

The Center for Strategic Research and Development of Georgia

Financial Statement
for the Year Ended December 31, 2021
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, 2021 is approved by the management and signed on July 14, 2022



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
Ivel Jibashvili 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, 2021 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, 2021, 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

July 14, 2022

Tbilisi, Georgia



STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-21	31-Dec-20
Assets			
Current assets			
Cash and cash equivalents	3	1,521,701	3,110,285
Advances and Other receivables		11,607	22,454
Grants receivable	4	13,531,945	9,140,174
Tax assets	5	45,127	37,145
Grants paid in advance	6	783,587	152,999
Total current assets		15,893,967	12,463,057
Long-term assets			
Fixed assets	7	271,851	245,279
Total long-term assets		271,851	245,279
Total assets		16,165,818	12,708,336
Liabilities and net assets			
Current liabilities			
Accounts Payable		574	3,809
Liabilities to personnel		5,400	-
Deferred grant income	8,10	15,821,172	12,403,237
Total current liabilities		15,827,146	12,407,046
Unrestricted net assets		(90,543)	360,207
Temporarily restricted net assets		429,215	(58,917)
Total net assets		338,672	301,290
Total liabilities and net assets		16,165,818	12,708,336

The financial statements including the notes were approved and signed on July 14, 2022 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

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 2021	Year 2020
European Union (EU)		-	(2,365,958)	(2,365,958)	(1,352,446)
Bread for the World (BFW)		-	(854,118)	(854,118)	(667,335)
Konrad-Adenauer-Stiftung (KAS)		-	(217,089)	(217,089)	(314,968)
United Nations Development Programme (UNDP)		-	(144,837)	(144,837)	(437,709)
Caucasus Environmental NGO Network (CENN)		-	(77,581)	(77,581)	(52,091)
Hilfswerk International (HWI)		-	(62,075)	(62,075)	(40,935)
Eastern Partnership Civil Society Forum (EPCSF)		-	(59,094)	(59,094)	(2,098)
The European Venture Philanthropy Association (EVPA)		-	(47,357)	(47,357)	-
Fridrich Ebert Stiftung (FES)		-	(35,280)	(35,280)	(22,211)
Netherlands Helsinki Committee (NHC)		-	(17,410)	(17,410)	-
Embassy of the Netherlands		-	(16,039)	(16,039)	(312,268)
Bolnisi Municipality		-	(3,947)	(3,947)	-
Constanta		-	(3,000)	(3,000)	(5,000)
Arbeiter-Samariter-Bund Georgia (ASB)		-	-	-	(118,174)
Open Society Georgia Foundation (OSGF)		-	-	-	(111,006)
Bundeszentrale für Politische Bildung (BPB)		-	-	-	(30,585)
European Community Foundation Initiative (ECFI)		-	-	-	(14,679)
Ministry of Foreign Affairs - Bulgaria		-	-	-	(13,617)
Interest income		-	(3,257)	(3,257)	-
Income from economic activities		(41,786)	-	(41,786)	(62,276)
Income from donations		(27,222)	-	(27,222)	(47,090)
Other non-operating income		-	(19,746)	(19,746)	(18,962)
Total revenue		(69,008)	(3,926,788)	(3,995,796)	(3,623,450)
Expenses					
Grants issued	9	-	1,026,775	1,026,775	877,872
Administrative and operational expenses		-	2,914,043	2,914,043	2,718,945
Other non-operating expenses		-	17,596	17,596	137,092
Total expenses		-	3,958,414	3,958,414	3,733,909
(Increase) / Decrease in net assets		(69,008)	31,625	(37,382)	110,459
Net assets at the beginning of the year		(360,207)	58,917	(301,290)	(322,514)
Net assets at the end of the year		(429,215)	90,543	(338,672)	(212,055)
Temporarily restricted net assets		-	90,543	90,543	58,917
Unrestricted net assets		(429,215)	-	(429,215)	(360,207)
Total net assets		(429,215)	90,543	(338,672)	(301,290)

The financial statements including the notes were approved and signed on July 14, 2022 by:

Eka Urushadze

Executive Director

The Center for Strategic Research and
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Dodo Gokadze

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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-2019	(250,841)	(160,908)	(411,749)
Grants and donations	(109,366)	(3,514,084)	(3,623,450)
Financing of expenses	-	3,733,909	3,733,909
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)

The financial statements including the notes were approved and signed on July 14, 2022 by:

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STATEMENT OF FUNCTIONAL EXPENSES

