

The Center for Strategic Research and Development of Georgia

Financial Statement
for the Year Ended December 31, 2022
and
Independent Auditors' Report

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The management of the Center for Strategic Research and Development of Georgia (the "Organization") is responsible for the preparation of the financial statements.

This responsibility includes:

- preparation of financial statements in accordance with the financial statement standard for non-entrepreneurial (non-profit) legal entities (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision);
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent.

Management is also responsible for:

- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps as are reasonably open to them to safeguard the assets of the Organization, and prevention and detection of fraud and other irregularities.

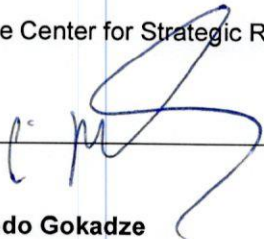
The present financial statement for the year ended December 31, 2022 is approved by the management and signed on October 10, 2023.



Eka Urushadze

Executive Director

The Center for Strategic Research and Development of Georgia



Dodo Gokadze

Financial Manager

The Center for Strategic Research and Development of Georgia

INDEPENDENT AUDITORS' REPORT

The Center for Strategic Research and Development of Georgia
Iovel Jebashvili I Turn, N5
Tbilisi, Georgia

Opinion

We have audited the financial statements of The Center for Strategic Research and Development of Georgia (the Organization), which comprise the statements of financial position as at December 31, 2022 and the statements of activities, statement of functional expenses and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Organization as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the financial statement standard for non-entrepreneurial (non-profit) legal entities (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision).

Basis for our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Standard for non-entrepreneurial (non-profit) legal entities approved under the order of the head of the Service for Accounting, Reporting and Auditing Supervision Subdivision of the Ministry of Finance of Georgia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (*Continued*)

Auditors' Responsibility for the Audit of the Financial Statements (*Continued*)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mikheil Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544

Auditor's registration number: SARAS-A-865011

October 10, 2023

Tbilisi, Georgia

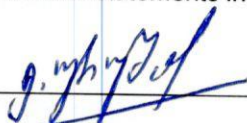


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Amounts expressed in Georgian Lari

STATEMENT OF FINANCIAL POSITION

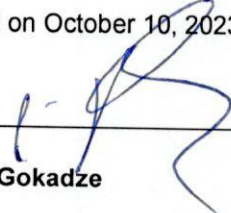
	Notes	31-Dec-22	31-Dec-21
Assets			
Current assets			
Cash and cash equivalents	3	1,506,591	1,521,701
Advances and Other receivables		19,529	11,607
Grants receivable	4	6,060,832	13,531,945
Tax assets	5	68,064	45,127
Grants paid in advance	6	1,691,093	783,587
Total current assets		9,346,109	15,893,967
Long-term assets			
Fixed assets	7	250,147	271,851
Total long-term assets		250,147	271,851
Total assets		9,596,256	16,165,818
Liabilities and net assets			
Current liabilities			
Accounts Payable		515	574
Payable grant amount		15,186	-
Liabilities to personnel		-	5,400
Deferred grant income	8,10	8,970,949	15,821,172
Total current liabilities		8,986,650	15,827,146
Unrestricted net assets		558,846	429,215
Temporarily restricted net assets		50,760	(90,543)
Total net assets		609,606	338,672
Total liabilities and net assets		9,596,256	16,165,818

The financial statements including the notes were approved and signed on October 10, 2023 by:


Eka Urushadze

Executive Director

The Center for Strategic Research and
Development of Georgia


Dodo Gokadze

Financial Manager

The Center for Strategic Research and
Development of Georgia

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STATEMENT OF ACTIVITIES

Changes in net assets:	Notes	Unrestricted net assets	Temporarily restricted net assets	Year 2022	Year 2021
European Union (EU)		-	(3,048,846)	(3,048,846)	(2,365,958)
Bread for the World (BFW)		-	(513,453)	(513,453)	(854,118)
Konrad-Adenauer-Stiftung (KAS)		-	(340,295)	(340,295)	(217,089)
United Nations Development Programme (UNDP)		-	(148,850)	(148,850)	(144,837)
The European Venture Philanthropy Association (EVPA)		-	(136,738)	(136,738)	(47,357)
Hilfswerk International (HWI)		-	(96,376)	(96,376)	(62,075)
Caucasus Environmental NGO Network (CENN)		-	-	-	(77,581)
Crowdfunding		-	(19,900)	(19,900)	-
The Funding Network		-	(3,043)	(3,043)	-
Eastern Partnership Civil Society Forum (EPCSF)		-	-	-	(59,094)
Friedrich Ebert Stiftung (FES)		-	-	-	(35,280)
Netherlands Helsinki Committee (NHC)		-	-	-	(17,410)
Embassy of the Netherlands		-	-	-	(16,039)
Bolnisi Municipality		-	-	-	(3,947)
Constanta		-	-	-	(3,000)
Interest income		-	(4,738)	(4,738)	(3,257)
Income from economic activities		(3,390)	-	(3,390)	(41,786)
Income from donations	11	(126,241)	-	(126,241)	(27,222)
Other non-operating income		-	(295,816)	(295,816)	(19,746)
Total revenue		(129,631)	(4,608,055)	(4,737,686)	(3,995,796)
Expenses					
Grants issued	9	-	1,604,613	1,604,613	1,026,775
Administrative and operational expenses		-	2,862,138	2,862,138	2,914,043
Other non-operating expenses		-	-	-	17,596
Total expenses		-	4,466,752	4,466,752	3,958,414
(Increase) / Decrease in net assets		(129,631)	(141,304)	(270,934)	(37,382)
Net assets at the beginning of the year		(429,215)	90,543	(338,672)	(301,290)
Net assets at the end of the year		(558,846)	(50,760)	(609,606)	(338,672)
Temporarily restricted net assets		-	(50,760)	(50,760)	90,543
Unrestricted net assets		(558,846)	-	(558,846)	(429,215)
Total net assets		(558,846)	(50,760)	(609,606)	(338,672)

