



ISTOKI
Endowment Fund

Annual Report

on Formation and Replenishment of the Endowment and on Use of
Return on management of the Endowment
in 2016

Moscow 2017

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1.1. Information on the organization-owner of the Endowment

Specialized Endowment Fund “Fund for Support of Historical and Cultural Studies “ISTOKI” – the owner of the Endowment – was registered on March 5, 2013 based on the Resolution of the Founder No.1 dated February 4, 2013.

The Fund is established and operates in accordance with the Civil Code of the Russian Federation, Federal Law dated January 12, 1996 No.7-FZ “On Non-Commercial Organizations”, Federal Law dated December 30, 2006 No. 275-FZ “On the Procedure for Establishment and Use of Endowments of Non-Commercial Organizations” and other legislative acts.

Full name of the Fund in Russian: Специализированный фонд целевого капитала «Фонд поддержки исторических и культурных исследований «Истоки».

Abbreviated name in Russian: Фонд целевого капитала «Истоки».

Full name of the Fund in English: Specialized endowment fund «Fund for Support of Historical and Cultural Studies «ISTOKI».

Abbreviated name of the Fund in English: Endowment Fund «ISTOKI».

On March 5, 2013 the Department of the Federal Tax Service for the City of Moscow made an entry to the Single State Register of Legal Entities on establishment of the Fund under the main state registration number 1137799004067.

The Fund is established solely for formation of the endowment, use and distribution of the return on management of the endowment for the benefit of other recipients in accordance with the procedure stipulated by the Federal Law dated December 30, 2006 No. 275-FZ “On the Procedure for Establishment and Use of Endowments of Non-Commercial Organizations”.

Location of the Fund: 42, building 5, Pokrovka St., 105062, Moscow

OGRN 1137799004067

TIN/KPP 7703480265/770901001

Tel.: +7 (495) 955 92 52

1.2. Information on the Purpose of the Formed Endowment

Mission of the Fund is to strengthen spiritual grounds of the Russian society, moral education based on Orthodoxy, worthy examples from the Russian history and Russian culture.

The “ISTOKI” endowment is formed by the Fund and used solely in the sphere of education, science, culture and art for the following purposes:

- support to historical and cultural studies;
- provision of scholarships;
- provision of financial support to educational institutions or projects, opening schools and educational centres;
- financing of research projects;
- provision of financial support to companies in order to encourage management functions by young specialists;
- bringing up civil spirit and political responsibility among the youth;
- provision of financial support to churches and faith communities.

To achieve the aforementioned purposes the Fund raises funds to form and replenish the endowment; transfers these funds to the management company; uses and transfers the endowment for the benefit of other non-commercial organizations receiving the return on management of the endowment.

Recipients of the return on management of the endowment are the following non-commercial organizations:

- Interregional Public Fund for Facilitation of Enhancement of the People National Identity “Centre of National Glory”, OGRN 1027746000435;
- International Public Foundation for Facilitation of Spirit and Moral Revival of the Modern Society “St. Andrew the First-Called Foundation”, OGRN 1027746000446;
- Other non-commercial organizations based on the decision of the Board of Trustees.

1.3. Information on the Fund Management Boards

The highest management body of the Fund is the Board.

The main function of the Board is to ensure observance of the goals declared by the Fund.

The term of the Board members is six years.

The Chairman of the Board is Vladimir I. Yakunin.

The Fund's Board of Trustees is the body supervising the Fund's activities, the Board's and Director's decision making and their implementation, use of the Fund's means, compliance with the legislation, as well as functions as Council on the endowment use.

