



# Independent Auditors' Report

## **on the Financial Statements of the Charity foundation «Foodbank Rus» for the 2018 reporting year**

Set out below is an unofficial translation of the independent auditors' report on the statutory financial statements of the Charity foundation "Foodbank Rus" as at and for the year ended 31 December 2018. The statutory financial statements to which the independent auditors' report relates have been prepared in accordance with the accounting and reporting regulations of the Russian Federation. Russian accounting and reporting regulations differ from accounting frameworks in other jurisdictions. Consequently, the accompanying statutory financial statements are not intended to present the financial position, financial performance and cash flows of the Charity foundation "Foodbank Rus" in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation.



# Independent Auditors' Report

## To the Managing Board of the Charity foundation "Foodbank Rus"

### Opinion

We have audited the financial statements of the Charity foundation "Foodbank Rus" (the "Foundation"), which comprise the balance sheet as at 31 December 2018, the statements of financial results, usage of special purpose funds and cash flows for the year then ended and explanatory notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2018, and its financial performance, its results of usage of special purpose funds and its cash flows for the year then ended, in accordance with the Russian Accounting Principles (RAP).

### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the independence requirements that are relevant to our audit of the financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*\*Unofficial translation, please refer to the front page*

Audited entity: Charity foundation "Foodbank Rus"  
Registration No. in the Unified State Register of Legal Entities  
1127799022658.  
Moscow, Russia

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities  
1027700125628.

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The principal registration number of the entry in the Register of Auditors and Audit Organisations: No. 11603053203



### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with RAP 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 Foundation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

### **Auditors’ 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 auditors’ 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 scepticism 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 Foundation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Charity foundation "Foodbank Rus"**

*Independent Auditor's report*

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- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The engagement partner on the audit resulting in this independent auditors' report is:

Rogacheva E.M.

JSC "KPMG"

Moscow, Russia

18 November 2019

**Balance Sheet**  
As at 31 December 2018

Organisation	<b>Charity foundation «Foodbank Rus»</b>	under OKPO	<b>Codes</b>		
Taxpayer identification number		TIN	<b>0710001</b>		
Line of business	<b>Social services without providing accommodation to aged and disabled people</b>	under OKVED	<b>31</b>	<b>12</b>	<b>2018</b>
Form of incorporation / form of ownership		under OKPOPF / OKFS	<b>11628575</b>		
		under OKEI	<b>7708240852</b>		
<b>Foundation</b>	<b>/ Charity organization</b>		<b>88.10</b>		
Unit of measurement:	'000 RUB		<b>70401</b>	<b>50</b>	
Location (Address)					
	<b>384</b>				
<b>1rd Yamskogo Polya str., 15, bld.2, office 214B, Moscow, Russia</b>					

Notes	Item	Code	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
	<b>ASSETS</b>				
	<b>I. NON-CURRENT ASSETS</b>				
4.1	Intangible assets	1110	990	964	871
	Research and development costs	1120	-	-	-
	Intangible exploration and evaluation assets	1130	-	-	-
	Tangible exploration and evaluation assets	1140	-	-	-
4.2	Property, plant and equipment	1150	255	255	215
	Income - bearing investments in tangible assets	1160	-	-	-
	Financial investments	1170	-	-	-
	Deferred tax assets	1180	-	-	-
	Other non-current assets	1190	-	-	-
	Total for section I	1100	1 245	1 219	1 086
	<b>II. CURRENT ASSETS</b>				
4.3	Inventories	1210	4	-	-
	Value-added tax on acquired assets	1220	-	-	-
4.4	Receivables	1230	3 794	8 227	31 259
	Financial investments (excluding cash equivalents)	1240	-	-	-
4.5	Cash and cash equivalents	1250	20 331	26 695	24 179
	Other current assets	1260	-	-	-
	Total for section II	1200	24 129	34 922	55 438
	<b>BALANCE</b>	1600	25 374	36 141	56 524

