

**UKRAINIAN RESISTANCE
FOUNDATION**

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2023**

UKRAINIAN RESISTANCE FOUNDATION

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

Board of Directors
Ukrainian Resistance Foundation
Franklin Park, IL

Opinion

We have audited the accompanying financial statements of Ukrainian Resistance Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ukrainian Resistance Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Ukrainian Resistance Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ukrainian Resistance Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Ukrainian Resistance Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ukrainian Resistance Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Desmond & Ahern, Ltd

August 20, 2024
Chicago, IL

**UKRAINIAN RESISTANCE FOUNDATION
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2023**

Assets

Current Assets

Cash and equivalents	\$ 55,606
Inventory	76,000
Loan receivable - related party	13,510
Prepaid expense	509

Total Assets	\$ 145,625
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 63,993
Due to related party	95,098
Total liabilities	159,091

Net Assets

Without donor restrictions	(13,466)
Total net assets without donor restrictions	(13,466)

Total Liabilities and Net Assets	\$ 145,625
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See independent auditor's report and notes to financial statements.

UKRAINIAN RESISTANCE FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Revenues and Other Support

Contributions	\$ 956,642
In-kind donations	2,444,677
Total Public Support and Revenue	<u>3,401,319</u>

Expenses

Program	3,659,407
Administrative	23,253
Fundraising	6,952
Total Expenses	<u>3,689,612</u>

Change in net assets	(288,293)
Net assets without donor restrictions, beginning of year	<u>274,827</u>
Net assets without donor restrictions, end of year	<u><u>\$ (13,466)</u></u>

See independent auditor's report and notes to financial statements.

**UKRAINIAN RESISTANCE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Functional Expenses</u>				
Advertising and marketing	\$ 27,845	\$ 2,167	\$ 3,270	33,282
Client assistance	86,650	-	-	86,650
Dues and subscriptions	-	1,392	-	1,392
Fees and licenses	1,272	12,819	-	14,091
Information technology	-	1,030	-	1,030
Insurance	-	2,545	-	2,545
Medical and other supplies	2,826,879	-	-	2,826,879
Office supplies	928	-	1,021	1,949
Postage and shipping	684,589	-	-	684,589
Printing and copying	3,235	-	-	3,235
Professional fees	1,590	3,277	2,661	7,528
Travel and meetings	23,709	23	-	23,732
Repairs and maintenance	2,710	-	-	2,710
Total Expenses	<u>\$ 3,659,407</u>	<u>\$ 23,253</u>	<u>\$ 6,952</u>	<u>\$ 3,689,612</u>

See independent auditor's report and notes to financial statements.

UKRAINIAN RESISTANCE FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

Cash Flows from Operating Activities

Change in net assets	\$ (288,293)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Inventory	29,000
Loan receivable	(5,210)
Prepaid expense	(509)
Accounts payable and accrued expenses	8,341
Due to related party	95,098
	<hr/>
Net cash used in operating activities	(161,573)
	<hr/>
Net decrease in cash and equivalents	(161,573)
Cash and equivalents, beginning of year	217,179
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Cash and equivalents, end of year	<u>\$ 55,606</u>

See independent auditor's report and notes to financial statements.

UKRAINIAN RESISTANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Foundation

Ukrainian Resistance Foundation (the “Foundation”) was founded in 2022 to support the victims of the Russian-Ukraine war, provide humanitarian aid to Ukrainian families, and to distribute medical supplies and other support to the hospitals of Ukraine.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

As required by the generally accepted accounting principles for Not-for-Profit accounting, the Foundation is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year and those designated by the Board of Directors.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as without donor restrictions. As of December 31, 2023, there were no net assets with donor restrictions.

Cash and Equivalents

Cash and equivalents consist of bank deposits in federally insured accounts. At times, balances may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit.

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid debt instruments with an original maturity or anticipated liquidation of three months or less and all certificates of deposit to be cash equivalents. No cash was paid for taxes or interest during the year ended December 31, 2023.

Inventory

Inventory consists of donated vehicles stated at fair value. The foundations tracks inventory based on date of donation and current fair market value. Inventory is maintained using specific identification.

UKRAINIAN RESISTANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Accounts Receivable and Credit Losses

Accounts receivable consists of unconditional promises to give by donors and other payments. Unconditional promises to give are recorded in the year the promises are made. Accounts receivable are carried net of allowance for credit losses. The Foundation records an allowance for doubtful accounts based on specifically identified amounts that are not certain to be collected based on management knowledge and experience. Management has deemed an allowance for credit losses not to be necessary at December 31, 2023.