The Fund's Board of Trustees includes (Minutes of the Board meeting No. 2 dated April 16, 2013:



Vladimir I. Yakunin

Chairman of the Board of Trustees of the Foundation of St. Andrew the First-Called



Vladimir E. Fortov

Academician, Doctor of Physics and Mathematics



Georgy S. Poltavchenko

Governor of St. Petersburg



Dmitry A. Pumpyansky

Chairman of the Board of Directors of TMK Group and Sinara Group, member of the Administrative Office of the Russian Union of Industrialists and Entrepreneurs



Sergey V. Mikhailov

General Director of ITAR-TASS, member of the International Public Relations Association (IPRA), member of the Russian Union of Journalists



Andrey R. Bokarev

co-owner and Chairman of the Board of Directors of CJSC «Transmashholding» and OJSC «MC «Kuzbassrazrezugol»», member of the Board of Directors of OJSC «Ural Mining and Metallurgical Company», OJSC «Altay-koks»



Ludmila A. Verbitskaya

President of St. Petersburg State University, Academician of the Russian Academy of Education, Vice-President of the Russian Union of Rectors

By Resolution of the Board of the Fund (Minutes No. 9 dated February 26, 2015) **Sergey E. Shcheblygin** – member of the Federation Council of the Federal Assembly of the Russian Federation – was appointed Director of the Fund.

On March 27, 2013 **Ekaterina A. Gerus** was appointed Executive Director of the Fund.

There were four Board meetings and three meetings of the Board of Trustees during the reporting year.

Following the amendments to the Civil Code of the Russian Federation executed by Federal Law dated May 5, 2014 No. 99-FZ that took effect since September 1, 2014, a new version of the Charter of "ISTOKI" Endowment Fund was registered on February 16, 2015. The changes covered the following clauses of the Charter:

- The highest management body of the Fund – the Board of the Fund - changed its name for the Council of the Fund;
- Director of the Fund is not appointed but elected by the Council of the Fund.

1.4. Information about the Management Company.

By Resolution of the Board of the Fund (Minutes No. 2 dated April 16, 2013) "Management Company "RusFin" LLC was appointed the management company of the endowment of the "ISTOKI" Fund.

Location of the management company: 42, building 5, Pokrovka St., 105062, Moscow

OGRN 1127746356649

TIN/ KPP 7721757390/770901001

The management company has a license No. 21-000-1-00919 dated August 23, 2012 issued by FFMS of RF and given to carry out activity related to management of investment funds, unit investment trusts and non-governmental pension funds.

On August 1, 2013 the Specialized Endowment Fund "Fund for Support of Historical and Cultural Studies "ISTOKI" and "Management Company "RusFin" LLC signed the endowment management agreement.

1.5. Information on the Audit Organization

Mandatory audit of the accounting and financial statements of the Endowment Fund "ISTOKI" for 2016 was carried out by «Grunetal Consulting Group» LLC which is a member of the self-regulatory organization of auditors NP «Moscow Audit Chamber», PRNE 11303051308 dated October 2, 2013.

The audit was performed in accordance with the requirements of the Federal Law No. 307-FZ dated December 30, 2008 «On Audit Activities» and Federal standards (rules) of audit activities.

As a result of the audit the opinion was issued regarding the reliability of accounting (financial) statements of the Endowment Fund "ISTOKI" for 2014 and the absence of violations in the formation and replenishment of the endowment, as well as in use and distribution of the return on management of the endowment.



Iset River
Western Siberia, Russia

2.1. Statement of the Flow of Assets Comprising the Endowment

According to the Minutes of the Board meeting No.3 dated July 6, 2013 a decision was made to initiate formation of the "ISTOKI" endowment.

On August 26, 2013 the "ISTOKI" endowment was formed.

In 2016 the "ISTOKI" endowment received donations totaling 3,015 thousand Rubles which were transferred to the "Management Company "RusFin".