Notes	Item	Code	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
	<b>FUNDS AND LIABILITIES</b>				
	<b>III. SPECIAL-PURPOSE FINANCING</b>				
	Charter capital	1310	-	-	-
	Special purpose capital	1320	-	-	-
	Special purpose funds	1350	22 498	32 531	54 465
	including: unused special purpose funds to be used for operational purposes of non-for-profit organization	1351	21 898	31 089	53 811
	net profit (loss) from commercial activities of non-for-profit organization to be used for financing the charter activities	1352	600	1 442	654
	Real estate and valuable movable property funds	1360	1 152	1 152	967
	Reserves and other special purpose funds	1370	-	-	-
	Total for section III	1300	23 650	33 683	55 432
	<b>IV. NON-CURRENT LIABILITIES</b>				
	Loans and borrowings	1410	-	-	-
	Deferred tax liabilities	1420	-	-	-
	Provisions	1430	-	-	-
	Other liabilities	1450	-	-	-
	Total for Section IV	1400	-	-	-
	<b>V. CURRENT LIABILITIES</b>				
	Loans and borrowings	1510	-	-	-
4.6	Payables	1520	1 724	2 458	1 092
	Deferred income	1530	-	-	-
	Provisions	1540	-	-	-
	Other liabilities	1550	-	-	-
	Total for section V	1500	1 724	2 458	1 092
	<b>BALANCE</b>	1700	25 374	36 141	56 524

President \_\_\_\_\_  
(signature)

**Nazarova Yulia Davidovna**  
(name)

15 November 2019



Notes	Item	Code	For January - December 2018	For January - December 2017
	Revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
	Result of other transactions not included in net profit (loss) for the period	2520	-	-
	Comprehensive financial result for the period	2500	600	1 442
	<b>FOR REFERENCE</b>			
	Basic earnings (loss) per share	2900	-	-
	Diluted earnings (loss) per share	2910	-	-

President \_\_\_\_\_  
(signature)

**Nazarova Yulia Davidovna**  
\_\_\_\_\_  
(name)

15 November 2019  
\_\_\_\_\_



**Statement of cash flows**  
for January - December 2018

Organisation **Charity foundation «Foodbank Rus»**  
 Taxpayer identification number \_\_\_\_\_  
 Line of business **Social services without providing accommodation to aged and disabled people**  
 Form of incorporation/form of ownership \_\_\_\_\_  
**Foundation** / **Charity organization**

OKUD form \_\_\_\_\_  
 Date (date, month, year) \_\_\_\_\_  
 under OKPO \_\_\_\_\_  
 TIN \_\_\_\_\_  
 under OKVED \_\_\_\_\_  
 under OKOPF / OKFS \_\_\_\_\_  
 under OKEI \_\_\_\_\_

Codes		
0710004		
31	12	2018
11628575		
7708240852		
88.10		
70401	50	
384		

Unit of measurement: '000 RUB

Item	Code	For January - December 2018	For January - December 2017
<b>Cash flows from operating activities</b>			
Cash receipts – total	4110	61 578	78 707
including:			
from sale of products, goods, works and services	4111	3	486
lease payments, license payments, commissions and other similar payments	4112	-	-
resale of financial investments	4113	-	-
other receipts	4119	61 575	78 221
Cash payments – total	4120	(67 942)	(76 191)
including:			
to suppliers (contractors) for goods, works and services	4121	(43 028)	(50 776)
wages and salaries to employees	4122	(21 568)	(22 015)
interest on loans and borrowings	4123	-	-
income tax	4124	(27)	(35)
other payments	4129	(3 319)	(3 365)
Net cash flow from operating activities	4100	(6 364)	2 516
<b>Cash flows from investing activities</b>			
Cash receipts – total	4210		
including:			
from sale of non-current assets (except for financial investments)	4211	-	-
from sale of shares in other entities	4212		
loan given repayments, proceeds from sale of debt securities (monetary claims)	4213	-	-
dividends and interest received	4214	-	-
other receipts	4219	-	-
Cash payments – total	4220	-	-
including:			
related to acquisition, construction, modernization of non-current assets and bringing them to a working condition	4221	-	-
acquisition of shares	4222	-	-
acquisition of debt securities (monetary claims), loans given to other entities	4223		
interest, included in the cost of a qualifying asset	4224	-	-
other payments	4229	-	-
Net cash flow from investing activities	4200	-	-