The financial statements including the notes were approved and signed on October 10, 2023 by:


Eka Urushadze

Executive Director

The Center for Strategic Research and
Development of Georgia


Dodo Gokadze

Financial Manager

The Center for Strategic Research and
Development of Georgia

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Financial Statements for the Year Ended December 31, 2022
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STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted net assets	Temporarily restricted net assets	Total net assets
Balance as at 31-Dec-2020	(360,207)	58,917	(301,290)
Grants and donations	(69,008)	(3,926,788)	(3,995,796)
Financing of expenses	-	3,958,414	3,958,414
Balance as at 31-Dec-2021	(429,215)	90,543	(338,672)
Grants and donations	(129,631)	(4,602,777)	(4,732,408)
Financing of expenses	-	4,466,752	4,466,752
Balance as at 31-Dec-2022	(558,846)	(45,482)	(604,328)

The financial statements including the notes were approved and signed on October 10, 2023 by:



Eka Urushadze

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Dodo Gokadze

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STATEMENT OF FUNCTIONAL EXPENSES

	EU	BFW	KAS	UNDP	EVPA	ADA	EFSE	WISG	TFN	Batumi Universit y	Crowdfunding	Own Funds	Total Expenses 2022	Total Expenses 2021
Grants	1,471,609	-	35,000	77,105	-	-	-	-	1,000	-	19,900	-	1,604,613	1,026,775
Salaries	862,482	372,690	-	23,940	39,986	36,593	-	-	-	-	-	18,406	1,354,097	1,611,701
Professional fees and contracts	164,683	53,521	173,649	13,709	15,376	20,830	14,144	2,810	-	755	-	10,857	470,335	491,816
Meetings, workshops, trainings and conferences	243,634	18,281	57,922	24,980	15,337	16,511	-	-	1,652	71	-	23,192	401,581	228,906
Travel	41,787	6,672	17,261	5,440	50,378	1,985	-	240	-	-	-	9,437	133,200	59,477
Promotional materials and other	65,334	12,890	28,433	-	3,126	14,507	-	-	-	-	-	5,314	129,604	74,434
Technical support and security	25,457	22,482	-	650	9,904	421	-	-	-	-	-	1,306	60,220	11,450
Office costs (communication, utility)	47,700	1,592	85	603	51	1,425	-	-	-	-	-	10	51,465	33,475
Insurance expenses	5,903	2,356	-	-	-	487	-	-	-	-	-	36,565	45,311	36,556
Rent	40,542	-	4,418	-	-	-	-	-	-	-	-	-	44,960	71,054
Depreciation and amortization	21,393	223	-	-	1,158	1,807	-	-	-	-	-	18,606	43,186	43,563
Audit	13,498	11,635	-	-	-	-	-	-	-	-	-	756	25,889	7,315
Research Expenses (Sociological and other)	-	-	13,575	-	-	-	-	-	-	-	-	-	13,575	104,544
Support to Ukraine	-	-	-	-	-	-	-	-	-	-	-	10,475	10,475	-
Consulting services of international experts	7,793	697	274	-	650	-	-	-	-	-	-	-	9,415	15,828
Membership fees (local&international networks)	3,713	5,181	-	-	-	-	-	-	-	-	-	-	8,894	12,306
Computer services and supplies	3,894	657	-	-	654	55	-	-	-	-	-	-	5,260	25,424
Laboratory service and expertise	1,550	-	-	-	-	-	-	-	-	-	-	2,440	3,990	4,660
Bank fees	1,543	650	437	64	118	83	1	1	-	2	-	140	3,038	2,669
COVID response related activity expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	31,985
Other expenses	26,332	3,926	9,241	697	-	1,671	-	-	391	8	-	5,376	47,643	46,880
Total	3,048,846	513,453	340,295	147,189	136,738	96,376	14,145	3,051	3,043	837	19,900	142,878	4,466,752	3,940,818

