

Ukrainian Education Platform

Special Purpose Financial Statements (The Project report)

in respect of the Project 1010413-16: «Driving a more accountable, people-centred, and effective response to the Ukraine crisis through local leadership, innovation, inter-agency collaboration and action learning».

for the period from January 01, 2023, to November 30, 2024

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To the Management of DanChurchAid Representation office in Ukraine and PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Report on Audit of the Special Purpose Financial Statements (The Project report)

Opinion

As requested in your audit instructions 2024 for Partner Financial Statements, we have audited, for purposes of your audit of the consolidated Danida framework accounts of DanChurchAid the accompanying special purpose financial information of Charitable Fund "Ukrainian Education Platform" as of November 30, 2024 and for the year then ended. This special purpose financial information has been prepared solely to enable DanChurchAid to prepare its consolidated Danida framework accounts of DanChurchAid.

In our opinion, the accompanying special purpose financial information for Charitable Fund "Ukrainian Education Platform" as of November 30, 2024 and for the year then ended has been prepared, in all material respects in accordance with the grant provider's guidelines.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Southern Development Strategy and DanChurchAid in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of 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 — Restrictions on Use

This special purpose financial information has been prepared for purposes of providing information to DanChurchAid to enable it to prepare the consolidated Danida framework accounts of DanChurchAid. As a result, the special purpose financial information is not a complete set of financial statements of

Charitable Fund "Ukrainian Education Platform" in accordance with the Danish Financial Statements Act of 2014, and forms part of the international BDO network of independent member firms.

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Act and is not intended to give a true and fair view of, in all material respects, the financial position of Charitable Fund "Ukrainian Education Platform" as of November 30, 2024, and of its financial performance, for the year then ended in accordance with the Danish Financial Statements Act. The financial information may, therefore, not be suitable for another purpose.

This report is intended solely for the Management of DanChurchAid Representation office in Ukraine and PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the project report

Management is responsible for the preparation of this special purpose financial information in accordance with the financial reporting provisions of the Ministry of Foreign Affairs, Denmark ("the grant provider's guidelines") and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process of the Project.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing and the additional requirements in your instructions. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information is free from material misstatement. As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the special purpose financial information of Charitable Fund "Ukrainian Education Platform" alone.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial information 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 entity'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 special purpose financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the partner materiality level specified by you in the context of the audit of the consolidated Danida framework accounts of DanChurchAid.

Our objectives are to obtain reasonable assurance about whether the special purpose financial information 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 this special purpose financial information.

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 project report, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the project report including the disclosures, and whether the project report represent the underlying transactions and events in a manner in accordance with the Partner funding agreement.

We communicate with those charged with governance regarding 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Statement on compliance audit and performance audit

Management is responsible for the transactions comprised by the financial reporting being in accordance with legislation and other regulations as well as with agreements concluded and generally accepted practice. Management is also responsible for ensuring that sound financial management is exercised in the administration of the funds and the operation of the activities comprised by the special purpose financial information. In this connection, Management is responsible for establishing systems and processes that support economy, productivity and efficiency.

In connection with our audit of the special purpose financial information, it is our responsibility to perform a compliance audit and a performance audit of selected subject matters in accordance with your instructions. During our compliance audit, we verify with reasonable assurance for the subject matters selected whether the examined transactions comprised by the financial reporting are in accordance with relevant legislation and other regulations as well as agreements concluded and generally accepted practice. During our performance audit, we assess with reasonable assurance whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the funds and the operation of the activities comprised by the special purpose financial information.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we are to report on these in this statement. We present our material critical comments below:

Time registration system

During the audit, we were unable to obtain sufficient evidence regarding the existence of a rigorous time registration system by the partner. The engaged workers, including those who are registered as Individual Entrepreneurs and employees, did not maintain detailed records of time spent, or such

Records could have been made formally (for instance, identical month-to-month, and across different employees, the time expenditures did not vary).

Overall Cost Efficiency of Project Fund Utilization

As a result of our audit of the project, we can report the following observations:

- The core project activities primarily included the issuance and control over small GCT grants;
- Supporting activities directly attributable to the project's objectives included trainings and educational events;
- Administrative and oversight activities included the salaries of facilitators and administrative personnel, meetings related to project performance, control and monitoring activities, and other supporting expenses such as office rental.