Item	Code	For January - December 2018	For January - December 2017
<b>Cash flows from financing activities</b>			
Cash receipts – total	4310	-	-
including:			
proceeds from borrowings	4311	-	-
owner (shareholder) monetary contributions	4312	-	-
proceeds from issuing additional shares	4313	-	-
proceeds from issuing bonds, notes and other debt securities, etc.	4314	-	-
other receipts	4319	-	-
Cash payments – total	4320	-	-
including:			
to owners (shareholders) to redeem the entity's shares	4321	-	-
dividends and other profit distribution payments to owners (shareholders)	4322	-	-
repayment of loan and borrowings, redemption of notes, bonds and other debt securities	4323	-	-
other payments	4329	-	-
Net cash flow from financing activities	4300	-	-
<b>Net cash flow for the reporting period</b>	4400	(6 364)	2 516
<b>Cash and cash equivalents at the beginning of the reporting period</b>	4450	26 695	24 179
<b>Cash and cash equivalents at the end of the reporting period</b>	4500	20 331	26 695
Impact of changes in exchange rate of foreign currency to the rouble	4490	-	-

President \_\_\_\_\_  
(signature)

**Nazarova Yulia Davidovna**  
(name)

15 November 2019

**Statement of usage of special purpose funds**  
for January - December 2018

Organization	<b>Charity foundation «Foodbank Rus»</b>	OKUD Form	<b>0710006</b>		
Taxpayer identification number		Date (date, month, year)	<b>31</b>	<b>12</b>	<b>2018</b>
Line of business	<b>Social services without providing accommodation to aged and disabled people</b>	under OKPO	<b>11628575</b>		
Form of incorporation/form of ownership		TIN	<b>7708240852</b>		
		under OKVED	<b>88.10</b>		
		under OKOPF/OKFS	<b>70401</b>	<b>50</b>	
<b>Foundation</b> / <b>Charity organization</b>		under OKEI	<b>384</b>		
Unit of measurement:	'000 RUB				

Item	Code	For January - December 2018	For January - December 2017
Balance of special purpose funds at the beginning of the year	6100	32 531	54 465
Funds received			
Admission fees	6210	-	-
Membership fees	6215	-	-
Special purpose contributions	6220	-	-
Voluntary contributions and donations	6230	1 003 385	917 895
Profit from commercial activities	6240	3	369
Other	6250	596	1 073
Total funds received	6200	1 003 984	919 337
Funds used			
Expenditure on special purpose programs	6310	(1 008 360)	(934 506)
including:			
social assistance and charity	6311	(1 007 637)	(933 938)
conferences, meetings, seminars, etc.	6312	-	(29)
other events	6313	(723)	(539)
Administrative expenses	6320	(3 655)	(4 302)
including:			
salary expenses (including accruals)	6321	(3 132)	(3 662)
non-salary payments	6322	-	-
business trip expenses	6323	-	-
maintenance of buildings, premises, transport and other property (except for repairs)	6324	(523)	(640)
fixed assets and other property repairs	6325	-	-
other	6326	-	-
Acquisition of fixed assets, inventory and other property	6330	(325)	(301)
Other	6350	(1 677)	(2 162)
Total funds used	6300	(1 014 017)	(941 271)
Balance of special purpose funds at the end of the year	6400	22 498	32 531

President \_\_\_\_\_  
(signature)

**Nazarova Yulia Davidovna**  
(name)

15 November 2019

**EXPLANATORY NOTES  
TO THE FINANCIAL STATEMENTS OF THE CHARITY FOUNDATION  
«FOODBANK RUS»  
FOR THE 2018 REPORTING YEAR**

**1. BACKGROUND INFORMATION**

Charity foundation «Foodbank Rus» (hereinafter referred to as «Foodbank») was registered in the Unified State Register of Legal Entities by Moscow tax inspectorate under No. 1127799022658 on 25 October 2012, certificate series 77 No. 014327910.