The financial statements including the notes were approved and signed on October 10, 2023 by:

Eka Urushadze

Executive Director

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Dodo Gokadze

Financial Manager

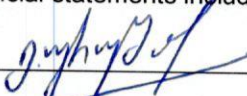
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STATEMENT OF CASH FLOWS

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:	270,934	37,380
Change in net assets		
<i>Adjustment to reconcile change in net assets:</i>		
Depreciation and amortization	42,188	43,784
Operating cash flows before working capital changes	313,122	81,165
Decrease/(increase) in advances and other receivables	(7,922)	10,847
Decrease/(increase) in grants receivable	7,471,113	(4,391,771)
Decrease/(increase) in tax assets	(22,937)	(7,982)
Decrease/(increase) in grants paid in advance	(907,507)	(630,588)
(Decrease)/increase in accounts payables	(59)	(3,235)
(Decrease)/increase in liabilities to personnel	(5,400)	5,400
Decrease/increase in accounts payables	17,257	-
(Decrease)/increase in deferred grant income	(6,850,222)	3,417,935
Net cash provided by operating activities	7,462	(1,518,229)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(22,573)	(70,355)
Net cash used in investing activities	(22,573)	(70,355)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(15,110)	(1,588,584)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,521,701	3,110,285
CASH AND CASH EQUIVALENTS, END OF THE YEAR	1,506,591	1,521,701

The financial statements including the notes were approved and signed on October 10, 2023 by:



Eka Urushadze

Executive Director

The Center for Strategic Research and
Development of Georgia



Dodo Gokadze

Financial Manager

The Center for Strategic Research and
Development of Georgia

NOTE 1: BACKGROUND

CSR DG is a civil society organization working countrywide since 1995. Its mission is to promote good governance, stable and inclusive economic development, and the formation of an active civil society for the welfare of Georgian society. Since its establishment, CSR DG conducted numerous researches, promoted many legislative initiatives, contributed to establishment of a network of community organizations throughout Georgia's regions, supported development of social enterprises and social services, pioneered public awareness raising about corporate social responsibility and promoted protection of consumer rights (www.csr dg.ge).

Areas of Expertise:

- Community Development;
- Consumer Rights Protection;
- CSO Development and Capacity Building;
- Development of Social Entrepreneurship;
- Georgia's European Integration;
- Promoting Corporate Social Responsibility (CSR);
- Good Municipal Governance;
- Social Service Development

Since 1998, CSR DG has been working in the direction of community development. It implies formation/empowerment of groups of local leaders and promoting participation of the population in solving problems in their rural communities, enabling them to identify and advocate for community issues, cooperate with local governments (LGs), establish partnerships with other actors and mobilize resources in support of on-the-ground activities. CSR DG initiates and supports this process through a series of training, consultations and award of small grants (www.cdrc.ge).

CSR DG started to work in the consumer rights field in 2009. It is aiming at establishment of an efficient consumer rights protection system in Georgia comprised of respective legislation and institutions. Major activities in this direction are: Public awareness raising; Monitoring of government activities and consumer market; Advocacy for legislative and policy reforms (www.momxmarebeli.ge).

CSR DG has been supporting CSO empowerment since 1998 and working with various CSOs: regional and Tbilisi based, newly emerged and more experienced ones. CSR DG strategy on CSO development is focused on technical support (capacity building), public awareness raising on CSO work and promotion of the third sector at large. CSR DG offers CSOs training on diverse topics related to CSO management, fundraising, constituency building, advocacy, monitoring and evaluation, soft skills, etc. CSR DG provides in-depth consultancy services that include but are not limited to evaluation of the organizational development level, elaboration of the organizational development (OD) plan, strategic planning, action planning, etc. CSR DG studies of civic sector development contributes to sharing best practices and to promotion of CSO achievements and their input in development of the country.

Since 2009 development of social entrepreneurship (SE) has been one of the main strategic priorities of CSR DG. It implies: Tailored capacity building approach combining financial support with intensive technical assistance and impact measurement for social enterprises; Development and administration of the advanced and comprehensive knowledge resources on SE; strategic partnership with lead organizations in the field to advocate for improved enabling environment for SE. In June 2022, CSR DG established the impact fund Actio. Actio represents a modern opportunity for active social enterprises to scale up their business and increase social impact. Actio also represents a credible opportunity for corporate and private investors to contribute to creating long-term social impact and improving the well-being of Georgian citizens (www.segeorgia.org; www.actio.ge).

Since the signature of EU-GEO Association Agreement (EUGAA) in 2014 CSR DG conducts and supports/encourages wide involvement of CSOs from Georgian regions in monitoring and advocacy for timely and proper implementation of the Agreement. CSR DG considers the EUGAA as a roadmap of

NOTE 1: BACKGROUND (Continued)

reforms for the development of Georgia. To ensure better understanding of the EUGAA commitments and state of their implementation, as well as specific messages for advocacy, CSRDG conduct the following activities: commission expert assessments of EUGAA implementation; organize trainings for CSO representatives on different EUGAA issues; produce open-access explanatory short videos and relevant queries on EUGAA issues; award small grants (5,000-10,000 EUR) for monitoring and advocacy of implementation of the EUGAA issues on local/regional level (www.asocireba.ge).