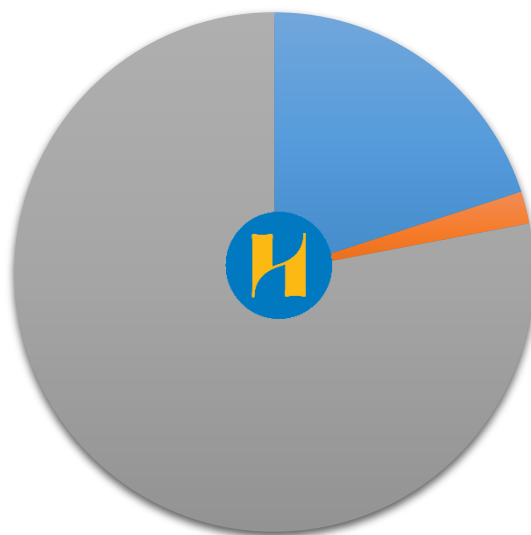
2.2. Statement of the Return on Management of the Endowment

2.2.1. Structure of the Assets Comprising the Endowment

The Fund's net asset value comprising the endowment totaled 755,491 thousand Rubles as of December 31, 2016.

According to the investment strategy of the Fund the endowment means in 2016 were placed on the bank deposits in Rubles and US. Dollars, invested in publicly traded corporate and mortgage bonds. As of December 31, 2016 the share of deposits in the portfolio taking into account the interest was 78%, and bonds – 2%, cash – 20%.

Structure of the Assets Comprising the Endowment



- Cash – 20%
- Bonds with ACI total – 2%
- Deposits with interests – 78%

Statement on Income Related to Replenishment of the Endowment and its Management

Information on the structure of assets comprising the “ISTOKI” endowment as of December 31, 2016 is presented in Table 1 below.

Table 1. Calculation of the net value of assets comprising the “ISTOKI” endowment as of December 31, 2016.

Name of Issuer	Market Value, in Rub.
<u>Property:</u>	
Bonds with ACI total:	17,536,895
Mortgage bonds	0
Corporate bonds	0
Securities	17,378,509
Yield on bonds	158,385
Deposits with Interest:	590,205,079
Deposits in rubles	573,680,000
Deposit interest	16,525,079
Cash:	147,750,089
Bank account	147,607,198
Account with a broker	71,391
Accounts receivable	71,500
<i>Total</i>	755,492,063
<u>Liabilities:</u>	
Accounts payable for remuneration of the Management Company	0
Accounts payable for remuneration of the specialized depository	958
<i>Liabilities Total</i>	958
Total of net assets value	755,491,104