Form of incorporation / form of ownership of the Charity foundation «Foodbank Rus»: Foundation / Charity organization.

Location (legal address) of the Charity foundation «Foodbank Rus»: 125124, Moscow, 1st street Yamskogo polya, 15, bld.2, office 214B.

Charity is the main activity of Foodbank. Entrepreneurial activity is not significant and is performed in accordance with the Charter (advertising campaigns).

In 2018 Foodbank had two major lines of charitable activities:

- 1) *Charity based collection and distribution of food products, personal hygiene products, household chemicals and other basic need commodities to socially vulnerable categories of population.*

Major donors of stock are JSC «Wimm Bill Dann», LLC «Mondelis Rus», LLC «Unilever RUS», LLC «Kellogg Rus», LLC «PepsiCo Holdings», JSC «Perekrestok TD», LLC «Coffee Sirena», LLC «Procter and Gamble», LLC «Frito Lay Manufacturing», LLC «Delicus», LLC «Moneks Trading», LLC «Jacobs Rus», LLC «Bonduelle-Kuban», LLC «Nestle-Russia», LLC «Haribo», LLC «Peterburgskaya Prodovolstvennaya Korporatsiya».

Distribution of donations is performed through 200 legally verified non-for-profit organizations in 54 regions of Russia, as well as through social services and the Russian Orthodox Church.

Activities are carried out on a regular basis based on donation agreements concluded with donors and charity recipients (non-for-profit organizations).

- 2) *Purchase, packing and distribution of food products («packing meals»).*

«Packing meal» is a project of Foodbank and the project objective is constant providing food sets, consisting of high-quality natural products, to socially vulnerable groups of population.

The project has started in 2013 in Moscow on the territory of Marfo-Mariinskaya Obitel' miloserdiya.

During the reporting period the project was organized in 25 Russian cities, including Moscow, Abakan, Amursk, Barnaul, Belgorod, Vladivostok, Voronezh, Vysokoklyuchevoy, Yekaterinburg, Zarechny, Iskitim, Kazan, Kaluga, Krasnodar, Nizhny Novgorod, Novosibirsk, Rostov-on-Don, Omsk, Ostrogozhsk, Samara, St. Petersburg, Sergiev Posad, Smolensk, Tikhvin, Udomlya.

In 2017 and 2018 Foodbank has also carried out charity fundraising and distributed the cash collected to other charity foundations.

In 2018 average number of employees of Foodbank was 20 employees (in 2017 – 19 employees).

### ***Members of executive and controlling bodies of Foodbank***

The supreme managing body of Foodbank is the Managing Board.

Members of the Managing Board of Foodbank as at 31 December 2018:

- Loboda Konstantin Konstantinovich;
- Aliyev Ruslan Gasanovich;
- Savilova Tatyana Anatolyevna;
- Nazarova Yulia Davidovna;
- Jean-Pascal Pierre Alexander Duvieusart;
- Glotov Artem Vladimirovich.

Until 1 November 2018 sole executive body of Foodbank was represented by the Managing Director of Foodbank. Starting from 1 January 2016 till 17 September 2018 Krisko Victoria Nikolaevna was being the Managing Director of the Foodbank.

Starting from 18 September 2018 till 1 November 2018 the position of the Managing Director of Foodbank was being vacant. In this period Nazarova Yulia Davidovna was acting on behalf of Foodbank on the basis of power of attorney #03 dated 1 August 2018. Starting from 1 November 2018 according to the Minutes of the Managing Board #27 dated 1 November 2018 the name of the Foodbank's sole executive body (and position) was changed from "Managing Director of the Foodbank" to "President". Starting from 1 November 2018 Nazarova Yulia Davidovna was appointed on the position of the President of Foodbank.

The relevant changes were registered in the Unified state register of legal entities on 28 November 2018.

