



INDEPENDENT AUDITOR'S REPORT

on the results of the audit of the Schedule of Expenditures of Federal Awards of Charitable Organization "Charitable Foundation "Stabilization Support Services" under the Program:

"United Voices in Action (VIA)" under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021, concluded with the International Research and Exchanges Board (IREX) and funded by the U.S. Department of State (DOS) under the General Agreement No. SLMAQM21CA3265 dated September 14, 2021

and the Program that ended:

"CYLA (Cohesion through Youth-Led Action)" under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020, concluded with the International Research and Exchanges Board (IREX) and funded by the U.S. Department of State (DOS) under the General Agreement No. SLMAQM20CA2333 dated September 24, 2020

as of December 31, 2022 and for the year then ended

Contractor:
LLC Audit&Consulting Group Compass

Date: January 15, 2024
KYIV

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TRANSMITTAL LETTER

To the Management of the Charitable Organization
"Charitable Foundation "Stabilization Support Services"
4, Patorzhynskoho St., bldg. 6, Kyiv, 01001, Ukraine

Dear Sirs,

In compliance with the Agreement on Audit Services No. AS-24.11.2023 dated November 17, 2023 please find attached the audit reports of the Charitable Organization "Charitable Foundation "Stabilization Support Services" (hereinafter referred to as the Foundation). Below you will find a Brief Review that presents general information on the Foundation, describes the programs funded by the International Research and Exchanges Board (IREX) with the funds granted by the U.S. Department of State for the year ended December 31, 2022, the Foundation's profile, and provides other relevant information.

Should you have any questions, please do not hesitate to contact us.

Respectfully Yours,
Larysa Shkurka
Director of LLC Audit&Consulting Group Compass
Auditor's certificate registration number 0101831

January 15, 2024



**To the Management of the Charitable Organization
"Charitable Foundation "Stabilization Support Services"
4, Patorzhynskoho St., bldg. 6, Kyiv, 01001, Ukraine**

1. General Description of the Audited Programs, their Objectives and the Audit Period

1.1. Foundation's Activity

The Charitable Organization "Charitable Foundation "Stabilization Support Services" (hereinafter referred to as the Foundation) is a non-governmental, non-profit charitable organization.

The purpose of the Foundation's activities is to establish the rule of law, strengthen the legal capacity of people, exercise and protect the rights and freedoms of vulnerable groups of the population, meet the public interests of territorial communities, and promote the development of the institutional capacity of government bodies.

The main tasks of the Foundation's activity include:

- Assistance in the practical implementation of national, regional, local and international programs aimed to improve the socio-economic conditions of recipients of charitable assistance;
- Raising and accumulating funds for charity events;
- Assistance in establishing centers for orphans, low-income children, the disabled, children from crisis families and other people in need;
- Protection of the rights of internally displaced persons/migrants (including those from the temporarily occupied territories of Ukraine and/or the territories of the anti-terrorist operation), participants of the ATO and/or hostilities;
- Providing assistance to citizens who suffered as a result of hostilities and during the anti-terrorist operation, during protests, as a result of social conflicts, accidents, torture and/or repression, internally displaced persons, and refugees;
- Combating all forms of discrimination in all spheres of life, including on the grounds of gender, age, sex, religion, and nationality;
- Other tasks in accordance with the Charter.

1.2. Audited Period

The auditors conducted a verification for the period from January 01, 2022 to December 31, 2022.

1.3. Program objectives

Audited programs:

- "United Voices in Action (VIA)" Program (hereinafter referred to as the Program VIA) under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021 (hereinafter referred to as the Agreement A), concluded with the International Research and Exchanges Board (IREX) (hereinafter referred to as IREX) and funded by the U.S. Department of State (hereinafter referred to as DOS or Donor) under the General Agreement No. SLMAQM21CA3265 dated September 14, 2021 for the period from January 01, 2022 to December 31, 2022.

The purpose of the Program is:

- Establishment of working advocacy groups to work with internally displaced persons (IDPs);
- Ensuring IDPs' access to available resources;
- Increasing the capacity of local and national authorities to develop and implement policies that meet the needs of IDPs.

The VIA Program period is from December 24, 2021 to August 29, 2023. The total obligated amount makes USD 1,601,210.00 for program expenditures through the term of the Agreement.

On August 29, 2023, the Foundation and IREX signed Supplementary Agreement No. 1 to extend the VIA Program until May 31, 2024 without changing the total amount of funding.