Actual project expenditures for 2024 included:

- GBP 101,926.52 for the issuance of GCT grants;
- GBP 31,764.67 for supporting activities linked to the project's core operations;
- GBP 199,076.29 for administrative, monitoring, and control functions (including GBP 76,867.59 for facilitators' salaries, although this amount does not cover the entire administrative salary cost for the project);
- Additionally, DanChurchAid provided GBP 27,644 to finance 7 additional grants, which were administered and managed by the project team. These amounts were not included in the project's reported expenditures.

Additionally:

- The number of facilitators engaged in 2024 was 26 (compared to 24 in 2023);
- The number of GCT projects and the average number of GCT projects per facilitator in 2024 were 37 and 1.42 respectively (compared to 44 projects and an average of 1.83 per facilitator in 2023);
- The average facilitator salary cost per project (excluding other expenses) amounted to GBP 2,077 in 2024 (compared to GBP 1,514 in 2023).

Based on our observations, the average net monthly salary for mid-level personnel (mid-level specialists) in the local market is approximately GBP 700-1,000 (net of tax; all salary amounts cited are considered net of tax, applying a correction factor of 0.95).

Thus, we observed a sharp increase in administrative expenses in 2024, which, in our view, cannot be fully justified by an increase in project activities. Specifically, the average facilitator salary cost per project grew by 37%, while we have no information suggesting any substantial changes in the nature of the projects in 2024.

The Partner explains such salary and work-time-related costs by referring to other project-related activities, such as building the capacity of local partners to operate independently, which, according to the Partner, aligns with the overall objectives of the project. However, considering the time allocation issues noted above and the general and non-specific nature of the outcomes listed, we were unable to fully understand the necessity of allocating such a significant amount of facilitator work time to each project, especially given the relatively small size of the individual projects.

Conducting Meetings After the Actual Main Activities End Date

During our audit, we identified that, in the period of October-November, several meetings were held under the budget lines "Training of community facilitators and community support centre staff (includes meals, accommodation, transportation, venue rental, relevant communication expenses)" and " Trainers for community facilitators and community support centre staff " totalling GBP 17,117.

According to management explanations, a final session summarizing the project results with DCA was held in August 2024, and the GCT activities had in fact concluded earlier.



The Partner explained that the purpose of the meetings conducted after the official end of the main project activities was to organize strategic planning sessions for subgrantees who received project funding during 2023-2024, with the aim of supporting the development of their future initiatives within local communities. Additionally, according to the Partner, the objectives of these meetings also included ensuring the sustainability of the implemented initiatives and strengthening the organizational capacity of the partner organizations.

Commissioning Video Materials on Project Outcomes

According to the reported project expenses, the Partner commissioned the production of 66 minutes of finished video material (five mini-documentaries) showcasing selected GCT projects. The total cost of the video production amounted to GBP 16,438. The filming covered a 3,000 km journey across six regions of Ukraine where project activities had been implemented.

As we are not technical specialists in media production, we are not in a position to assess the overall efficiency of the expenses for this quantity of video material, which primarily consisted of interviews. Additionally, we note that, according to the Partner, the current total number of views per video was 14,239, which is considered a relatively low engagement indicator. However, the Partner emphasized that the materials may still be used in the future and have already been broadcast on a local television channel in Lviv.

Office rent

The Partner rents an office in the city of Lviv for administrative purposes. The total monthly rental cost amounts to EUR 3,650 (approximately GBP 3,139). According to the Partner's explanation, out of the total area of 350 sq. m, certain auxiliary spaces (such as corridors, restrooms, attics, and basements) are not directly used for administrative purposes. During the current reporting period, the Partner has addressed previously identified shortcomings in the allocation of rental expenses (in 2023 and partly in 2024, the applied allocation percentage was 50%).

Currently, following our recommendation issued last year, 24% of the total rental cost is allocated to the project, in accordance with prior agreements with DCA. The total amount of office rent including utilities recognized in the 2024 project report is GBP 10,523.87.

Given the above, we could not confirm that the rental of such premises was in line with the cost-efficiency principles applicable to Grant projects – at least at the beginning of the reporting period.

The audit was performed under the supervision of the Head of the Audit Department, Fedir Ushakov.

Head of the Audit Department

Number of registration with the Register of Auditors and Audit Entities: 101118

For and on behalf of "BDO" LLC

Key Audit Partner

Number of registration with the Register of Auditors and Audit Entities: 101534

May 16, 2025

Kyiv

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