of cash receipts and disbursements of Non-Governmental Organization Gurt Resource Centre for NGO Development (the "Centre") for the year ended 31 December 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Statement of Cash Receipts and Disbursements

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

Auditor's Responsibility

Our responsibility is to express an opinion on this statement of cash receipts and disbursements 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 statement of cash receipts and disbursements is free from material misstatement.

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

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 statement of cash receipts and disbursements of Non-Governmental Organization Gurt Resource Centre for NGO Development for the year ended 31 December 2011 is prepared, in all material respects, in accordance with the basis described in Note 2.



Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement of cash receipts and disbursements, which describes the basis of accounting. The statement of cash receipts and disbursements is prepared for the information and use of the Non-Governmental Organization Gurt Resource Centre for NGO Development and Swedish International Development Cooperation Agency, in connection with receipt of financing from Swedish International Development Cooperation Agency. As a result, the statement of cash receipts and disbursements may not be suitable for another purpose.

The statement of cash receipts and disbursements does not comprise a full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and National Regulations (Standards) of Accounting in Ukraine ("NR(S)AU").

LLC PF Professional Capital Audit

Kyiv, Ukraine
20 February 2012

Non-Governmental Organization Gurt Resource Centre for NGO Development
Statement of Cash Receipts and Disbursements

<i>In thousands of US Dollars</i>	Note	2011
Cash receipts		
The United Nations Democracy Fund		98
Pact Inc.		76
International Labour Organization		45
Intellectual Perspective Charitable Fund		35
Charles Stewart Mott Foundation		30
European Commission		28
Other		21
Total cash receipts collected		333
Cash spent		
Conferences, workshops, meetings, events		(220)
Project management		(31)
Information activities		(22)
Other		(1)
Total project-specific disbursements		(274)
Administrative disbursements	5	(37)
Fundraising disbursements		(6)
Other		1
Total disbursements made		(316)
Net increase in cash and cash equivalents		17
Cash and cash equivalents at the beginning of the year	4	22
Cash and cash equivalents at the end of the year	4	39

Approved for issue and signed on behalf of the Centre's Management on 20 February 2012.

Bohdan Maslych
Executive Director



Non-Governmental Organization Gurt Resource Centre for NGO Development
Notes to the Statement of Cash Receipts and Disbursements
for the year ended 31 December 2011

1 General information

This statement of cash receipts and disbursements has been prepared on a cash basis, as described in Note 2, by Non-Governmental Organization Gurt Resource Centre for NGO Development (the "Centre").

The Centre is a non-for-profit charitable organisation. It was founded by 9 individuals in accordance with Ukrainian regulations in Kyiv on 30 January 1996.

Principal activity. The Centre derives its principal sources of cash from grants from foreign and local organizations and individuals ("grant providers") and uses these funds, in accordance with the terms in which they are provided, for charitable purposes.

Registered address and place of business. The Centre's registered address is 1/3, Desyatynna Str., Kyiv, 01025, Ukraine.

2 Basis of preparation

Basis of presentation. The Centre's statement of cash receipts and disbursements is prepared on a cash basis and is not intended to be a presentation in conformity with International Financial Reporting Standards or National Regulations (Standards) of Accounting in Ukraine ("NR(S)AU"). Under the cash basis grants and other cash collections are recognized when received, and expenses are recognized when paid, rather than when services suppliers provide services to the Centre.

Foreign currency translation. Items included in the Centre's statement of cash receipts and disbursements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"), which is the Ukrainian hryvnias ("UAH"). The statement of cash receipts and disbursements is presented in US Dollars ("USD).

Transactions included in the statement of cash receipts and disbursements that were not transacted in USD have been re-measured into USD using the official exchange rate established by the National Bank of Ukraine at the date the transactions' occurred. The cash and cash equivalents balance as 31 December 2010 and 2011 is translated into USD using the closing exchange rate at the reporting date.

The rates of exchange used for translating foreign currency balances were as follows:

	UAH
1 US dollar (USD) – 31 December 2011	7.990
1 Euro (EUR) – 31 December 2011	10.795
1 US dollar (USD) average rate for 2011	7.968

Cash and cash equivalents. Cash and cash equivalents consist of cash on hand, cash with banks and deposits with original maturity of less than three months.

Cash receipts collected and disbursements made. The Centre's cash receipts come from the following sources:

- a) cash target financing provided by sponsors (grant providers) to the Centre's bank accounts specifying what charitable programs (projects) should be funded;
- b) cash donations by legal entities and individuals for charitable purposes with no program or project use specified;
- c) interest received on cash balances in the Centre's bank account.

If the grant is given in cash, the Centre can use it solely for the purpose specified in the grant agreement.

The Centre makes payments for goods and services provided directly to the supplier's bank account.

Non-Governmental Organization Gurt Resource Centre for NGO Development
Notes to the Statement of Cash Receipts and Disbursements
for the year ended 31 December 2011

2 Basis of preparation (continued)

Taxes. The Centre's charitable operations and passive income is exempt from corporate profit tax ("CPT") and value added tax ("VAT") in Ukraine. However, the Centre is subject to profit tax calculated as a percentage of cash received, other than contributions from donors and passive income, but unspent during the reporting period i which exceed 25% of all proceeds during the period.

Other transactions are subject to CPT of rates specified in the Tax Code and VAT of 20% according to the requirements of Ukrainian tax legislation.

The Centre contributes to the Ukrainian state pension fund on behalf of its employees. These contributions are calculated as a percentage of current gross salary payments and are expensed as incurred.

3 Transactions with related parties

In 2011 the Centre paid remuneration to the Executive Director totalling USD 2 thousand.

In 2011 the Centre paid USD 9 thousand for services provided by a member of the Board.

4 Cash and cash equivalents

Cash and cash equivalents consist of:

<i>In thousands of US dollars</i>	31 December 2011	31 December 2010
Cash in current bank accounts	39	21
Short-term bank deposits	-	1
Total cash and cash equivalents	39	22

Cash and cash equivalents are denominated in the following currencies:

<i>In thousands of US dollars</i>	31 December 2011	31 December 2010
USD	35	11
EUR	3	1
UAH	1	10
Total cash and cash equivalents	39	22

5 Administrative disbursements

<i>In thousands of US Dollars</i>	2011
Audit fees	12
Salaries and related social security costs	7
Office rent	7
Purchase of office equipment	6
Telephone and Internet	2
Other	3
Total disbursements	37