- "CYLA Program (Cohesion through Youth-Led Action)" (hereinafter referred to as the CYLA Program) under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 (hereinafter referred to as Agreement B), concluded with IREX and funded by the U.S. Department of State under the General Agreement No. SLMAQM20CA2333 dated September 24, 2020 for the period from January 01, 2022 to August 23, 2022

The purpose of the Program is:

- Encouraging IDP youth leaders in communities to become agents of change through trainings on advocacy and interaction with local authorities;
- Strengthening the capacity of local and regional authorities to make sustainable and long-term decisions on the integration of IDPs into communities, based on the needs of IDPs and in consultation with them, taking into account the conflict and gender-sensitive situation. Supporting IDP Councils to include IDP issues on their agendas; developing policies, legislative amendments and/or recommendations for long-term support to IDPs; meeting with local authorities on relevant issues;
- Developing and adopting regional development plans linked to the National Integration Strategy 2021-2023 to be submitted for discussion at the regional level and communicated to regional authorities and national stakeholders;
- Assisting local and regional authorities, youth centers and IDP councils in raising public awareness of legislative and policy changes to overcome barriers to IDP integration in the conflict, improving relations between IDPs and host communities, and between communities and the government.

The CYLA Program period is from November 04, 2020 to August 23, 2022. The total obligated amount makes USD 568,389.00 for program expenditures through the term of the Agreement.

On March 17, 2021, the Foundation and IREX agreed on changes to the budget by e-mail - permission was granted to purchase laptops instead of renting them in the amount of USD 4,800.00 (increase in the "Supplies" budget line item at the expense of the "Contractual" budget line item). All other provisions remain unchanged.

On November 25, 2022, the amount of funding under the Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 was reduced by USD 29,956.59 (deobligated amount). The changes were confirmed by signing the Cost Reimbursable Closeout Certification Form.

1.4. Compliance with Prior Audit Report Recommendations

The VIA Program and the CYLA Program are audited for the first time. The auditors did not assess the status of implementation of the relevant measures in accordance with the requirements of paragraph 200.514 (e) "Audit follow-up" of 2 CFR Part 200 Subpart F.

1.5. Information on the Cost-Sharing Structure

Under the signed Agreements cost-sharing is not required.

1.6. Information on Indirect Cost Rate

Under the signed Agreements indirect costs and, accordingly, their allocation is not required.

2. Financial Audit Objectives, Scope and the Procedures Performed

To express the opinion whether the Schedule of Expenditures of Federal Awards under the Agreements for the implementation of the VIA Program and CYLA Program presents fairly in all material respects the revenues under the Programs, costs incurred and reimbursed, and commodities and technical assistance directly procured by U.S Department of State, in accordance with the terms of the Agreements and in conformity with the generally accepted Ukrainian Accounting Standards.

The audit was carried out in accordance with:

- 2 CFR Part 200 Subpart F
- Generally Accepted Government Auditing Standards (GAGAS – Yellow Book), issued by the Comptroller General of the United States Government Accountability Office.

2.1. Audit Objectives:

a) To express the opinion whether the Schedule of Expenditures of Federal Awards under the Programs:

- "United Voices in Action (VIA)" under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021, concluded with the International Research and Exchanges Board (IREX) and funded by the U.S. Department of State (DOS) under the General Agreement No. SLMAQM21CA3265 dated September 14, 2021
- "CYLA (Cohesion through Youth-Led Action)" under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 (hereinafter referred to as Agreement B), concluded with IREX and funded by the U.S. Department of State under the General Agreement No. SLMAQM20CA2333 dated September 24, 2020

presents fairly, in all material respects, the revenues under the Programs, costs incurred and reimbursed, and commodities and technical assistance directly procured by U.S Department of State, in accordance with the terms of the Agreements and in conformity with the generally accepted Ukrainian Accounting Standards;

b) to evaluate internal control of the Foundation and obtain sufficient understanding of the structure of the internal control related to the Programs funded by IREX with the funds granted by the U.S. Department of State. To assess the level of control risk and identify the issues to be reported, including material misstatement of internal control. Such assessment shall include internal control issues related to the required cost sharing/counterpart contributions.

d) to perform testing to determine compliance by the Foundation, in all material aspects, with the conditions of the Agreements, including costs allocation, relevant contributions, and the legal requirements regarding the Programs funded by IREX with the funds granted by the U.S. Department of State. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred should be identified. Such tests shall include compliance requirements related to administrative-budget management, provided in 2 CFR Part 200 UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS. Such tests shall include requirements as to compliance with cost sharing/counterpart contributions.

d) to determine whether the Foundation has taken adequate corrective action on the recommendations noted in the previous audit report.

2.2. Scope of the Audit

Fiscal audit covered all transactions and source documents of the Foundation necessary for expressing an opinion on whether the Schedule of Expenditures of Federal Awards for the Programs funded by IREX with the funds granted by the U.S. Department of State presented fairly in all material respects, program revenues, costs incurred, and commodities and technical assistance directly procured for the period from January 01, 2022 to December 31, 2022.

The audit of the Schedule of Expenditures of Federal Awards included all budgeted amounts by category and major budget items; revenues received from IREX for the audited period; expenditures reported by the Foundation as incurred during the period; as well as commodities and technical assistance directly procured with IREX funds and funded by U.S. Department of State.

Revenues received from IREX, net of expenses incurred, after considering any reconciling items, were reconciled to the cash balance on the bank accounts.

