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## LETTER TO MANAGEMENT

based on the results of the audit of the financial statements of the  
**CHARITABLE ORGANIZATION**  
**«PHILANTHROPY FUND «HOUSING FOR IDP»**  
for the year ended December 31, 2023

TO THE MANAGEMENT OF  
CHARITABLE ORGANIZATION  
"PHILANTHROPY FUND "HOUSING FOR IDP"

AUGUST 06, 2025





This letter from the auditors to the management of the CHARITABLE ORGANIZATION "PHILANTHROPY FUND "HOUSING FOR IDP" (hereinafter referred to as the Fund) was prepared based on the results of the audit of financial statements conducted by the LIMITED LIABILITY COMPANY "AUDIT COMPANY "DEVICE - GROUP UKRAINE" (hereinafter referred to as the Auditor).

#### 1. Purpose of the audit

As part of the assignment, the Auditor conducted an audit of the financial statements prepared in accordance with the National Financial Reporting Standards (hereinafter referred to as the NFRS), for the year ended December 31, 2023. The Auditor's opinion based on the results of the work performed is set out in the Independent Auditor's Report.

The owner of this letter is the Fund. The content of the Letter is confidential and intended for use only by the Fund's management, and is not intended for use by other legal entities or individuals without the consent of the Auditor.





DEVICE GROUP  
AUDIT COMPANY



To the Chairman of the Council

CHARITABLE ORGANIZATION "PHILANTHROPY FUND "HOUSING FOR IDP"

Olga YEROSHENKO

Dear Olga Viktorivna,

Based on the results of the audit of the Fund's financial statements for the year ended December 31, 2023, prepared in accordance with the Ukrainian Accounting Standards, we have formed a number of observations, recommendations, and other additional information that may be useful to the Fund.

The report on observations and deficiencies identified during the audit contains a systematic description of the identified deficiencies and limitations inherent in the Fund's accounting and financial reporting systems, recommendations for their elimination or minimization of the relevant risks, as well as other information.

It should be noted that the matters discussed in this letter were identified by us in the course of our standard audit procedures, which are primarily designed to form an audit opinion on the financial statements. However, during the audit, we identified a number of aspects in which, in our opinion, the Fund's management should consider improving its financial management and

We hope that the ideas presented in this letter may be useful to the Fund. We also recognize that some of the issues raised are in the process of being addressed by the Fund, and further action on others may be deemed inappropriate at this stage.

Taking this opportunity, AUDIT COMPANY "DEVICE - GROUP UKRAINE" LLC expresses gratitude for the assistance and cooperation received from each of the Fund's employees with whom we contacted during the audit.

We value the relationship that has been established between the Fund and us and hope that it will develop in the future. Should there be a need to discuss with us any of the issues outlined in this letter, or to assist in the implementation of the recommendations provided, we are ready to provide any assistance we can.

Sincerely,

Assignment partner

"Audit Company "Device-Group Ukraine" LLC

Oksana KULICHENKO

AUGUST 06, 2025

Kyiv, Ukraine



Ex. No. 06/08/25-1  
from 06.08.2025

**Report on observations and deficiencies identified during the audit**

*To the Chairman of the Council*

Mrs. Eroshenko Olga Viktorivna

Management and  
governing bodies

CHARITABLE ORGANIZATION  
"PHILANTHROPY FUND "HOUSING FOR IDP"

**AUDIT OF THE FINANCIAL STATEMENTS OF THE CHARITABLE ORGANIZATION  
"PHILANTHROPY FUND "HOUSING FOR IDP" FOR THE YEAR ENDED 12/31/2023**

This letter has been prepared to assist senior management and those charged with governance of the CHARITABLE ORGANIZATION "PHILANTHROPY FUND "HOUSING FOR IDP" (hereinafter referred to as the "Fund") with the analysis of the financial statements for the year ended 31.12.2023, and is an integral part of the communications we are required to make in accordance with ISA 260 "Communications with Those Charged with Governance".  
WITH THIS LETTER, we summarize our main conclusions based on the audit of the Fund's financial statements for the year ended 12/31/2023.

Our audit was conducted to form and express an opinion on whether the financial statements, prepared by the Fund's Management under your supervision, present fairly, in all material respects, the financial position of the Fund as of December 31, 2023, and its financial results for the year then ended, in accordance with the Ukrainian Financial Reporting Standards. We remind you that an audit does not relieve you or the Management of your responsibilities.

We have completed our audit, except for the following outstanding matters:

- providing this Letter to management personnel.

We can confirm that the scope of our review was not restricted in any way and we were given access to all necessary information.

We also express our sincere gratitude to the Management, as well as the staff of the Fund involved in the audit process, for their cooperation and assistance in our work.

The "AUDIT COMPANY "DEVICE - GROUP UKRAINE" or any employee of the "AUDIT COMPANY "DEVICE - GROUP UKRAINE" - do not bear any liability that may arise from the use of this report to third parties, except for our liability to the Management of the Fund. Any use of this report by any other party is its sole responsibility.

This report has been prepared solely for the use of the Fund and may not be used by any other party for any other purpose. This report may not be distributed, copied or referenced in whole or in part without our prior written permission.

### **1. Materiality**

Our approach to materiality and its determination was communicated to you in our Audit Planning Letter dated May 23, 2025. We have not changed our approach to determining materiality.

