

HOPE GENESIS (Non-profit company)

Financial Report for the period ended 31
December 2022

April 2023

HOPE GENESIS (Non-profit company)

REGISTERED SEAT:4-6 Solomou Str, Neo Psychiko, Athens 15451

General Registry No: 13723780300

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Table of Contents

1. Background and objectives of this report.....	3
2. Basis of preparation.....	3
3. Legal Form.....	3
4. Scope of the Company	3
5. Administration and structure	4
6. Accounting framework.....	4
7. Analysis and comments on income and expenses.....	6
8. Contingent liabilities.....	10

Introduction

1. Background and objectives of this report

The present report was compiled based on the financial information obtained from the books and records of our non-profit Company "Hope Genesis" (hereinafter referred to as "the Company") for the period ended at 31 December 2022. The financial report aims at providing an overview of the Company's financial performance and its key activities for fiscal 2022.

2. Basis of preparation

The analysis was performed in accordance with Greek accounting standards as prescribed by the Greek Legislation. The analysis of income and expenses as well as the observations presented in this report were resulted from internal records and financial information generated from the Company's books.

3. Legal Form

The Company has the legal form of a civil company of non-profit character and is governed by article 791 of the Civil Code. The Company uses the name "HOPE GENESIS" in Latin or Greek characters and was founded in October 29, 2015. The headquarters are in Athens and it was registered in the General Commercial Registry (G.E.MI.) under the registration number 137237803000. The duration of the Company is of indefinite time. The Company at the moment is at the stage of expansion and not under any kind of administration or liquidation procedures.

In the normal course of business or during the dissolution of the Company, the distribution of profits or the payment of interest to its Partners is not allowed. The Partners are entitled to undertake paid work for the purposes of serving the Company's objectives.

4. Scope of the Company

The Company's scope, is to offer non-profit assistance in respect of the following:

- A) Reversing the trend of declining birth rates in isolated, remote, islandic and mainland areas of Greece with limited access to medical infrastructure, by taking on a coordinating role to ensure the provision of full medical care to women permanently residing in the mentioned regions or wishing to have children or are already pregnant. This is achieved through collaboration with doctors, diagnostic centers, private and public maternity hospitals, plus arrangement of the transportation, accommodation and coverage of the associated costs for those women.
- B) Undertaking the management and implementation of Community or other social welfare programs related to the field of health and social welfare, as part of those programs.
- C) Taking initiatives related to medical care of all kinds and defending the rights of people with disabilities and of vulnerable groups in general.

- D) Raising awareness of issues of medical and social interest in the field of health and childbirth in general.
- E) Providing medical advice, medical assistance and donations to vulnerable social groups in need.
- F) Raising awareness related to the corporate social responsibility of for-profit companies regarding all the above.

5. Administration and structure

The Executive Committee consists of 16 distinguished professionals from the sectors of healthcare, communications, media, business, marketing and culture. The team is supported by volunteer gynecologists, nurses, midwives, administrative staff and other volunteers who share the same goals and vision. The Medical Team consists of 50 volunteer doctors, midwives and other health professionals located in 15 different regions across Greece.

The Honorary Board of Mentors is made up of 17 distinguished personalities with many years of experience under their belts in the provision of assistance in Greece, each of whom are key to our strategy and approach. The Scientific Board consists of 12 esteemed scientists from the field of medicine, who have been tasked with the responsibility of providing counselling and guidance.

180 large Greek companies are already providing support, as are institutions, donors, private persons and businesses. Further, Hope Genesis currently have 90 active volunteers.

6. Accounting framework

The Company monitors its daily transactions through recording those in single-entry accounting books of par. 12 of article 3 of Law 4308/2014 (commonly mentioned as "income – expenses ledger") which aims at satisfying the very basic obligations of the current tax legislation. According to Law 4308/2014, the Company is classified in the category of "Very Small Entities", and as such, it is subject to very limited disclosure notes to financial information, with the only substantive obligation being the preparation of the Income Statement.

6.1 Revenue recognition

The revenue of the Company stems mainly from donations, sponsorships and contributions either in cash or in kind provided by partners and other third parties.

Donations in cash

Company resources are any income whose acceptance is not contrary to the purposes of the Company, good morals and applicable laws. Cash donations and cash contributions from partners and third parties are recorded upon receipt. Sponsorships from for-profit companies are recorded in the accounting ledger when the claim becomes virtually certain.

Imputed revenue (Benefits in kind)

Also, the Company's income includes every free benefit in kind that took place in 2022 (obstetrician-gynecologist services, medical care of diagnostic centers and maternity hospitals, "Welcome" packages to beneficiaries, other medical services, legal services, ferry and air tickets, hospitality in hotels, etc.), which equals to the respective imputed expense. The fair value of the imputed revenue is based on assumptions and estimates of Management appropriate to the circumstances.