CSRDG, together with its partner organizations from several Georgian regions has been promoting good municipal governance since 1998, aiming at improving transparency and accountability of local governments (LGs), engagement of citizens in LG activities and decision-making. CSRDG has been actively participating in the local self-governance reform initiatives and projects on the national and international levels. CSRDG activities in this regard include: Monitoring and analysis of general decision making process in municipalities (including the budgeting process), formal procedures and actual practices, as well as LG means of communication with public; Identifying main faults/drawbacks, developing recommendations to overcome those and providing assistance to the LGs for implementation of those recommendations; Monitoring and advocacy (including communication to broad public) for implementation of the developed recommendations.

Since 2018, CSRDG started on developing content and quality of social services in two directions: Improvement of relevant political, legal and educational framework; Development of organizational capacity of social service provider CSOs to design, plan, implement and evaluate their social services.

Promoting CSR development in Georgia is one of the strategic directions for CSRDG since 2005. CSRDG strategy for CSR promotion is focused on the following stakeholders/directions: entrepreneurs - to provide expertise and help mainstream CSR standards in core business; media - to foster more active and relevant coverage of CSR issues; government - to promote development of CSR enabling public policy; CSOs - to promote cross-sector cooperation; society at large - informing and raising awareness to create demand for responsible business conduct. It implies: Mediating pro bono services; Promoting cross-sector partnerships (between CSOs and companies); Developing knowledge products on CSR (web-based resources, publications); Training and consultancy on CSR for businesses, as well as other sectors; Promoting multi-stakeholder dialogue on sustainability issues; Working with the government on CSR promotion; Awareness raising campaigns on CSR (www.meliora.ge; www.csrgeorgia.com; csrblog.ge; probonogeorgia.ge).

On December 22, 2020 the agreement about the project "Advancing Social Entrepreneurship for Sustainable and Inclusive Society" was signed between CSRDG and "European Union". The purpose of the project is Advancing Social Entrepreneurship for sustainable and Inclusive Society, with the total amount of 1,000,000 EUR. The grant duration is 36 months. (EU)

On December 12, 2019 the agreement about the project "Promotion Rights Based Social Services for People with Disabilities and Elderly" was signed between CSRDG and "European Union" with the amount of 399,000 EUR. The grant duration is from December 13, 2019 to December 12, 2022. (EU)

On October 11, 2020 the agreement about the project "External Actions of The European Union" was signed between CSRDG and "European Union". The purpose of the project is Skill Building and Innovative Job Opportunities for Regional Development of Georgia, with the total amount of 925,255 EUR. The grant duration is 36 month. (EU)

On February 28, 2017 the grant agreement was signed between CSRDG and Bread for the World (BFW) for the project "Promotion of civil society involvement, local co-determination and political influence , continuation Core Program 2017-2020." Total amount is 1,232,400 EUR. Duration of grant is from January 01, 2017 to June 30, 2020. (BFW)

On July 08, 2020 the agreement about the project "Civic Engagement, Social Responsibility and Good Governance, continuation" was signed between CSRDG and Bread for the World (BFW) referred to as the "Financing Partner" with the total amount of 740,000 EUR. The grant duration is from July 01, 2020 to 30 June, 2023. (BFW)

NOTE 1: BACKGROUND (Continued)

On January 29, 2021 the agreement about the project "Civil Society Initiative: Sustainable, Open and Accountable Civil Society Organizations for the Development of Georgia" was signed between Konrad-Adenauer-Stiftung (KAS) and CSRDG, with the total amount of 1,909,270 EUR. The grant duration is from February 01, 2021 to January 31, 2025. (KAS)

On January 13, 2017 CSRDG signed the grant agreement with Konrad-Adenauer-Stiftung (KAS) for the project „Georgian Civil Society Sustainability Initiative" with the amount of 1,087,393 EUR. The grant duration is from January 16, 2017 to October 01, 2020. (KAS)

On January 13, 2017 CSRDG signed the grant agreement with Konrad-Adenauer-Stiftung KAS for the project "Georgian Civil Society Sustainability Initiative" with the amount of 473,549 EUR. Duration of grant is from January 16, 2017 to January 31, 2021. (KAS)

On August 14, 2020 the agreement about the project "Gender Equality" was signed between United Nations Development Programme (UNDP) and CSRDG, with the total amount of 50,000 USD. The grant duration is from June 12, 2020 to 30 December, 2020. (UNDP)

On March 22, 2021 the agreement about the project "Gender equality" was signed between UNDP and CSRDG, with the total amount of 45,000 USD. The grant duration is from March 18, 2021 to November 30, 2021. (UNDP)

On February 24, 2022 the grant agreement was signed between the United Nations Development Programme and Center for Strategic Research and Development of Georgia about the project "UN Joint Programme for Gender Equality". The maximum grant amount was USD 50,000. The implementation period of the project is from February 25, 2020 to June 30, 2022 (UNDP).