The auditors reviewed the general accounts and accounts of the Program funds to determine the proper accounting of the costs incurred. The auditors performed reconciliation of direct costs accrued and reimbursed by IREX to the general and Program funds accounts.

The auditors also obtained a sufficient understanding of the Foundation's internal control, having assessed the control risk. Deficiencies in internal control and the environment have been set forth as findings in the report on internal control.

We have checked the Foundation's compliance, in all material respects, with the terms of the Agreements and regulations that are relevant to the Programs funded by the U.S. Department of State under the Agreements with IREX, including cost-sharing contributions.

It has been determined whether the Foundation has taken adequate corrective action on the recommendations noted in the previous audit report.

The auditors adhered to the requirements set out in the US Generally Accepted Auditing Standards (US GAAS), the Generally Accepted Government Auditing Standards (GAGAS) and the requirements defined in 2 CFR Part 200 UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS as a basis for the preparation of auditing programs.

The fiscal audit included a specific audit of the source documents of the Foundation under the specified Programs. A special attention was paid to compliance of the cash flow and its confirmation with the source documents from the suppliers, allocation of funds to the events organized in accordance with the established policies and procedures of the Foundation. An inventory of the Foundation's fixed assets procured by the U.S. Department of State under the Agreements with IREX was made. Our review for compliance of the information provided by the Foundation and the procedures used for compliance consists of the inquiries of the key personnel of all major structural units of the Foundation.

The Auditors reviewed a sufficient quantity of necessary documents, such as:

1. Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021, concluded with IREX under "United Voices in Action (VIA)" Program and funded by the U.S. Department of State under the General Agreement No. SLMAQM21CA3265 dated September 14, 2021.
2. Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020, concluded with IREX under "CYLA (Cohesion through Youth-Led Action)" Program and funded by the U.S. Department of State under General Agreement No. SLMAQM20CA2333 dated September 24, 2020.
3. Budgets approved by IREX.
4. Official correspondence on amendments to the CYLA Program budget dated March 17, 2021.
5. Supplementary Agreement No. 1 dated August 29, 2023 to extend the VIA Program.
6. Standard Terms and Conditions of the U.S. Department of State dated December 28, 2015 (revised October 01, 2019).

7. 2 CFR 200 subsections A-E.
8. Program financial and current source documents.
9. Descriptions of accounting systems, and accounting records in particular.
10. Procedures for storage and distribution of goods.
11. Financial policies and procedures of the Foundation, other policies and procedures.
12. Other source documents related to the Programs.

Auditing programs have been adapted to the local provisions, the peculiarities of the funded Programs, as well as procedures for their implementation.

When carrying out the audit, the Foundation has not applied any limitations, which could in any way influence the performance by the auditors of the above scope of the audit.

The total amount of actual expenses under the VIA Program equals 651,688.00 U.S. dollars. The total amount of audited Program costs is 489,016.00 U.S. dollars.

The scope of the verified costs from the total amount of the costs makes 75%. This coefficient represents the amount of the expenditure verified by us and is shown as a percentage of total expenditure that was subject to this verification.

The total amount of actual expenses under the CYLA Program equals 213,671.00 U.S. dollars. The total amount of audited program costs was 167,236.00 U.S. dollars.

The scope of the verified costs from the total amount of the costs makes 78%. This coefficient represents the amount of the expenditure verified by us and is shown as a percentage of total expenditure that was subject to this verification.

3. Summary of the Audit Findings

3.1. Report on the Schedule of Expenditures of Federal Awards

Based on the results of the audit, we have provided an Audit Opinion on the Schedule of Expenditures of Federal Awards under VIA Program and CYLA Program in compliance with the Grant Agreements concluded with IREX and funded by U.S. Department of State.

In our opinion, except for the costs described in clause 3.2. Questioned Costs, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, Program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by U.S. Department of State for the year ended December 31, 2022, in accordance with the terms of the Agreements and in conformity with the generally accepted National Accounting Standards.

3.2. Questioned Costs

Our tests identified questioned costs listed in the Schedule of Expenditures of Federal Awards under the CYLA Program totaling 319.70 U.S. dollars:

- 11.01 U.S. dollars – undocumented expenses (postage);
- 308.69 U.S. dollars – costs incurred after the end date of the Program

3.3. Audit Recommendations and Observations: Prior and Current

The VIA Program and the CYLA Program are audited for the first time. The auditors did not assess the status of implementation of the relevant measures in accordance with the requirements of paragraph 200.514 (e) "Audit follow-up" of 2 CFR Part 200 Subpart F.

The observations and recommendations of the current audit are set out in the Management Letter. The auditors gave seven recommendations to the Foundation on the current audit findings.

3.5. Other issues

The VIA Program, implemented by the Foundation under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021, concluded with IREX and funded by the U.S. Department of State, has not been registered as an international technical assistance project in Ukraine, and accordingly, this Program is not entitled to receive benefits, privileges, immunities provided for by the legislation and international treaties of Ukraine.