Supervisory Board is responsible for the supervision of Foodbank's activities.

Members of the Supervisory Board of Foodbank as at 31 December 2018:

- Bruce Lerner;
- Waydaraman Jayaraman;
- Stefan Ducharm;
- Rogachevskiy Kirill.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Foodbank has complied with the following regulations for the purpose of its accounting and financial reporting: Federal Law No. 402-FZ *On Accounting* dated 6 December 2011, Federal Law No. 135-FZ *On charity activities and charity organizations* dated 11 August 1995, *Regulations on Accounting and Financial Reporting in the Russian Federation* approved by the Russian Ministry of Finance Order No. 34n dated 29 July 1998, the information of the Ministry of Finance "*On special aspects of financial statements preparation for non-for-profit organizations*" (PZ-1/2011), other applicable regulations included in the system of Russian legislation for accounting and financial reporting.

The financial statements of Foodbank have been prepared in accordance with accounting and reporting rules effective in the Russian Federation.

For the purpose of annual financial statements preparation Foodbank has used templates of balance sheet, statement of financial performance, cash flows statement and statement of usage of special purpose funds recommended by the Ministry of Finance of Russia (according to the Order No. 66n dated 2 July 2010).

Accounting and preparation of financial statements is performed by the Chief Accountant of Foodbank. Financial statements are approved by the President of Foodbank (or acting President based on the power of attorney).

The data in the financial statements is presented in thousands of Russian roubles (RUB).

## **2.1. Intangible assets**

Foodbank accounts for intangible assets in accordance with the Russian Accounting Standard PBU 14/2007 Accounting of Intangible Assets approved by the Russian Ministry of Finance Order No.153n dated 27 December 2007.

### **2.1.1. The accounting unit for intangible assets**

The accounting unit for intangible assets is inventory item, which is determined as a set of rights arising from a patent, certificate, contract on alienation of an exclusive right to the result of intellectual activity or to the means of individualization designed to perform certain individual functions.

### **2.1.2. Recognition of intangible assets**

Intangible assets are recognized in accounting at their actual (initial) cost determined at the date of its acceptance for accounting purposes.

## **2.2. Property, plant and equipment**

Foodbank accounts for property, plant and equipment in accordance with the Russian Accounting Standard PBU 6/01 Accounting of Fixed assets approved by the Russian Ministry of Finance Order No. 26n dated 30 March 2001, and Methodological Guidelines on Accounting for Fixed Assets, approved by the Russian Ministry of Finance Order No. 91n dated 13 October 2003.

### **2.2.1. Limit for property, plant and equipment to be accounted as inventories**

Assets with useful life exceeding 12 months and value of up to RUB 40 thousand per item are recognized as inventories.

### **2.2.2. Inventory object definition**

Unit of accounting for property, plant and equipment is an inventory object. Fixed asset inventory object has all necessary tools and accessories required to use the object.

### **2.2.3. Recognition of property, plant and equipment**

Property, plant and equipment are recognized in accounting at historical cost.

### **2.2.4. Depreciation of property, plant and equipment**

Property, plant and equipment is depreciated on a monthly basis using a straight-line method based on its estimated useful lives. Depreciation is presented on off-balance sheet account 010 "Depreciation of property, plant and equipment".

## **2.3. Inventories**

Foodbank accounts for inventories in accordance with the Russian Accounting Standard PBU 5/01 Accounting of Inventories approved by the Russian Ministry of Finance Order No. 44n dated 9 June 2001, and Methodological Guidelines on Accounting for Inventories approved by the Russian Ministry of Finance Order No. 119n dated 28 December 2001.

Unit of accounting for donations in kind (stock) is a batch. The unit of accounting for the "packing meal" is a homogeneous group. Inventories are recognized in accounting at their actual cost. Inventories are written-off/discharged at actual cost of each item of inventories.

Donations in kind (stock) are recognized in accounting at value determined by donor in the acts of acceptance of products, or at value determined based on current market prices.