Support and Revenue

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending December 31, 2023 no such gifts of land, buildings, or equipment were received.

The Foundation recognizes contract revenue at an amount that reflects consideration to which the Foundation expects to be entitled to in exchange for transferring goods or services to a customer. For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Foundation will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Foundation recognizes revenue when the performance obligations are met and delivered to the customer. The Foundation had no contracts during 2023 that were performance reporting contracts. There are no contract assets or liabilities.

UKRAINIAN RESISTANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Foundation was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code (IRC) Section 501(c)(3). Contributions to the Foundation qualify for the charitable contribution deduction pursuant to IRS Section 170(b)(1)(A)(vi) and has been classified as a Foundation that is not a private Foundation under Section 509(a)(1). The tax-exempt purpose of the Foundation and the nature in which it operates is described above. Management believes the Foundation continues to operate in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements.

The Foundation has adopted the requirements for accounting for uncertain tax positions and management has determined that the Foundation was not required to record a liability related to uncertain tax positions as of December 31, 2023.

The Foundation's annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after they are filed. All filings are current.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ending December 31, 2023, no donated services met the criteria for recognition.

However, a number of volunteers, including the Board of Directors, have made significant contributions of time to the Foundation's programs and support functions, but the value of this contributed time does not meet the above criteria for recognition of contributed services contained per Generally Accepted Accounting Principles.

UKRAINIAN RESISTANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

In-Kind Contributions

In addition to receiving cash contributions, the Foundation receives in-kind contributions from various donors. It is the policy of the Foundation to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. Any donated vehicles not used in associated with the Organization’s mission will remain in inventory. Such amounts are based upon information provided by third-party service providers and recorded at their estimated fair value determined on the date of the contribution.

For the year ending December 31, 2023, the Foundation received the following in-kind relating to inventory and donated vehicles:

Beginning inventory	\$ 105,000
Plus current year in-kind vehicle donations	876,000
Less current year in-kind vehicle expense	<u>(905,000)</u>
Ending inventory	<u>\$ 76,000</u>

For the year ending December 31, 2023, the Foundation received the following as total in-kind:

Clothing, shoes, diapers, food, and other supplies	\$ 1,160,531
Medical supplies	408,146
Vehicle	<u>876,000</u>
Total in-kind supplies	<u>\$ 2,444,677</u>

The Foundation does not intend to monetize inventory and in-kind contributions. All in-kind support will be used as aid in support of their mission.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2023, the amount charged to expense was \$33,282.

Functional Allocation of Expenses

The costs of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

The financial statements report certain categories of expenses that are attributable to one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates prepared by management.

UKRAINIAN RESISTANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Foundation has evaluated subsequent events through August 20, 2024, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

Adoption of New Accounting Standard

On January 1, 2023, the Foundation adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. There was no material impact on the Foundation’s results of operations or financial condition upon adoption of the new standard.

Note 2 – Financial Assets and Liquidity Resources

The Foundation monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures as part of its operating needs.

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end

Cash and cash equivalents	\$ 55,606
Receivables	<u>13,510</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 69,116</u></u>

The Foundation receives contributions from individual, corporation, and foundation donors to meet cash needs for general operating purposes. The Foundation also receives donated vehicles and other in-kind support but does not intend to monetize these items. The Organization manages its liquidity and reserves by operating with a balanced budget while anticipating contributions to cover general expenditures. As of December 31, 2023 the level of liquidity and reserves was managed within their policy requirements.

**UKRAINIAN RESISTANCE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

Note 3 – Loan Receivable (Related Party)

On March 1, 2023, the Foundation issued a loan in the amount of \$17,500 to a related party nonprofit organization with no stated interest rate. Monthly installment payments of \$1,458 begin October 1, 2023 and is to be paid off by due date of September 1, 2024.

As of December 31, 2023, the remaining balance outstanding is \$13,510.

Note 3 – Concentrations of Revenue

About 52% of the Foundation's contribution revenue is derived from the two largest donors. The current level of the Foundation's operations and program services may be impacted if funding is not renewed or replaced.

Note 4 – Related Party Transactions

The Foundation received approximately \$230,000 in contribution revenue from related party Organization's and individuals on the board of directors for the year ended December 31, 2023.

The Foundation, as part of their mission, ship humanitarian supplies and emergency vehicles for aid and relief in Ukraine. The Foundation paid related party companies to ship goods approximately \$109,000 for the year ended December 31, 2023. As of December 31, 2023, amounts due to related parties was \$95,098.