An international technical assistance project in Ukraine should be registered in accordance with Resolution No. 153 "On the Creation of a Unified System for Attracting, Using and Monitoring International Technical Assistance" and on the basis of the following:

- an existing international agreement between the Government of Ukraine and the Government of a foreign state. This agreement is concluded between the countries – Agreement between the Government of Ukraine and the Government of the United States of America on Humanitarian and Technical and Economic Cooperation, accreditation date: May 07, 1992.
- a grant agreement concluded between the Foundation and a development partner (foreign government).

On the CYLA Program, the Foundation worked under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020, concluded with IREX and funded by the U.S. Department of State. It acted as a recipient/subgrantee under this Program.

4. Brief description of the management's comments on the audit opinion and its results, a brief conclusion.

The audit results have been discussed with the management personnel of the Foundation. The Organization's management approved the Schedule of Expenditures of Federal Awards as of December 31, 2022 and for the year then ended.

Management agreed with the audit findings and had no comments on them, except those provided in the Management Letter.

Respectfully Yours,

Larysa Shkurka

Director of LLC Audit&Consulting Group Compass

Auditor's certificate registration number 0101831

Address: 1/2 Basseina Str., Office 40, Kyiv, Ukraine

January 15, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
THE UNIFORM GUIDANCE**

To the Management of the Charitable Organization
"Charitable Foundation "Stabilization Support Services"
4, Patorzhynskoho St., bldg. 6, Kyiv, 01001, Ukraine

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinion

We have audited Charitable Organization "Charitable Foundation "Stabilization Support Services" (hereinafter referred to as the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Foundation's major federal programs for the year ended December 31, 2022. Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on "CYLA (Cohesion through Youth-Led Action)"

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on "CYLA (Cohesion through Youth-Led Action)" (hereinafter referred to as the CYLA Program) for the year ended December 31, 2022.

Unmodified Opinion on "United Voices in Action (VIA)"

In our opinion, Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of, Foundation and to meet our other ethical responsibilities, in accordance with 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of, Foundation's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on "CYLA (Cohesion through Youth-Led Action)"

As described in the accompanying schedule of findings and questioned costs, Foundation did not comply with requirements regarding program "CYLA (Cohesion through Youth-Led Action)". As described in finding number 2022-001, the costs included those which are ineligible because they are not related to the Program, are unreasonable or prohibited by the terms of the Agreement.

Compliance with such requirements is necessary, in our opinion, for Foundation to comply with the requirements applicable to that program.

Significant uncertainty regarding a going concern

Significant uncertainty regarding a going concern. We hereby draw your attention to Note 11 to the Schedule of Expenditures of Federal Awards which indicates that Russian Federation invaded the territory of Ukraine. Without modifying our opinion on the Schedule of Expenditures of Federal Awards, we draw your attention to the fact that the Foundation is operating in the context of military aggression. As a result of an unstable situation, the Foundation's activity is accompanied by risks. The impact of the economic crisis and political instability caused by the war, as well as their final resolution, cannot be predicted with sufficient probability. It is very difficult to give any forecasts of the development of the situation due to unpredictability of the actions of the military and political leadership of the aggressor country.

The management did not identify any possible consequences of the military aggression as such that could cast a significant doubt on the Foundation's ability to continue as a going concern. The management expect the events and conditions to have some impact on the Foundation's activity, but they are not expected to affect the going concern basis.

However, we believe that it is not yet possible to reliably assess the impact of these events on both the Foundation and the economic environment as a whole. Possible negative effects may be felt in subsequent periods. These circumstances indicate that there is significant uncertainty, and as a result, significant doubts about the ability of the Foundation to continue its activities as a going concern. Our opinion has not been modified in respect of this matter.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred due to fraud or error, and express an opinion on Foundation's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it

would influence the judgment made by a reasonable user of the report on the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

We noted certain matters that we are required to report to management of Charitable Organization "Charitable Foundation "Stabilization Support Services" a separate written communication. These matters are described in our management letter dated January 15, 2024. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Foundation's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Foundation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

We have audited the Schedule of Expenditures of Federal Awards (hereinafter - financial statements) of Charitable Organization "Charitable Foundation "Stabilization Support Services" as of and for the year ended December 31, 2022, and have issued our report thereon dated January 15, 2024 which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the Schedule of Expenditures of Federal Awards. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole excluding USD 319.70 in costs that are ineligible because they are not related to the Program, are unreasonable or prohibited by the terms of the Agreement.

Respectfully Yours,
Larysa Shkurka
Director of LLC Audit&Consulting Group Compass
Auditor's certificate registration number 101831
Address: 1/2 Basseina Str., Office 40, Kyiv, Ukraine

January 15, 2024



Charitable Organization
"Charitable Foundation "Stabilization Support Services"

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021, concluded with IREX under "United Voices in Action (VIA)" Program and funded by the U.S. Department of State under the General Agreement No. SLMAQM21CA3265 dated September 14, 2021.

Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020, concluded with IREX under "CYLA (Cohesion through Youth-Led Action)" Program and funded by the U.S. Department of State under General Agreement No. SLMAQM20CA2333 dated September 24, 2020.

as of December 31, 2022 and for the year then ended

Schedule of Expenditures of Federal Awards for the period from January 01, 2022 to December 31, 2022

Elements	Budget, Agreement A	Actual Revenues and Expenditures, Agreement A	Cumulative Revenues and Expenditures, Agreement A	Budget, Agreement B	Actual Revenues and Expenditures, Agreement B	Cumulative Revenues and Expenditures, Agreement B	Questioned Costs		Notes
	12/24/2021 to 08/29/2023	01/01/2022 to 12/31/2022	12/24/2021 to 08/29/2023	11/04/2020 to 08/23/2022	11/04/2020 to 08/23/2022	11/04/2020 to 08/23/2022	Ineligible	Unsupported	
Balance of funds under the Agreement as of January 01, 2022					\$9,372.00				
Revenues IREX	\$1 601 210	\$683 999	\$683 999	\$568 389	\$204 299	\$538 432			
Contribution	-	-	-	-	-	-			
Program Income	-	-	-	-	-	-			
Total Revenues	\$1 601 210	\$683 999	\$683 999	\$568 389	\$204 299	\$538 432			
Costs									
Personnel	\$74 282	\$29 331	\$29 331	\$31 513	\$8 740	\$26 203			
Travel	\$67 188	\$4 891	\$4 891	\$12 390	\$1 179	\$2 340			
Equipment	\$22 330	\$37 071	\$37 071						
Supplies	\$34 901			\$12 120	\$3 548	\$17 860		\$140	
Contractual	\$1 133 178	\$461 833	\$461 833	\$433 050	\$152 634	\$399 181			
Other direct costs	\$269 331	\$118 562	\$118 562	\$79 316	\$47 570	\$92 848		\$180	
Total costs	\$1 601 210	\$651 688	\$651 688	\$568 389	\$213 671	\$538 432		\$320	
Cash Balance 12.31.2022		\$32 311	\$32 311		\$0	\$0			

1. General Information

The Charitable Organization "Charitable Foundation "Stabilization Support Services" (hereinafter referred to as the Foundation) is a non-governmental, non-profit charitable organization.

The purpose of the Foundation's activities is to establish the rule of law, strengthen the legal capacity of people, exercise and protect the rights and freedoms of vulnerable groups of the population, meet the public interests of territorial communities, and promote the development of the institutional capacity of government bodies.

The Schedule of Expenditures of Federal Awards was formed under the Programs:

- "United Voices in Action (VIA)" under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021 (hereinafter – Agreement A), concluded with IREX and funded by the U.S. Department of State under the General Agreement No. SLMAQM21CA3265 dated September 14, 2021 for the period from January 01, 2022 to December 31, 2022
- "CYLA (Cohesion through Youth-Led Action)" (hereinafter referred to as the CYLA Program) under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 (hereinafter referred to as Agreement B), concluded with IREX and funded by the U.S. Department of State under the General Agreement No. SLMAQM20CA2333 dated September 24, 2020 for the period from January 01, 2022 to August 23, 2022.

2. Accounting Principles

a) Basis for Preparation of the Schedule of Expenditures of Federal Awards

The Foundation prepared the Schedule of Expenditures of Federal Awards on the basis of accounting that reflects cash receipts and expenditures, which is a generally accepted accounting framework in this country and is different from the International Financial Reporting Standards or National Accounting Standards of Ukraine.

Revenues under the Schedule of Expenditures of Federal Awards correspond to disbursements under the Agreements. Expenditures under the Schedule of Expenditures of Federal Awards correspond to the funds disbursed in payment of the costs incurred. The basis for the Schedule of Expenditures of Federal Awards preparation is accounting for banking transactions.

b) Basis of Budgets Preparation

The Program budgets presented in the Schedule of Expenditures of Federal Awards were prepared in accordance with the budgets approved by IREX. The specified budgets are presented in U.S. dollars.

On December 24, 2021, the Foundation concluded the Subgrant Agreement No. FY22-VIA-SSS with IREX for the implementation of the Program "United Voices in Action (VIA)", funded by the U.S. Department of State under the General Agreement No. SLMAQM21CA3265 of September 14, 2021.

The VIA Program period is from December 24, 2021 to August 29, 2023. The total obligated amount makes USD 1,601,210.00 for program expenditures through the term of the Agreement.

On August 29, 2023, the Foundation and IREX signed Supplementary Agreement No. 1 to extend the VIA Program until May 31, 2024 without changing the total amount of funding.

On November 04, 2020, the Foundation concluded Subgrant Agreement N°FY21-IDP-CYLA-SSS with IREX for the implementation of the "CYLA (Cohesion through Youth-Led Action)" Program, funded by the U.S. Department of State under the General Agreement N°SLMAQM20CA2333 of September 24, 2020.

The CYLA Program period is from November 04, 2020 to August 23, 2022. The total obligated amount makes USD 568,389.00 for program expenditures through the term of the Agreement.