Valuation of donations in kind (stock) based on current market prices is performed by Foodbank in those cases when cost of donations received in kind (stock) is not specified by donors in acts of acceptance.

#### **2.4. Special purpose funds**

Accounting of special purpose funds is performed separately for each source of donation (contract or additional agreement to contract).

Foodbank has an organized budgeting system. Forecasts are prepared and approved on a monthly and yearly basis for donations received under donation contracts for the purpose of maintaining charter activities of Foodbank, including salary payment to Foodbank's employees.

Other special purpose donations from individuals and legal entities received during the reporting period are spent strictly in accordance with the purposes specified in donations contract or public offer. Those donations are accounted for each contract (offer).

Donations in kind (stock) received by Foodbank under donation contracts are recognized in accounting at value specified by donors in acts of acceptance of food products, personal care products, household chemicals and other products. Cash donations and donations in kind (stock) are accounted for in line 6230 "Voluntary contributions in kind and donations" of the Statement of usage of special-purpose funds.

For the purposes of compliance with the requirements of article 16 of the Federal Law No. 135-FZ dated 11 August 1995 "*On charity activities and charity organizations*" Foodbank spend on salaries of administrative personnel not more than 20% of total funds spent for the fiscal year. This restriction does not apply to remuneration of personnel involved in organizations and implementation of charity programs. This legal requirement was met by Foodbank in the reporting period.

If donor or charity program do not specify otherwise, not less than 80% of charity donations in cash form must be used for charity purposes within a year of receipt of this charity donations. Charity donations in kind (stock) are used for charity purposes within one year from the date of receipt, unless otherwise stipulated by donor or charity program (budget). This legal requirement was met by Foodbank in the reporting period.

### 3. CHANGES in ACCOUNTING POLICIES IN 2018 and 2019

Foodbank did not make any changes to its accounting policies for the 2018 reporting year.

Foodbank does not expect any changes to its accounting policies for the 2019 reporting year.

### 4. DISCLOSURE OF INFORMATION ON SIGNIFICANT ITEMS OF THE FINANCIAL STATEMENTS FOR 2018

#### 4.1. Intangible assets

Intangible assets in the amount of RUB 990 thousand as at 31 December 2018 (RUB 964 thousand as at 31 December 2017) are represented by the development costs for websites www.foodbankrus.ru, www.obedybednym.ru, www.продуктыВПомощьмаме.py and trademarks.

#### 4.2. Property, plant and equipment

Property, plant and equipment in the amount of RUB 255 thousand as at 31 December 2018 (RUB 255 thousand as at 31 December 2017) consist of office equipment (server devices and laptop), with value of more than RUB 40 thousand.

#### 4.3. Inventories

Foodbank does not have any warehouses in ownership for storage of inventory received in form of donations in kind (stock), nor does it rent such premises. Donations in kind (stock) are immediately distributed to other non-for-profit organizations upon their receipt from donors.

#### 4.4. Receivables

Accounts receivable are represented by the following types:

*(RUB thousand)*

Type of receivables	31 December 2018	31 December 2017
Receivables under donation contracts	2 415	4 200
Advances given to suppliers	1 025	3 001
Other receivables	354	1 026
<b>Total</b>	<b>3 794</b>	<b>8 227</b>

In accordance with contractual terms, receivables under donation contracts in the amount of RUB 2 415 thousand outstanding as at 31 December 2018, were repaid during 2019.

#### 4.5. Cash and cash equivalents

Cash and cash equivalents in the amount of RUB 20 331 thousand as at 31 December 2018 (RUB 26 695 thousand as at 31 December 2017) are represented by cash at current bank accounts of RUB 501 thousand at VTB bank, RUB 26 thousand at SBERBANK and RUB 4 thousand at Alfa Bank as at 31 December 2018 (RUB 3 126 thousand at VTB bank and RUB 69 thousand at Sberbank as at 31 December 2017, respectively); and by cash equivalents at deposit bank accounts at VTB bank in amount of RUB 19 800 thousand as at 31 December 2018 (RUB 23 500 thousand 31 December 2017).