We applied different materiality levels to certain classes of transactions, financial statement items, and other disclosures, including:

Balance - 1% (7.5 thousand UAH)

### **2. Misstatements identified by us during our audit of the Fund's financial statements uncorrected misstatements in financial statements**

No material misstatements were identified.

The Fund complied with the requirements of Article 133.4 of the Tax Code of Ukraine, the requirements for activities established by the Law of Ukraine " On Charitable Activities and Charitable Organizations", including the requirements of Article 16 regarding 20% of administrative expenses, and the requirements of its own Charter.

### **3. Accounting policy**

The Fund's management is responsible for selecting and using appropriate accounting policies. Significant accounting policies used by the Fund are disclosed in the Notes to the Financial Statements.

There were no changes or introduction of any new material accounting policies during the year.



We did not identify any transactions in controversial or emerging areas for which there is a lack of methodological support or consensus.

We did not identify any material transactions that were reflected in the financial statements in a period other than the period in which they were incurred.

#### 4. Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by Management, which are formed on the basis of Management's experience with past and current events, as well as assumptions about future events. Some accounting estimates are particularly sensitive because their effect on the financial statements is very significant, and because future events affecting them may differ materially from expectations.

The process used by Management to make significant accounting estimates is set out below:

- Inventory valuation is carried out without impairment testing. Inventory disposal is carried out using the FIFO method;
- Depreciation for intangible assets and fixed assets is calculated using the straight-line method.

#### 5. Disclosure in financial statements

Some disclosures in financial statements are particularly sensitive because of their materiality to users of financial statements.

*We found information about going concern in Note 6 of the Description of Accounting Estimates, namely: Ukraine operated under martial law in 2023. No comments.*

#### 6. Key audit issues

Key audit matters are those matters that, in our professional judgment, were of significance in our audit of the Company's financial statements for the current period. These matters were considered in the context of our audit of the financial statements as a whole and were taken into account in forming our opinion thereon, but we do not express a separate opinion on these matters.

We did not identify key issues during the audit.

#### 7. Significant internal control deficiencies

Internal control is a set of measures for the development, adoption, implementation, as well as control and analysis of the results of the implementation of management decisions of the management and employees of the Fund, aimed at achieving the results of the assigned tasks and functions, the established goal, strategic and other objectives, plans and requirements for the activities of the Fund, as well as preventing the facts of illegal, ineffective and ineffective use of the Fund's funds.

The effectiveness of the internal control system is based on a set of formalized and documented rules and control procedures, regulations, and a clear definition and consolidation of powers and responsibilities.

A weakness in internal control exists when a control is designed, implemented, or operates in a manner that does not provide timely prevention of misstatements, or detection and correction of misstatements in the financial statements, or when a control necessary to timely prevention of misstatements, or to detect and correct misstatements in the financial statements is absent.

A significant internal control deficiency is defined as a deficiency or combination of deficiencies in the internal control system that, in the auditor's professional judgment, is sufficiently important to merit management's attention. To identify and assess the risks of material misstatement of the financial statements, it is necessary to obtain an understanding of internal control relevant to the audit. This understanding is used solely for the purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control, and accordingly we do not express such an opinion. The limitation of use also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be detected during the audit.

We did not identify any significant control deficiencies that, in our opinion, would be considered significant deficiencies.

#### 8. Business continuity



Management noted the overall negative impact of Russian aggression on Ukraine, but was unable to fully assess this impact on the Fund's operations and ability to continue as a going concern in the foreseeable future, and concluded that the going concern basis of accounting is appropriate for the purposes of preparing the financial statements. We believe this conclusion is reasonable.

#### 9. Matters that lead to a modification of the audit opinion

We did not identify any matters that would lead to a modification of the audit opinion.

#### 10. Written assurances

We requested written assurance from management regarding its responsibility for the preparation of the financial statements in accordance with the Ukrainian Financial Reporting Standards.

#### 11. Other issues

##### Issues related to fraud investigation

We were not aware of any actual or suspected incidents, and no other issues were identified during our audit procedures.

##### Issues related to the consideration of compliance with legislative and regulatory requirements

We are not aware of any significant cases of non-compliance by the Fund with the relevant requirements of laws, regulations and provisions of the constituent documents.

##### Significant matters involving related parties

We are not aware of any undisclosed transactions and balances with related parties.  
other issues that we would like to inform you about.

#### 12. Differences of opinion with Management

We did not have any disagreements with Management regarding financial reporting, accounting, audit procedures or other matters that could have a material impact on the Fund's financial statements or the Independent Auditor's Report thereon.

#### 13. Ethical issues related to auditing

We have discussed with you ethical issues related to auditing, namely the provision of accounting and tax services by our company, our role as auditors.

This letter has been prepared for the Management to ensure that it carries out its responsibilities. The contents are not to be disclosed to any third party without our prior written consent, and we assume no liability to any other party. Taking this opportunity, we would like to thank the management and staff of the Fund for the assistance they provided us during the audit.

If you would like to discuss any of the above issues or any aspect of our audit, please contact the following telephone number: +38 (067) 969 72 89.

#### 14. Minor observations that, in our opinion, should be brought to the attention of Management

There are no insignificant observations that, in our opinion, should attract the attention of Management.

Sincerely,

Audit Partner

AF DEVICE GROUP UKRAINE LLC

\*(compliance with ISA 260, 265)



Oksana KULICHENKO