On April 14, 2021 the agreement about the project "Cooperation for change-Development of Social Entrepreneurship and Social Investment for Economic and Social Empowerment in Eastern Partnership Countries and Russia" was signed between European Venture Philanthropy Association-EVPA and CSRDG, with the total amount of 485,500 EUR. The grant duration is from September 01, 2020 to August 31, 2025. (EVPA)

On April 15, 2020 the agreement about the project "Sustainable Models of Mobile Elderly Care in Bosnia and Herzegovina and Georgia" was signed between "Hilfswerk International" (HWI) and CSRDG, with the total amount of 90,000 EUR. The grant duration is from March 01, 2020 to 31 December, 2023. (HWI)

On July 03, 2017 the grant agreement was signed between CSRDG and CENN for the implementation of the project, Optimizing the Potential of Local Assets for Rural Development of Keda Municipality". The grant period is from July 03, 2017 to February 28, 2021. Total amount is 112,600 EUR. (CENN).

On April 28, 2022 The Funding Network has approved a Starter Grant to support the live crowd funding event based on the TFN donor circle mode, on May 19, 2022 to the Center for Strategic Research and Development of Georgia. The amount of Starter Grant is EUR 1,000 (TFN).

On November 30, 2020 the agreement about the project "Transparent Facemasks for Human Rights" was signed between CSRDG and Eastern Partnership Civil Society Forum "EaP CSF Secretariat", with the total amount of 15,304 EUR. The grant duration is from December 01, 2020 to 28 February, 2021. (EPCSF)

On October 15, 2020 the agreement about the project was signed between Representation of the Friedrich Ebert Foundation in Georgia and CSRDG, with the total amount of 22,800 GEL. The grant duration is from October 15, 2020 to 30 November, 2020. (FES)

On March 04, 2019 the agreement about the project "Safe Products to Georgian Consumers" was signed between CSRDG and Embassy of Netherland with the amount of 506,433 GEL. The grant duration is from March 01, 2019 to February 28, 2021 (Embassy of Netherland)

NOTE 1: BACKGROUND (Continued)

On August 14, 2020 the agreement about the project "Unity and solidarity against COVID-19 II" was signed between Open Society Georgia Foundation (OSGF) and CSRDG, with the total amount of 19,252 USD. The grant duration is from August 14, 2020 to December 14, 2020. (OSGF)

On January 31, 2017 grant agreement was signed between ASB and CSRDG for the project „GE01702- Qualification for Re-integration - a way back into society." The period for the project implementation is from January 01, 2017 to February 01, 2020. Total budget of the grant is 245,530 EUR. (ASB)

On April 28, 2020 the agreement about the project "Unity and the Solidarity against COVID-19" was signed between "Georgia's Open Society Group" and CSRDG, with the total amount of 20,000 USD. The grant duration is from April 28, 2020 to 28 July, 2020. (OSGF)

On May 15, 2019 the agreement about the project "Global Warming Campaign – chance to change our future" was signed between CSRDG and United Nation Office for Project Services with the amount of 20,000 USD. The grant duration is from May 15, 2019 to May 31, 2020. (UNOP)

On April 15, 2020 the agreement about the project "EENCE Network Communication Platform Development" was signed between CSRDG and Federal Republic of Germany, with the total amount of 8,890 EUR. The grant duration is from April 17, 2020, to December 01, 2020. (BPB).

On July 07, 2020 the agreement about the project "Feasibility Study for Community Foundation Start-up in Georgia" was signed between European Community Foundation Initiative and CSRDG, with the total amount of 3,690 EUR. The grant duration is from October 15, 2020 to 30 November, 2020. (ECFI)

On March 15, 2021 the agreement about the project was signed between Representation of the Friedrich Ebert Foundation in Georgia and CSRDG, with the total amount of 35,280 GEL. The grant duration was from April, 2021 to October, 2021. (FES)

On February 11, 2021 the agreement was signed between The Netherlands Helsinki Committee and CSRDG about the project "Supply Equipment to Counter Effects of the COVID-19 in Closed Institutions" within the scope of EU COVID-19 Solidarity Program for the Eastern Partnership. Grant amount was 4,988 EUR. The grant duration is from February 10, 2021 to May 10, 2021. (NHC COVID)

On September 1, 2022 the agreement about the project "National Conference to Promote Rights Based Social Services in Georgia" was signed between the Austrian Development Agency and CSRDG with the maximum amount of EUR 9,827. The project duration is from September 1, 2022 to October 31, 2022 (ADA).

NOTE 2: ACCOUNTING POLICIES

a. Basis of accounting

These financial statements have been prepared in accordance with the financial statement standard for non-entrepreneurial (non-profit) legal entities (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision).