Desna River
Smolensk Oblast, Russia

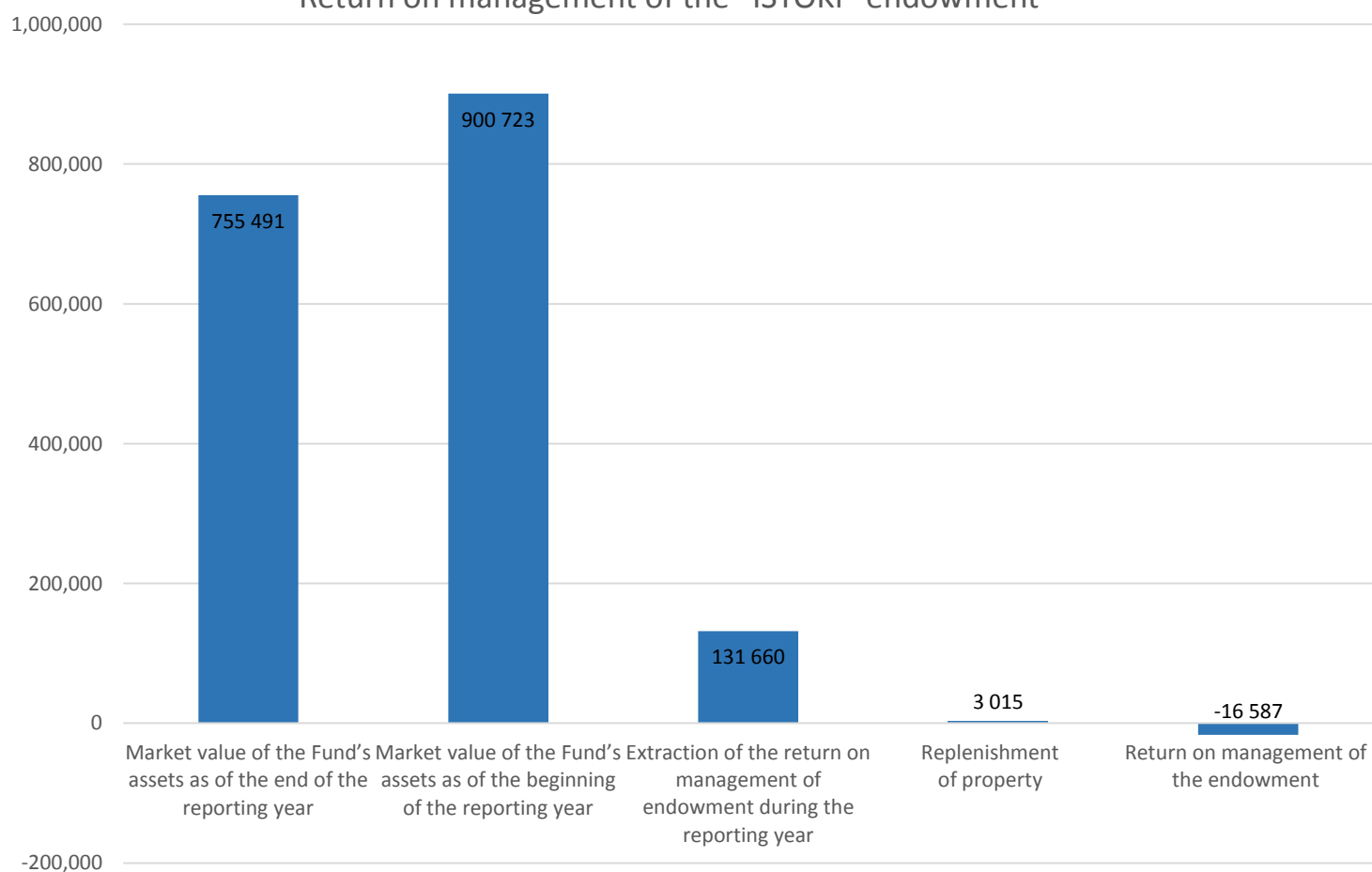
2.2.2. Return on Management of the Endowment and its Structure

No return on Management of the endowment in 2016 has been received.

Таблица 2. Calculation of the return on management of the “ISTOKI” endowment in 2016

Indicator	Rub.
Market value of the Fund's assets comprising the “ISTOKI” endowment as of the end of the reporting year	755,491,104
Market value of the Fund's assets comprising the “ISTOKI” endowment as of the beginning of the reporting year	900,722,928
Extraction of the return on management of the “ISTOKI” endowment during the reporting year	131,660,144
Replenishment of property comprising the “ISTOKI” endowment in the reporting year	3,015,021
Return on management of the “ISTOKI” endowment less remuneration of the Management Company in the reporting year, total, including:	- 16,586,701
- <i>overvalued currencies</i>	-62,240,395
- <i>interest on deposits</i>	41,598,165
- <i>coupon</i>	3,338,916
- <i>revaluation of investment securities</i>	1,006,460
- <i>necessary costs</i>	- 289,847