Deposits recorded as at 31 December 2018 are short-term deposits which are included in cash equivalents based on the following terms:

- Deposit contract dated 18 December 2018 for placement of RUB 4 600 thousand at 7.14% rate for 27 days;
- Deposit contract dated 24 December 2018 for placement of RUB 14 000 thousand at 7.14% rate for 42 days;
- Deposit contract dated 28 December 2018 for placement of RUB 1 200 thousand at 6.14% rate for 18 days.



Deposits recorded as at 31 December 2017 are short-term deposits which are included in cash equivalents based on the following terms:

- Deposit contract dated 7 December 2017 for placement of RUB 14 000 thousand at 7.3% rate for 31 days;
- Deposit contract dated 19 December 2017 for placement of RUB 5 500 thousand at 7.1% rate for 31 days;
- Deposit contract dated 28 December 2017 for placement of RUB 4 000 thousand at 7.1% rate for 31 days.

In 2018 the total amount of interest accrued on short-term bank deposits is RUB 615 thousand (in 2017 - RUB 1 041 thousand).

In 2018 and 2017 interest on balance of cash held on current bank accounts was not accrued.

#### 4.6. Payables

*(RUB thousand)*

Type of payables	31 December 2018	31 December 2017
Payables to suppliers and contractors	1 467	2 326
Other payables	257	132
<b>Total</b>	<b>1 724</b>	<b>2 458</b>

Accounts payable to suppliers and contractors in the amount of RUB 1 467 thousand as at 31 December 2018 (RUB 2 326 thousand as at 31 December 2017) are mainly represented by payables to logistics companies for services of delivery of donations in kind (stock) to non-for-profit organizations engaged in the distribution process of such donations.

#### 4.7. Other income and other expenses

**4.7.1** Other income presented in line 2340 of the Statement of financial results in the amount of RUB 4 thousand for 2018 is represented by receipts from supplier according to the claims raised by Foodbank for non-compliance with the terms of the contract of carriage and other income.

Other income in the amount of RUB 3 040 thousand for 2017 is represented by:

- the cost of donations which were received from donor under donation agreement but not delivered to final beneficiaries due to identified shortage of donations in kind (stock) as a result of theft of assets during transportation to the beneficiaries by the logistics company ST Geraskin R.A. in the amount of RUB 2 961 thousand;
- receipts from supplier (ST Orlyuk V.N.) according to the claims raised by Foodbank for non-return of working pallets in the amount of RUB 79 thousand.

**4.7.2** Other expenses in the amount of RUB 2 961 thousand for 2017 include the value of the identified shortage of donations in kind (stock) received from donor under donation agreement and not delivered to final beneficiaries as a result of theft of assets during transportation to the beneficiaries by the logistics company ST Geraskin R.A.

#### 4.8. Disclosure of items of the Statement of cash flows

##### 4.8.1. Other receipts

Other receipts in the amount of RUB 61 575 thousand for 2018 (RUB 78 221 thousand for 2017), presented in line 4119 of the Statement of cash flows, are represented by cash receipts under donation contracts, interest accrued on short-term bank deposits, claims settlement (euro-pallets).

#### 4.8.2. Payments to suppliers (contractors) for goods, works and services

Payments to suppliers (contractors) for goods, materials, works and services, presented in line 4121 of the Statement of cash flows, amounted to RUB 43 028 thousand for 2018 (RUB 50 776 thousand for 2017) include payments to logistics companies for services of delivery of donations in kind (stock) to non-for-profit organizations engaged in distribution process of such donations, payments to suppliers for purchase of products within "packing meals" program, holding food "marathons", actions "products in the outback" and other payments to suppliers.