Based on the Organization's accounting policy, financial statements have been prepared and presented using the historical cost principle and accrual basis of accounting.

According to the historical cost principle, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

NOTE 2: ACCOUNTING POLICIES (Continued)

a. Basis of accounting (Continued)

Under accrual basis, the effects of transactions and other events are recognized when they occur (and not as cash or cash equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the period to which they relate.

b. Use of estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

c. Reporting currency of the Organization's financial statements

The Georgian Lari (GEL) is the reporting and functional currency. Although some grants are awarded in EUR or USD and some financial reports sent to donors are prepared in EUR and USD, the books and records are maintained in GEL as well. Significant volume of operations, i.e. payments of salaries, operating expenses are made in Georgian Lari (GEL).

d. Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling on the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of activities using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Georgian Lari at the official exchange rate of the NBG (National Bank of Georgia) at the balance sheet date. As at December 31, 2022 and at December 31, 2021 the principal rate of exchange used for translating foreign currency balances was:

	December 31, 2022	December 31, 2021
GEL / 1 USD	2.7020	3.0976
GEL / 1 EUR	2.8844	4.5040
GEL / 1 GBP	3.2581	4.1737

e. Grant revenue and deferred grant

The Organization recognizes deferred grant upon signing the agreement with donor. When the relevant expenses of the program are incurred and recognized, the corresponding amount is removed from deferred grant and recognized as revenue.

f. Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash in bank

NOTE 2: ACCOUNTING POLICIES (Continued)

g. Taxes

CSRDG, as a non-governmental, non-commercial organization, pays the following taxes:

- Income tax (20%). Mentioned tax will be paid from the whole salary and from the benefits that are handled to the employees according to the Georgian tax legislation. These taxes are given in financial statements – project incomes and project expenditures as part of salary and benefits connected to it.
- Value added tax (VAT) (since 30 June 2005 VAT is 18%). The organization pays VAT, when it buys goods or services from a supplier, which is registered as VAT tax payers. The organization is registered as VAT payer.

Pension scheme - On June 21, 2018 Georgia established a new law about pension fund, which came into force from January 01, 2019. Aggregated pension scheme takes into account 6% payment. In particular, employee will transfer 2% of his/her taxable salaries to individual pension account, employer will also transfer additional 2%, whereas from public finance will be transferred another 2%, the organization will transfer 2% as employer.

h. Net asset classification

The net assets are reported in three self-balancing funds as follows:

Unrestricted net assets – include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the organization.

Temporarily restricted net assets – represents a portion of an organization's net assets created by asset contributions and other sources that the organization has identified as donor restrictions that expire over time and may not otherwise be executed or canceled by the organization;

Permanently restricted net assets - represents a portion of net assets of the organization created by asset contributions and other sources, the use of which has been determined by the organization with donor restrictions that do not expire over time, and may not otherwise be fulfilled or canceled by the organization;

i. Revenue

Unrestricted and temporarily restricted contributions and grants are recorded as revenue when the agreement is signed with donor. Restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Restricted contributions and grants received in excess of expenses incurred are shown as restricted net assets in the accompanying financial statements.

j. Grants paid in advance

Sub-grants issued are recorded on the statement of financial position as advance upon transfer of funds to sub-grantees by the Organization.

Upon receipt of appropriate sufficient evidence of work performed and expenditures incurred by sub-grantees, the issued sub-grants are recorded as sub-grants closed in proportion of work performed and documentation received in the statement of activities.

K. Cash Flow

In the reporting period the organization has changed the statement of cash flows preparation method from direct to indirect due to change of accounting software. Both, 2022 and 2021 period's statement of cash flows is presented with indirect method.

NOTE 3: CASH AND CASH EQUIVALENTS

	31-Dec-2022	31-Dec-2021
Cash on hand (GEL)	54	36
Cash in bank (GEL)	190,794	313,343
Cash in bank (EUR)	1,312,648	1,204,357
Cash in bank (GBP)	3,095	3,965
Total cash and cash equivalents	1,506,591	1,521,701

NOTE 4: GRANTS RECEIVABLE

	31-Dec-2022	31-Dec-2021
European Union (EU)	2,538,112	6,574,050
Konrad-Adenauer-Stiftung (KAS)	1,896,853	3,773,439
European Venture Philanthropy Association (EVPA)	1,177,065	1,653,257
Bread for the World (BFW)	336,917	1,320,582
Hilfswerk International (HWI)	111,885	210,617
Total grants receivable	6,060,832	13,531,945

NOTE 5: TAX ASSETS

	31-Dec-2022	31-Dec-2021
Income tax	(23)	(1,668)
Profit tax	13,315	13,315
Value added tax (VAT)	54,772	33,480
Total tax assets	68,064	45,127