Return on management of the “ISTOKI” endowment



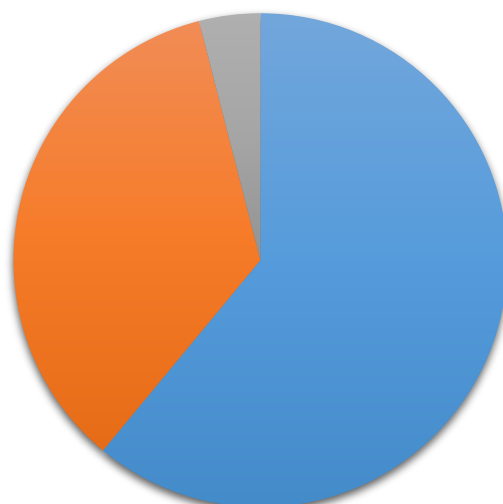
In 2017 according to the Minutes of the Fund's Board of Trustees No.11 dated March 16, 2017 and the Minutes of the Council of the Fund No.15 dated March 16, 2017 a decision was made to allocate the return on endowment received in 2016 in the amount of 75,549 thousand Rubles as follows

- 1) **72,719 thousand rubles** to the International Public Foundation for Facilitation of Spirit and Moral Revival of the Modern Society "St. Andrew the First-Called Foundation" for its programs and projects as presented in the Table 3 below;
- 2) **2,830 thousand rubles** to the Interregional Public Fund for Facilitation of Enhancement of the People National Identity "Centre of National Glory" for its administrative and general expenses

Таблица 3. Expenses of the St. Andrew the First-Called Foundation financed by the "ISTOKI" Endowment Fund in 2017

№	Expense item	'000 Rub.
1	Programs and projects:	45,863
1.1	"Sanctity of Motherhood" program	31,493
1.2	"Pray for peace in Jerusalem" program	2,863
1.3	"Outposts of orthodoxy" program	2,000
1.4	Payroll of the programs staff	9,507
2	Administrative and general expenses	26,856
	Total	72,719

Allocation of the return



- Programs and projects of St. Andrew the First-Called Foundation— 61%
- A&G expenses of St. Andrew the First-Called Foundation – 35%
- A&G expenses of the Center of National Glory – 4%

2.2.3. Information on Remuneration of the Management Company and its Expenditure

Table 4. Calculation of the remuneration fee the Management company “RusFin” for 2016

1	Market value of the Fund’s assets comprising the “ISTOKI” endowment as of the beginning of the reporting year, Rub.	900,722,928
2	Market value of the Fund’s assets comprising the “ISTOKI” endowment as of the end of the reporting year, Rub.	755,491,104
3	Replenishment of property comprising the “ISTOKI” endowment in the reporting year, Rub.	3,015,021
4	Extraction of the return on management of the “ISTOKI” endowment during the reporting year, Rub.	131,660,144
5	Increase in the market value of the Fund’s assets in the reporting year, Rub. (line 2 – line 1 – line 3 + line 4)	- 16,586,701
6	Remuneration fee, %	10.00%
7	Remuneration fee in the reporting year, Rub. (line 5 x line 6)	- 1,658,670
8	Remuneration, Rub.: 1) 0, if line 5 ≤ 0 2) line 7, if line 5 > 0.	0.00

According to paragraph 3 of Art. 18 of the Federal Law dated 30.12.2006. No. 275-FZ, the remuneration of the management company is paid out from the return on management of the endowment for the reporting year, but not more than 10 percent of such return. At the end of 2016, the management company did not receive any return on management of the endowment. Accordingly, there is no remuneration to be paid for 2016.

Таблица 5. Costs on management of the endowment.

Costs	Amount, Rub.
Brokerage service	66,991
Other costs	162,366
Bank costs	60,489
Total:	289,847