*(RUB thousand)*

<b>Payment type</b>	<b>2018</b>	<b>2017</b>
Payments to suppliers for purchase of materials and ingredients required for "Packing meals" program	(23 171)	(28 217)
Payments to logistics companies for delivery of donations in kind to non-for-profit organizations (stock delivery)	(8 727)	(11 287)
Other payments to suppliers	(11 130)	(11 272)
<b>Total</b>	<b>(43 028)</b>	<b>(50 776)</b>

#### 4.8.3. Payments related to wages and salaries to employees

Payments related to wages and salaries to employees presented in line 4122 of the Statement of cash flows include the following payments:

*(RUB thousand)*

<b>Payment type</b>	<b>2018</b>	<b>2017</b>
Remuneration of executors of the charity programs	(18 436)	(18 353)
Remuneration of administrative personnel	(3 132)	(3 662)
<b>Total</b>	<b>(21 568)</b>	<b>(22 015)</b>

#### 4.8.4. Other payments

Other payments presented in line 4129 of the Statement of cash flows include the following payments:

*(RUB thousand)*

<b>Payment type</b>	<b>2018</b>	<b>2017</b>
Cash donations to charity organizations	(535)	(2 840)
Business trip expenses	(868)	(348)
Bank commission fees	(93)	(177)
Other payments (repayment of unused donation)	(1 823)	-
<b>Total</b>	<b>(3 319)</b>	<b>(3 365)</b>

### 4.9 Disclosure of items of the Statement of usage of special purpose funds

#### 4.9.1. Voluntary contributions and donations

Amounts presented in line 6230 "Voluntary contributions and donations" of the Statement of usage of special purpose funds include donations received in cash and donations received in kind (stock). Donations in kind (stock) are recognized in accounting at value determined by donor in the acts of acceptance of products, or at value determined based on current market prices.

Valuation of donations in kind (stock) based on current market prices is performed by Foodbank in those cases when cost of donations received in kind (stock) is not specified by donors in acts of acceptance.

Line 6200 “Total funds received” of the Statement of usage of special purpose funds include the following donations:

(RUB thousand)

<b>Donation type</b>	<b>2018</b>	<b>2017</b>
Donations in kind (stock) in valuation determined by donors and specified in acts of acceptance of products	926 461	847 352
Donations in kind (stock) in valuation determined by Foodbank based on current market prices (retail prices)	19 331	18 671
Cash donations	59 398	77 162
Decrease in receivables under donation contracts	(1 785)	(25 303)
Other	579	1 455
<b>Total</b>	<b>1 003 984</b>	<b>919 337</b>

#### **4.9.2. Expenditure on special purpose programs**

Expenditure on special purpose programs are represented by cost of donations in kind (stock) distributed to non-for-profit organizations and expenses incurred under charity programs.

Line 6300 “Total funds used” of the Statement of usage of special purpose funds include the following expenses:

(RUB thousand)

<b>Expenses type</b>	<b>2018</b>	<b>2017</b>
Donations in kind (stock) in valuation determined by donors and specified in acts of acceptance of products	(926 461)	(847 352)
Donations in kind (stock) in valuation determined by Foodbank based on current market prices (retail prices)	(19 331)	(18 671)
Salary expenses	(21 436)	(22 215)
Purchase of materials and ingredients required for "Packing meals" program	(25 904)	(26 700)
Expenses on logistics services for delivery of donations in kind to non-for-profit organizations (stock delivery)	(8 710)	(11 246)
Expenses on logistics services for delivery of donations to non-for-profit organizations (under "Packing meals" program)	(343)	(345)
Cash donations to non-for-profit organizations	(535)	(2 840)
Other expenses	(11 297)	(11 902)
<b>Total</b>	<b>(1 014 017)</b>	<b>(941 271)</b>

#### **4.9.3. Administrative personnel expenses**

For the purposes of compliance with the requirements of article 16 of the Federal Law No. 135-FZ dated 11 August 1995 “*On charity activities and charity organizations*”, Foodbank spends on remuneration of administrative personnel not more than 20% of total funds spent for the fiscal year.

#### **4.9.4 Events after the reporting date**

In 2019 Foodbank concluded contracts of cash donations for financing its charter activities, including maintenance of Foodbank, in the amount of RUB 16 699 thousand.

President \_\_\_\_\_ Nazarova Yulia Davidovna

15 November 2019