On March 17, 2021, the Foundation and IREX agreed on changes to the budget by e-mail - namely, permission was granted to purchase laptops instead of renting them in the amount of USD 4,800.00 (increase in the "Supplies" budget line item at the expense of the "Contractual" budget line item). All other provisions remain unchanged.

On November 25, 2022, the amount of funding under the Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 was reduced by 29,956.59 (deobligated amount) U.S. dollars. The changes were confirmed by signing the Cost Reimbursable Closeout Certification Form.

c) Conversion of the Ukrainian hryvnia into the United States dollars

The Schedule of Expenditures of Federal Awards submitted for the audit was completed in U.S. dollars.

The main part of the proceeds under the VIA Program was received in Ukrainian hryvnia and converted into U.S. dollars at the NBU exchange rate on the date of the request for the next tranche. The Foundation received one tranche in the amount of 100,000.00 in U.S. dollars.

The proceeds under the CYLA Program were received in Ukrainian hryvnia and converted into U.S. dollars at the NBU exchange rate on the date of the request for the next tranche.

Expenditures under the Programs were incurred in Ukrainian hryvnia.

To prepare the Schedule of Expenditures of Federal Awards, the Foundation converted the Programs' expenditures incurred in Ukrainian hryvnia into U.S. dollars at the exchange rate using the FIFO method. The use of the FIFO method provides for spending of tranches as they are obtained first in time; when the first tranche has been spent in full, a next tranche would be used at the new exchange rate.

3. Revenues

During the period from January 01, 2022 to December 31, 2022 under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021 for implementation of the VIA Program the Foundation received revenues totaling USD 683,998.85. This amount consists of the following receipts:

Date	Type of transaction	Content	Account in UAH	Amount in U.S. dollars
14.01.2022	Receipt to the bank account	Bank transfer of funds	1,748,683.08	63,593.79
02.03.2022	Receipt to the bank account	Bank transfer of funds	549,954.00	20,000.00
31.03.2022	Receipt to the bank account	Bank transfer of funds	250,000.00	8,545.58
11.04.2022	Receipt to the bank account	Bank transfer of funds	714,452.85	24,421.65
01.04.2022	Receipt to the bank account in foreign currency from INTERNATIONAL RESEARCH	Interbank transfer of funds	-	100,000.00
06.05.2022	Receipt to the bank account	Bank transfer of funds	1,438,000.00	49,154.16
20.05.2022	Receipt to the bank account	Bank transfer of funds	493,854.90	16,881.10
30.05.2022	Receipt to the bank account	Bank transfer of funds	1,335,950.57	45,665.87

30.06.2022	Receipt to the bank account	Bank transfer of funds	1,695,952.17	57,971.56
01.08.2022	Receipt to the bank account	Bank transfer of funds	1,682,311.00	57,505.27
30.08.2022	Receipt to the bank account	Bank transfer of funds	1,234,772.89	33,765.93
30.09.2022	Receipt to the bank account	Bank transfer of funds	1,730,335.83	47,317.53
07.11.2022	Receipt to the bank account	Bank transfer of funds	1,644,157.97	44,960.92
09.12.2022	Receipt to the bank account	Bank transfer of funds	1,659,693.86	45,385.76
26.12.2022	Receipt to the bank account	Bank transfer of funds	2,517,006.89	68,829.73
Total received			21,620,616.01	683,998.85

For the period from January 01, 2022 to August 23, 2022 under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 for implementation of the CYLA Program the Foundation received revenues totaling 204,299.37 U.S. dollars. This amount consists of the following receipts:

Date	Type of transaction	Content	Account in UAH	Amount in U.S. dollars
28.01.2022	Receipt to the bank account	Bank transfer of funds	655,497.83	24,381.91
02.03.2022	Receipt to the bank account	Bank transfer of funds	562,880.25	20,078.06
29.03.2022	Receipt to the bank account	Bank transfer of funds	132,522.54	4,529.93
06.05.2022	Receipt to the bank account	Bank transfer of funds	631,734.22	21,594.13
03.06.2022	Receipt to the bank account	Bank transfer of funds	631,734.22	21,594.13
30.06.2022	Receipt to the bank account	Bank transfer of funds	1,322,638.17	45,210.83
27.07.2022	Receipt to the bank account	Bank transfer of funds	1,493,197.00	51,040.92
22.08.2022	Receipt to the bank account	Bank transfer of funds	580,323.82	15,869.46
Total received			6,010,528.05	204,299.37

4. Costs Incurred

During the period from January 01, 2022 to December 31, 2022 under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021 for implementation of the VIA Program the Foundation incurred costs totaling USD 651,688.32.

During the period from January 01, 2022 to August 23, 2022 under Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 for implementation of the CYLA Program the Foundation incurred costs totaling 213,670.89 U.S. dollars.

5. Reconciliation with Accounting Balances

5.1. The amounts accounted for by the Foundation under the Subaward Agreements for the implementation of VIA Program and CYLA Program for the period from January 01, 2022 to December 31, 2022 correspond to bank statements for the same period.