Volga River

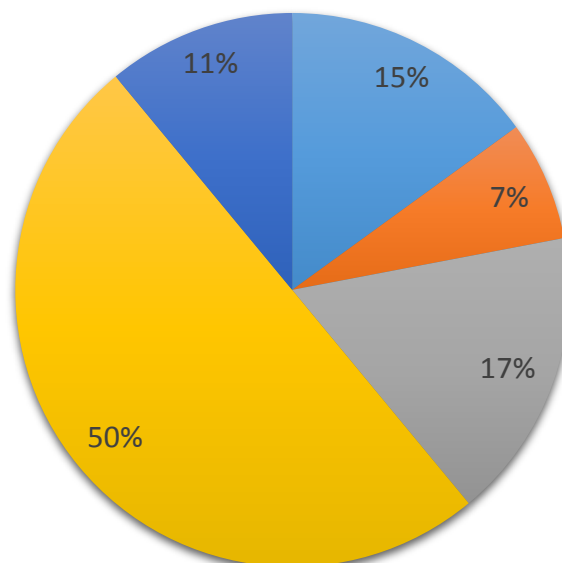
In 2016 according to the Minutes of the Fund’s Board of Trustees No. 7 dated March 04, 2016 and the Minutes of the Council of the Fund No.12 dated March 04, 2016 a decision was made to allocate the **return on management received in 2015 in the amount of 131,660 thousand Rubles** as follows:

19,749 thousand rubles to the Endowment Fund “ISTOKI” for its administrative and general expenses;

31,251.5 thousand rubles to International Public Foundation for Facilitation of Spirit and Moral Revival of the Modern Society “St. Andrew the First-Called Foundation” for its programs and projects. The plan-actual budget execution analysis is presented in Table 6;

80,659.5 thousand rubles to the Interregional Public Fund for Facilitation of Enhancement of the People National Identity “Centre of National Glory”. The plan-actual budget execution analysis is presented in Table 7.

Allocation of return in 2016



- A&G expenses of the Endowment Fund “ISTOKI” – 15%
- Programs and projects of the St. Andrew the First-Called Foundation – 7%
- A&G expenses of the St. Andrew the First-Called Foundation – 17%
- Programs and projects of the Center of National Glory – 50%
- A&G expenses of the Center of National Glory – 11%



Ob River, Barnaul

Statement of the Use of Return on Management of the Endowment

Table 6. The plan-actual budget execution analysis of the St. Andrew the First-Called Foundation (funds received from the Endowment Fund "ISTOKI").

Expenses	Plan	Actual	Variance Actual – Plan, Rub.	Variance Actual – Plan, %
"Faith and Loyalty" program	5,551,760.00	5,567,329.93	15,569.93	0.28
"Science. Philosophy. Religion." program	2,445,000.00	2,391,509.73	-53,490.27	-2.19
"Outposts of orthodoxy" program	985,000.00	940,259.91	-44,740.09	-4.54
Administrative and general	22,269,832.00	22,352,492.43	82,660.43	0.37
Total	31,251,592.00	31,251,592.00	0.00	0.00

Table 7. The plan-actual budget execution analysis of the Centre of National Glory (funds received from the Endowment Fund "ISTOKI").

Expenses	Plan	Actual	Variance Actual – Plan, Rub.	Variance Actual – Plan, %
"Sanctity of motherhood" program	39,431,680.00	38,156,071.26	-1,275,608.74	-3.23
"Serving the Fatherland: events and names" program	15,670,037.00	14,220,207.76	-1,449,829.24	-9.25
"Frontiers of Russia" program	2,735,000.00	2,724,695.33	-10,304.67	-0.38
Youth program	7,394,500.00	7,203,486.91	-191,013.09	-2.58
Administrative and general	15,428,313.37	18,355,069.11	2,926,755.74	18.97
Total	80,659,530.37	80,659,530.37	0.00	0.00

According to paragraph 4.2.2. of the endowment recipient financing agreements between the Endowment Fund "ISTOKI" and Center for National Glory and St. Andrew the First-Called Foundation, expenses redistribution of 20% between budget lines is applicable subject to the total budget unchanged .