NOTE 6: GRANTS PAID IN ADVANCE

	31-Dec-2022	31-Dec-2021
CRI "Bright Future"	80,655	24,038
Grants issued to individuals	77,395	4,837
DEMOCRATIC DEVELOPMENT UNION OF GEORGIA	63,538	22,865
YOUNG PEDAGOGUES' UNION	58,787	101,106
CIVIL SOCIETY INSTITUTE	50,442	46,898
Georgian Civil Development Association	52,871	44,715
Samtskhe-Javakheti Regional Association "Toleranti"	49,592	18,450
Bridge-Innovation and Development	47,613	21,383
Rigovet	40,932	-
Association Social Umbrella	35,000	18,110
Young Farmers Association	34,980	-
Green sector organization	34,775	-
Nabiji Kharagauli	34,720	17,340
Business promotion center, Kutaisi	34,600	-
Tetritskaro Youth Center	34,621	15,742
Association of Young Economists of Georgia	34,171	15,600
Friendship bridge - Kartlos	32,878	-
Civil movement - Voice of Samegrelo	31,278	-
Community Development Center "Aisi"	31,095	21,080
Kodala Social Enterprise	29,147	29,147

NOTE 6: GRANTS PAID IN ADVANCE (Continued)

	31-Dec-2022	31-Dec-2021
Poteria	28,702	28,702
Traditional Craft Association of Georgia	28,555	28,555
House of Democracy of AIP Georgia	28,469	-
Professional - personal and professional development center	28,311	-
Association of Women for the Development of the Region	26,160	-
Training and Development Institute of Georgia	24,865	-
Latlishld	24,814	-
Mtskheta-Mtianeti Committee of the National Network for Protection from Violence	23,930	-
Low case	23,499	-
Journalism Resource Center	22,970	-
Stem Space	22,536	-
Racha-Lechkhumi and Kvemo Svaneti Self-Government Resource Center	22,000	9,620
Fund Abkhazinterkont	21,976	-
Foundation Liberal Academy - Tbilisi	21,199	-
Women and development	20,225	-
New opportunities	19,998	-
Green Pole	19,329	-
Kakheti Regional Development Center	19,226	9,789
Civic center of Guria	18,972	10,516
Green regions	18,379	-
Kakheti	17,030	-
Institute for Law and Policy Research	16,675	-
Komli community	16,324	-
Association for Socio-Economic Development of AAP Communities, Imereti	16,096	-
Youth Centers Association	15,726	-
Metamine	15,318	-
Virtual Academy of Democracy	14,297	-
Social Enterprise Alliance Georgia	13,820	21,855
Union of professional associations of Georgia	13,309	-
Association of Young Lawyers	12,956	-
Democracy Research Institute	12,718	-
Council of Elder Women	12,550	-
Center for Deep Structural Reforms	12,408	-
Georgia Development Platform	12,311	-
Open space - support and development of social enterprises	11,324	-
US for a healthy future	11,044	-
transfer of knowledge and experience	9,770	7,770
Civil Society and Media Development Institute	9,530	-
Social Enterprise Ltd Bebia	9,450	9,450
Skra Assosiation "Betlemi"	8,000	4,000
Environmental protection community organization Eco	6,712	2,956
Guria Association of Mediators	6,700	-
The European Venture Philanthropy Association (EVPA)	6,637	-
Cognitive Center of AIP Georgia	6,110	-
Knowledge Cafe	6,000	-

NOTE 6: GRANTS PAID IN ADVANCE (Continued)

	31-Dec-2022	31-Dec-2021
Softgen Ltd	4,988	-
Language Laboratory Ltd	4,130	-
Community center labor - Anibani	4,000	-
Alarm clock	4,000	-
Community Center for Women and Youth of AIP, Vydishkari	4,000	-
Organization "Community Union Hereti"	4,000	-
Women's initiative group of Kvemo Khodashni	4,000	-
Community Union Vardisubani	4,000	-
Education and Development Center Toliskur	4,000	-
Ltd. Soc. Enterprise Babale	3,100	-
Femina	2,744	-
Democracy Institute	2,040	-
Bolnisi Adult Education Center	70	8,658
Habilitation and Development Center	-	34,241
Orioni	-	33,877
Parent Bridge	-	32,331
charitable foundation "Caritas of Georgia"	-	31,416
Organization for the disabled and those deprived of care-Madli	-	28,508
Civil Initiative	-	26,517
Union of scientists of Imereti region "Spectri"	-	15,050
Bolnisi Adult Development Center	-	3,600
Association of Social Workers	-	75
Georgian Association for the Protection of Public Interests	-	34,789
Children and Adolescent Center	-	-
Total grants paid in advance	1,691,093	783,587

NOTE 7: FIXED ASSETS

	Buildings	Office Equipment	Vehicles	Total
Carrying amount at December 31, 2020	107,808	37,109	100,360	245,279
Additions	-	73,486	-	73,486
Disposal	-	(3,131)	-	(3,131)
Depreciation charge	(5,390)	(21,694)	(16,699)	(43,783)
Carrying amount at December 31, 2021	102,418	85,770	83,662	271,851
Additions	-	23,943	-	23,943
Disposal	-	(3,457)	-	(3,457)
Depreciation charge	(5,121)	(23,708)	(13,359)	(42,188)
Carrying amount at December 31, 2022	97,298	82,547	70,303	250,147