6.2. Operating Expenses

Expenses

Expenses (medical expenses and other operating expenses) incurred to achieve the purpose of the Company are recognized on an accrual basis. The expenses also include the value added tax (VAT) that is included in the received invoices to the extent that this cannot be claimed by the Greek State or be offset against VAT from outflows.

Imputed expenses

Also, the Company's expense includes every free benefit in kind that occurred in 2022 (obstetrician-gynecologist services, medical care of diagnostic centers and maternity hospitals, "Welcome" packages to beneficiaries, other medical services, legal services, ferry and air tickets, hospitality in hotels, etc.), which equals to the respective imputed revenue. The fair value of the imputed expense is based on assumptions and estimates of Management appropriate to the circumstances.

7. Analysis and comments on income and expenses

The Company's financial review and results for the period from 1.1.2022 to 31.12.2022 are presented below:

FINANCIAL REVIEW 2022		
<i>(01/01/2022-31/12/2022)</i>		
INCOME	2022	2021
Sponsorships - adoptions	276.150,01	373.343,60
Donations from individuals	186.147,72	56.495,40
Donations from non-profit and state organizations	20.783,68	64.033,69
Membership subscriptions #FILOS 2022	1.400,00	2.910,00
Sponsorships for nursery schools	65.000,00	50.000,00
Non refundable state's deposit	54.740,06	
	604.221,47	546.782,69
EXPENSES	2022	2021
Medical expenses for benefited women	175.359,70	145.788,73
Campaign- marketing expenses	59.880,28	34.501,97
Expenses for nursery schools	107.890,40	62.898,37
Travel expenses for visits to action regions	13.173,69	4.796,78
Telemedicine's equipment purchase	23.002,90	30.267,25
Researchs expenses		28.729,03
Rental expenses	13.300,00	6.560,00
Utilities (electricity,telecommunication,internet)	6.563,29	4.561,97
Payroll expenses	100.427,19	65.373,24
Third party fees(lawyers,accountants,I.T.)	19.890,00	19.640,00
Postal expenses	1.001,54	9.444,56
Office consumables	7.942,93	29.321,55
Other operational expenses	20.464,09	22.918,55
Interest expenses and other finance-related expenses	1.017,85	990,35
	549.913,86	465.792,35
FINANCIAL RESULTS	54.307,61	80.990,34

Profit and Loss Statement (in EUR)

	<u>2022</u>	<u>2021</u>
Revenue	604.221,47	546.782,69
Total	604.221,47	546.782,69
Operating expenses	549.913,86	465.792,35
Total expenses	549.913,86	465.792,35
Financial results before taxes	54.307,61	80.990,34
Taxes for the period	3.589,30	2.098,21
Financial results after taxes	50.718,31	78.892,13

CASH ASSETS 31/12/2022	
	BALANCE IN €
NATIONAL BANK	24.599,98
ALPHA BANK	142.276,31
PIRAEUS BANK	9.908,49
KBFUS	885,31
PAYPAL	427,00
VIVA WALLET	56,11
CASH	16.681,73
TOTAL	194.834,93

Below we present a summary analysis and information on the financial performance of the Company for the period 1.1.2022 to 31.12.2022.

7.1 Revenue overview

The analysis of revenue is as follows:

Source of revenue	2022	2021
Sponsorships - adoptions	276.150,01	373.343,60
Donations	206.931,40	120.529,09
Membership subscriptions	1.400,00	2.910,00
Events		
Sponsorships for nursery schools	65.000,00	50.000,00
Other income	54.740,06	
Total	604.221,47	546.782,69

The Company has received donations from individuals of € 186.147,72 and from other non-profit and state organizations of €20.783,68 totaling of € 206.931,40 for 2022.

In civil non-profit companies, as gross income subject to tax, is considered only the income that is generated from business activity (such as public performances, newspaper publishing, events, rents, interest on deposits, etc). On the other hand, sponsorships or donations to the Company, because they are considered as capital inflows and lack the conceptual features of income, are tax exempted. However, according to Law 2991/2001, there is an obligation to pay a donation tax. The tax is calculated independently at a rate of (0.5%) after deducting a tax-free amount of one thousand (1,000) euros per year. According to Opinion No. 787/97 of the State Legal Council the case where a non-profit organization is not subject to 0.5% tax is due to the fact that it is a recipient of donations from institutions or bodies whose statutory purpose is to make donations to third parties, since the payment of donations is a legal obligation.