In U.S. dollars	VIA Program	CYLA Program
Amount of proceeds for 2022 according to IREX	683,998.85	204,299.37
Amount of proceeds for 2022 according to the Foundation	683,998.85	204,299.37
Difference	0.00	0.00

5.2. The amounts accounted for by IREX under Subagreements for the period from January 01, 2022 to December 31, 2022 correspond to the amounts credited by the Foundation in accounting under the Programs for the same period.

In U.S. dollars	VIA Program	CYLA Program
Amount of expenditures for 2022 according to IREX	651,688.32	213,670.89
Amount of expenditures for 2022 according to the Foundation	651,688.32	213,670.89
Difference	0.00	0.00

5.3. The list of discrepancies between the data under the Schedule of Expenditures of Federal Awards for VIA Program and the accounting data of the Foundation for the period January 01, 2022 – December 31, 2022 is presented as follows:

	In U.S. dollars
Costs for 2022 according to the Schedule of Expenditures of Federal Awards	651,688.32
Costs for 2022 according to the Foundation's accounting	656,647.72
Difference, including:	(4,959.40)
Advance payments to suppliers	6,053.67
Payables to suppliers	(484.30)
Accrued but unpaid wages for the 2nd half of December 2022 and the amount of the unified social tax on it	(579.28)
Program costs covered by other Donors and not included in the Schedule of Expenditures of Federal Awards	(31.29)
Accounting errors	0.60

The list of discrepancies between the data under the Schedule of Expenditures of Federal Awards for CYLA Program and the accounting data of the Foundation for the period from January 01, 2022 to August 23, 2022 is presented below:

	In U.S. dollars
Costs for 2022 according to the Schedule of Expenditures of Federal Awards	213,977.47
Costs for 2022 according to the Foundation's accounting	213,670.89
Difference, including:	306.58
Undocumented expenses (postage)	11.01
Accounting errors	(317.59)

5.4. The discrepancies between the Programs balances and the bank statements are indicated in clause 6 of Reconciliation of Balances.

6. Reconciliation of Balances

As of December 31, 2022, the bank balances and balances reported in the accounting and disclosed in the Schedule of Expenditures of Federal Awards under the Programs are as follows:

	In U.S. dollars	VIA Program	CYLA Program
Balance under the Program as of December 31, 2022		32,310.53	0.00
Bank account balance as of December 31, 2022		32,310.53	0.00

7. Cash and cash equivalents

Funds of the Foundation under Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021 for implementation of the VIA Program and their equivalents include the funds on settlement accounts at the servicing bank.

Funds under VIA Program and cash equivalents as of December 31, 2022 include:

	In U.S. dollars	VIA Program
Total cash and cash equivalents:		
U.S. dollars account – funds in the foreign currency account		0.00
UAH account – funds in the UAH account (UAH 1,181,551.08 at the exchange rate of 36.5686)		32,310.53
Total		32,310.53

As of December 31, 2022, there were no cash balances under CYLA Program.

8. Questioned Costs

Expenses in the amount of 319.70 U.S. dollars are included by the Foundation in the Schedule of Expenditures of Federal Awards under the CYLA Program and are classified as questioned costs:

Cost Items	Questioned Costs, In U.S. dollars		Notes
	Ineligible	Unsupported	
Supplies	-	128.69	Expenses incurred upon the end of the Program (UAH 3,764.70, exchange rate 29.2549)
Other direct costs	-	180.00	Expenses incurred upon the end of the Program (UAH 5,265.80, exchange rate 29.2549)
Other direct costs	-	11.01	Undocumented expenses (postage) under the Program (UAH 296.00, exchange rate 26.8846)
Total:	-	319.70	

9. Errors in the Schedule of Expenditures of Federal Awards

During the audit we found the following discrepancies between the actual expenditures and the expenditures recorded by the Foundation in the Schedule of Expenditures of Federal Awards.

Discrepancies between actual expenditures and the Schedule of Expenditures of Federal Awards under the VIA Program are presented as follows:

In U.S. dollars	Reported by the Foundation for the period January 01, 2022 to December 31, 2022	Errors in reporting	Discrepancies in the costs between items	Total	Actual Costs for the period from January 01, 2022 to December 31, 2022
Costs					
Personnel	29,330.68	31.29	0.00	31.29	29,361.97
Travel	4,891.12	0.00	0.00	0.00	4,891.12
Equipment	37,071.11	0.00	1,632.71	1,632.71	38,703.82
Supplies	0.00	0.00	0.00	0.00	0.00
Contractual	461,832.91	1.18	(1,632.71)	(1,632.71)	460,201.38
Other direct costs	118,562.50	(1.18)	0.00	0.00	118,561.32
Total costs	651,688.32	31.29	0.00	31.29	651,719.61

Error in the amount of 31.29 U.S. dollars – VIA Program expenses covered by other Donors and not included in the Schedule of Expenditures of Federal Awards (unified social tax).