NOTE 8: DEFERRED GRANT INCOME

Deferred grant income	31-Dec-22	31-Dec-21
European Union (EU)	3,923,530	8,304,188
Konrad-Adenauer-Stiftung (KAS)	3,075,275	4,113,152
European Venture Philanthropy Association (EVPA)	1,230,334	1,656,526
Bread for the World (BFW)	627,347	1,525,894
Hilfswerk International (HWI)	114,201	221,149
Fridrich Ebert Stiftung (FES)	263	263
Total deferred grant income	8,970,949	15,821,172

NOTE 9: GRANTS ISSUED

In 2022 CSRDG issued grants to different individuals and organizations under the project "Capacity building and innovative employment opportunities for regional development of Georgia" funded by European Union (EU). Agreement between CSRDG and EU was signed on October 11, 2020.

In 2022 CSRDG issued grants to different organizations under the project "Developing social entrepreneurship for a sustainable and inclusive society" funded by European Union (EU). Agreement between CSRDG and EU was signed on December 22, 2020.

In 2022 CSRDG issued Micro grants to different organizations under the project "Development of rights-based social services for persons with disabilities and the elderly" funded by European Union (EU). Agreement between CSRDG and EU was signed on December 12, 2019.

In 2022 CSRDG issued Micro grants to different individuals and organizations under the project "Gender Equality" funded by United Nations development program (UNDP). Agreement between CSRDG and UNDP was signed on March 22, 2021.

In 2022 CSRDG issued Micro grants to different individuals and organizations under the project "Civil Society STAR Initiative: CSOs as Sustainable, Transparent, Accountable and Resilient Development Actors in Georgia" funded by Konrad-Adenauer-Stiftung (KAS). Agreement between CSRDG and KAS was signed on January 29, 2021.

In 2022 CSRDG issued Micro grants to different organizations under a starter grant to support the live crowd funding event based on TFN donor circle mode on May 19, 2022.

The grant amounts are given below indicating donor funds:

Donor funds used for grants issued:	2022	2021
European Union (EU)	1,471,609	780,403
United Nations Development Programme (UNDP)	77,105	93,752
Konrad-Adenauer-Stiftung	35,000	-
Crowdfunding	19,900	-
The Funding Network (TFN)	1,000	-
Bread for the World (BFW)	-	132,219
The Netherlands Helsinki Committee	-	17,401
Constanta	-	3,000
Total grants issued	1,604,613	1,026,775

NOTE 10: MOVEMENT IN DEFERRED GRANTS

	2022	2021
Opening balance of deferred grants	15,821,172	12,403,237
Add: Grant contracts signed in the period	191,590	10,063,066
Less: Deferred grants transferred to the period incomes	(7,041,812)	(6,645,131)
Closing balance of deferred grants	8,970,949	15,821,172

NOTE 11: INCOME FROM DONATIONS

Income from donations includes targeted donations, donations to support Ukraine and donations received from employees and for the reporting period equals to GEL 126,241 (2021: GEL 27,222).

NOTE 12: COMMITMENTS AND CONTINGENT LIABILITIES

Legal proceeding

As of December 31, 2022 the Organization was not engaged in legal proceedings.

Tax legislation

The Georgian commercial and tax legislation contains provisions which sometimes imply more than one treatment for transactions. Moreover, the tax authorities may take arbitrary judgments as to business activities and transactions, including the arbitrary classification of the activities of the Organization when the regulatory basis for this decision is deemed insufficient. Thus, although management believes that it has adequately provided for tax liabilities in the financial statements, its judgment of the Organization activities and transaction may not coincide with the interpretation of the tax authorities.

Operating environment

Over recent years, Georgia has undergone substantial political and economic change. As an emerging market Georgia does not possess a well-developed commercial infrastructure that generally exists in more mature business markets. Laws and regulations effecting businesses operating within the country are subject to rapid change. In addition, continued economic stability is dependent to a large extent on the effectiveness of fiscal measures taken by the government, decisions of international lending organizations, and other actions beyond the Organization's control.

NOTE 13: EVENTS AFTER THE REPORTING DATE

On February 24, 2022 Russia began a military invasion of Ukraine, in a major escalation of the Russo-Ukrainian conflict that had begun in 2014. The war is still ongoing for the date of approval of the Organization's financial statements. The invasion was widely condemned internationally. Many countries imposed new sanctions which have led to economic consequences for Russia and the world economy. The Organization assesses that the above-mentioned Russo-Ukrainian conflict does not represent a risk for implementation of financial and program activities of the organization.

Other significant events may be reflected in these financial statements have not occurred between the end of the reporting period and the date of its signature.

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