7.2 Expenses overview

The Company's expense for 2022 is attributed to the following main categories:

Description	Note	2022	2021
Medical	(7.2.1)	175.359,70	145.788,73
Payroll	(7.2.2)	100.427,19	65.373,24
Expenses for nursery schools		107.890,40	62.898,37
Rental expenses and utilities	(7.2.3)	19.863,29	11.121,97
Third party fees (lawyers, accountants, auditors)		19.890,00	19.640,00
Telemedicine's equipment purchase		23.002,90	30.267,25
Travel expenses	(7.2.4)	13.173,69	4.796,78
Research expenses			28.729,03
Consumables		7942,93	29.321,55
Postal expenses		1.001,54	9.444,56
Marketing		59.880,28	34.501,97
Other operational expenses		20.464,09	22.918,55
Interest expense and other finance-related expenses	(7.2.5)	1.017,85	990,35
Total		<u>549.913,86</u>	<u>465.792,35</u>

7.2.1 Medical expense

Medical expense was estimated based on the number of benefited women (154 total), 94 births and 60 on going pregnancies multiplied with an average amount of € 2.000,00 based on historical data. Medical expense includes all costs related to doctors, diagnostic centers, private and public maternity hospitals.

7.2.2 Payroll

The Company was employing 4 people in 2022 with their net monthly salary ranging between €800-1500. Note that in accordance with Greek labor legislation, employees are entitled to 14 salaries annually.

The staff payroll costs are analyzed below:

Payroll	<u>2022</u>	<u>2021</u>
Gross salaries	82.062,66	53.495,29
Social security contributions	18.364,53	11.877,95
Total	100.427,19	65.373,24

According to the provisions of labor law, the Company must pay compensation to the dismissed or retired employees by the time they leave Company. The amount of the relevant compensation depends on the years of service and the amount of remuneration.

Within the period, 90 people worked voluntarily to achieve the goals of the Company. Volunteers do not receive a salary and are not included in the annual staff table submitted to the labor inspection body. With each one person that offer voluntary work, the Company has a contract signed in its files, that states that they work voluntarily, there is no employment relationship with the Company and they do not demand financial compensation from the work they offer.

7.2.3 Rental expense and utilities

The Company occurred the following expense related to leased properties:

Description of property	Use	Information	Expense
Office at 4-6 Solomou str. in Neo Psichiko	Headquarters	Monthly rent was 400,00€	4.800,00
Utilities	Utilities for headquarters	Includes electricity, telephone and other property related expenses	6.563,29
Branch and property related expenses. The leased premise is adjacent to the headquarters (Neo Psichiko)	Branch	Monthly rent was 700€ from 01.01.2022-30.11.2022 and 800€ from 01.12.2022-31.12.2022	8.500,00
Total			19.863,29

7.2.4 Travel expenses

The amount is analyzed as follows:

Description	<u>2022</u>
Travel costs and allowances	7.522,35
Transportation expense and food allowance	5.651,34
Total	13.173,69

7.2.5 Marketing expenses

Within 2022, the Company incurred various expenses for promotion (website and videos), events and other efforts (presentations and interviews) in order to communicate and promote its cause to the stakeholders and the society in general.

A breakdown of such expense is as follows:

Description	<u>2022</u>
Promotion (Site and videos)	25.635,00
Communication (Presentations and interviews)	34.245,28
Total	59.880,28

8. Contingent liabilities

The Company remains tax unaudited since its inception in 2015 until 31 December 2022. However, due to its purpose and based on the provisions of Law 4308/2014, it is not subject to income tax for all the activities and as a result we do not expect any significant burden in the event of a tax audit.

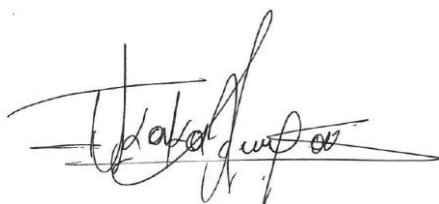
There are no known legal cases against the Company as of 31 December 2022.

Finally, Company's Management is closely monitoring the developments, in order to adapt to the special conditions that arise exclusively. They comply with the obligations and restrictions, as imposed by the official instructions of the Greek authorities, in order not to disturb the implementation of the tasks that the Company has undertaken.

The chief accountant of Hope Genesis

Ioannis Kakaliouras

Ioannis Kakaliouras
Accountant – Tax Preparer
196 Kifisias Ave, N.Psychico 15451
t:+30 2106450600
Licence Registration no: 48976, Licence Category: A' class
VAT: 073717950, Psychico Registry Office

A handwritten signature in black ink, appearing to read 'Ioannis Kakaliouras', written over a horizontal line.