Amur River, Russian Far East

4.1. Financial Statement of the Endowment Fund "ISTOKI" for 2016

No n/n	Item	Amount, 000' Rub.
1	ENDOWMENT	
1,1	Donations for formation and replenishment of the endowment	3,015
1,2	Return on management of the endowment	-16,587
1,3	Other	0
	TOTAL INCREASE OF THE ENDOWMENT FOR THE PERIOD	-13,572
2	INCOME RECEIVED FOR MAINTENANCE OF THE FUND	
2,1	Donations for Fund maintenance and performance of its statutory activity	100
2,2	Return on management for Statutory activity	19,749
2,3	Funds for Administrative and Management Expenses in amount not exceeding 5% from donations for formation and replenishment of the endowment	0
2,4	Other	0
	TOTAL INCOME RECEIVED FOR MAINTENANCE OF THE FUND	19,849
	TOTAL INCOME OF THE FUND	6,277
3	COSTS CHARGEABLE TO THE ENDOWMENT	
3,1	Remuneration of the management company according to the trust management agreement	0
3,2	Reimbursement of necessary expenses of the management company related to the management	0
3,3	Distribution of the return on management of the endowment	111,911
3,4	Other (expenses from donations on formation and replenishment of the endowment (not exceeding 5%))	0
3,5	Costs chargeable to 15 % of the return on management of the endowment	19,749
	TOTAL COSTS CHARGEABLE TO THE ENDOWMENT	131,660
4	EXPENSES CHARGEABLE TO MEANS FOR MAINTENANCE OF THE FUND	
4,1	Expenses from donations for maintenance of the Fund and performance of its statutory activity, incl.:	23,603
	Payroll including insurance premiums	19,269
	Bank charges	65
	General and administrative expenses	3,720
	Purchase of fixed assets and property	513
	Taxes	0
	Other including contingencies	36
4,2	Difference in rates of exchange	0
	TOTAL EXPENSES CHARGEABLE TO MEANS FOR MAINTENANCE OF THE FUND	23,603
	TOTAL EXPENSES	155,263
5	Fund Assets as of the end of the period, incl.:	760,533
	Funds transferred to trust management	772,078
	Funds received for formation of the endowment but not transferred to trust management	0
	Return on management of the endowment less remuneration of the management company	-16,587
	Means for maintenance of the Fund	5,042

4.2. Report on the Proper Use of Means for January - December 2016 of the Endowment Fund "ISTOKI"

		NIAD Form 6	Codes			
		Date (year,month,date)	0710006	2016	12	31
Specialized Endowment Fund						
Organization	«Fund for Support of Historical and Cultural Studies "ISTOKI"»	according to OKPO	17275712			
Taxpayer Identification Number		TIN	7703480265			
Activity	Other financial intermediation		64.9			
		according to OKDP				
Form of incorporation / form of ownership	Fund					
Funds/Private Property		according to OKOPF/OKFS	20400 16			
Units: 000' Rub.		according to OKEI	384			

Sections and Items	Code	January – December 2016	January – December 2015
1	2	3	4
Starting cash balance	6100	910,968	711,433
Cash Received			
Joining fee	6210	-	-
Membership fee	6215	-	-
Return on management of the endowment	6220	-	131,660
Voluntary property contributions and donations	6230	3,115	122,556
Business profits	6240	-	-
Other	6250	-	1,033
Total cash received	6200	3,115	255,249
Cash Used			
Expenses for intended events	6310	(112,556)	(30,471)
including:			
social and charity support	6311	(111,911)	(30,471)
conferences, meetings, seminars and other	6312	-	-
Other events	6313	(645)	-
Expenses for administrative staff	6320	(22,930)	(24,079)
including:			
expenses related to labour remuneration (including accruals)	6321	(19,479)	(18,262)
payments not related to labour remuneration	6322	-	-
expenses for business travel	6323	(439)	(839)
maintenance of premises, buildings, vehicles and other property (except repair)	6324	-	-
repair of fixed assets and other property	6325	-	-
other	6326	(3,012)	(4,978)
Purchase of fixed assets, inventory and other property	6330	(814)	(1,175)
Other	6350	-	-
Total funds spent	6300	(136,301)	(55,724)
End cash balance	6400	777,782	910,968