The error of 1.18 U.S. dollars occurred as a result of inconsistent application of the exchange rate when refunding previously paid funds.

10. Interest Received

The Foundation received no interest in implementation of the Subgrant Agreement No. FY22-VIA-SSS dated December 24, 2021 for implementation of the VIA Program and Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 for implementation of the CYLA Program.

11. Risks in activity caused by military action

The Foundation carries out its activity under the military aggression of russia against Ukraine. As a result of an unstable situation, the Foundation's activity is accompanied by risks. The impact of the economic crisis and political instability caused by the war, as well as their final resolution, cannot be predicted with sufficient probability. It is very difficult to give any forecasts of the development of the situation due to unpredictability of the actions of the military and political leadership of the aggressor country.

The management did not identify any possible consequences of the military aggression as such that could cast a significant doubt on the Foundation's ability to continue as a going concern. Management expect the events and conditions to have some impact on the Foundation's activity, but they do not think they can affect the Foundation's ability to continue as a going concern.

12. Information on closed Programs

On August 23, 2022, the term of the CYLA Program under the Subgrant Agreement No. FY21-IDP-CYLA-SSS dated November 04, 2020 finished.

The Program closing figures are presented as follows:

In U.S. dollars	Purchase of fixed assets*	Outstanding advances*	Inventory balances*	Fund balances*
CYLA Program	9,697.12	0.00	0.00	0.00
Total:	9,697.12	0.00	0.00	0.00

* The table should be read in conjunction with the notes below.

a) Purchase of fixed assets

Article 9 of the Subgrant Agreement N°FY21-IDP-CYLA-SSS dated 04.11.2020 prohibits the purchase of equipment worth 5,000.00 U.S. dollars or more per unit. The Foundation has complied with this requirement.

In accordance with the national legislation and the Foundation's accounting policy, property, plant and equipment shall include assets with a useful life of more than one year and a cost exceeding UAH 20,000.00.

As of the audit date, all fixed assets purchased under the Program are available and accounted for on the Foundation's balance sheet:

In U.S. dollars	Quantity, units	Unit price	Cost, total
Dell Vostro 3501 hjl7lb3 laptop	7	653.56	4,574.92
Dell Vostro 15 3500 & Windows10 Laptop	6	853.70	5,122.20
Total	13		9,697.12

b) Outstanding Advances

As of August 23, 2022, all advances under the Program have been repaid.

c) Inventory balances

As of August 23, 2022, all inventories purchased by the Foundation for the implementation of its program activities have been fully used.

d) Fund balances under projects

As of August 23, 2022, there are no unused balances of funds under the CYLA Program, which, according to the Subgrant Agreement No. FY21-IDP-CYLA-SSS dated 04.11.2020, must be returned to IREX.

On November 25, 2022, the Foundation and IREX signed the Cost reimbursable closeout certification under the CYLA Program.

Executive Director

Hamilton Dermot Anthony

Part II. Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements (No audit was carried out, the results are not provided).			
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP [unmodified, qualified, adverse, or disclaimer]:			
Internal control over financial reporting:			
· Material weakness(es) identified?		<input type="checkbox"/> yes	<input type="checkbox"/> no
· Significant deficiency(ies) identified?		<input type="checkbox"/> yes	<input type="checkbox"/> nonreported
Noncompliance material to financial statements noted?		<input type="checkbox"/> yes	<input type="checkbox"/> no
Federal Awards			
Internal control over major federal programs:			
· Material weakness(es) identified?		<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
· Significant deficiency(ies) identified?		<input type="checkbox"/> yes	<input checked="" type="checkbox"/> nonreported
Type of auditor's report issued on compliance for major federal programs:			
Federal Agency and Name of Major Program		Type of Opinion on Major Program	
CYLA (Cohesion through Youth-Led Action)		qualified	
United Voices in Action (VIA)		unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 516(a)?		<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Identification of major federal programs:			
Assistance Listing Number(s)	SLMAQM20CA3265 SLMAQM20CA2333	Name of Federal Program or Cluster	United Voices in Action (VIA) CYLA (Cohesion through Youth-Led Action)"
Auditee qualified as low-risk auditee?		<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Section II — Financial Statement Findings

None note

Section III — Federal Award Findings and Questioned Costs

2022-001. Questioned Costs

Expenses in the amount of 319.70 U.S. dollars are included by the Foundation in the Schedule of Expenditures of Federal Awards under the CYLA Program and are classified as questioned costs:

Cost Items	Questioned Costs, In U.S. dollars		Notes
	Ineligible	Unsupported	
Supplies	-	128.69	Expenses incurred upon the end of the Program (UAH 3,764.70, exchange rate 29.2549)
Other direct costs	-	180.00	Expenses incurred upon the end of the Program (UAH 5,265.80, exchange rate 29.2549)
Other direct costs	-	11.01	Undocumented expenses (postage) under the Program (UAH 296.00, exchange rate 26.8846)
Total:	-	319.70	