Decription	European Union (EU)	BFW	UNDP	KAS	Embassy of the Netherlands	HWI	EVPA	NHC	EBERT	Bolnisi Municipality	Constanta	Economic Acvities	Own Funds	Total Expenses 2021	Total Expenses 2020
Grants	780,403	132,219	93,752	-	-	-	-	17,401	-	-	3,000	-	-	1,026,775	877,872
Salaries	542,558	597,998	20,908	364,951	10,210	43,562	29,486	-	-	-	-	-	2,028	1,611,701	1,129,822
Professional fees and contracts	146,169	47,623	8,778	207,204	3,864	11,380	4,423	-	33,916	-	-	18,970	9,489	491,816	784,061
Meetings, workshops, trainings and conferences	123,510	21,723	15,597	60,956	-	867	-	-	1,200	3,947	-	-	1,106	228,906	94,420
Research Expenses	94,354	-	-	10,190	-	-	-	-	-	-	-	-	-	104,544	-
Promotional materials and other	45,199	3,225	31	25,585	-	-	210	-	164	-	-	20	-	74,434	45,285
Rent	32,864	9,642	-	28,548	-	-	-	-	-	-	-	-	-	71,054	37,781
Travel	24,482	14,907	1,244	2,763	-	-	12,279	-	-	-	-	194	3,608	59,477	21,801
Depreciation and amortization	17,137	1,114	-	2,431	-	1,154	180	-	-	-	-	-	21,547	43,563	41,970
Insurance expenses	2,850	4,959	-	3,403	-	-	-	-	-	-	-	-	25,344	36,556	24,116
Office costs (communication, utility)	14,364	3,572	1,633	12,165	115	1,606	-	-	-	-	-	-	20	33,475	51,217
COVID response related activity expenses	31,985	-	-	-	-	-	-	-	-	-	-	-	-	31,985	30,456
Computer services and supplies	11,005	6,092	1,684	5,270	-	992	-	-	-	-	-	-	381	25,424	29,453
Consulting services of international experts	5,860	1,562	326	7,125	148	-	703	-	-	-	-	-	104	15,828	76,494
Membership fees	9,391	1,096	-	1,819	-	-	-	-	-	-	-	-	-	12,306	7,117
Technical support and security	6,049	617	-	3,016	-	1,768	-	-	-	-	-	-	-	11,450	9,538
Audit	-	6,388	-	-	-	-	-	-	-	-	-	-	927	7,315	14,061
Laboratory service and expertise	3,890	445	240	85	-	-	-	-	-	-	-	-	-	4,660	249,656
Bank fees	1,302	512	132	546	3	67	34	9	-	-	-	28	36	2,669	6,524
Other expenses	31,749	2,165	557	7,798	58	679	42	-	-	-	-	940	2,892	46,880	65,120
Total	1,925,121	855,859	144,882	743,855	14,398	62,075	47,357	17,410	35,280	3,947	3,000	20,152	67,482	3,940,818	3,596,764

The financial statements including the notes were approved and signed on July 14, 2022 by:

Eka Urushadze

Executive Director

The Center for Strategic Research and Development of Georgia



(Handwritten signature in blue ink)

Dodo Gokadze

Financial Manager

The Center for Strategic Research and Development of Georgia

The Center for Strategic Research and Development of Georgia
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STATEMENT OF CASH FLOWS

Cash flows from operating activities	2021	2020*
Cash received from grants	3,315,130	5,374,095
Cash received from economic activities	46,909	67,906
Cash received from donations	26,222	45,365
Cash paid to personnel	(369,868)	(553,819)
Cash paid to sub-contractors	(1,598,024)	(703,690)
Cash paid for services rendered and goods purchased	(413,320)	(327,408)
Taxes paid	(423,852)	(341,888)
Cash paid for salaries of employees	(1,308,222)	(1,043,155)
Cash paid for office expenses	(23,031)	(15,540)
Cash paid for business trips	(24,260)	(9,115)
Communication expenses	(36,006)	(38,255)
Cash paid for insurance	(67,481)	(57,907)
Cash paid for rent	(41,754)	(30,390)
Cash paid for meetings and conference expenses	(140,725)	(71,502)
Cash paid for consulting services	(16,167)	(15,281)
Bank expenses	(2,665)	(6,519)
Other expenses	(50,203)	(31,894)
Net cash provided by operating activities	(1,127,317)	2,241,003
Cash flows from investing activities		
Acquisition of property, plant and equipment	(73,650)	(230,437)
Interest revenue received	3,257	-
Net cash used in investing activities	(70,393)	(230,437)
Net increase in cash and cash equivalents	(1,197,710)	2,010,565
Gain/Loss from conversion	(391,259)	(15,733)
Gain/Loss from exchange rate changes	385	200,321
Cash and cash equivalents at the beginning of the year	3,110,285	915,131
Cash and cash equivalents at the end of the year	1,521,701	3,110,285

**Restated*

The financial statements including the notes were approved and signed on July 14, 2022 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

"The Center for Strategic Research and Development of Georgia" (CSRDG) is an independent, non-political, non-commercial, non-governmental, organization that was founded in July, 1995. People, who founded the organization, were willing to take part in the transitional process of Georgia. The organization contributes to developing civil society by upgrading their consciousness, giving opportunity to the people of Georgia to take an active part in decision making process, defending their interests, and supporting civil initiatives. CSRDG tries to support these groups of society and individuals who assist in carrying out effective social, political, and economic reforms and help to develop a sustained institute of Human rights. The main fields of activities include:

- Development of social services;
- Consumer's rights;
- Community development;
- Social Entrepreneurship;
- Good governance;
- Social responsibility;
- Promotion of European integration;
- Development of public organizations.

CSRDG's 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. By promoting democratic values and intersectoral cooperation, the Center contributes to the sustainable development of the country. Organization has three main strategic directions that serve to accomplish the mission:

- Developing Civil Sector;
- Promoting Open Governance;
- Promoting Economic and Social Change;

1. Developing Civil Sector - this is one of the first strategic directions in the organization, which aims to ensure that civil society is properly protecting the interests of its target groups and constantly improving provision of relevant services on both local and central levels. This strategic direction is represented by two main programs - Community Development and Development of Civil Society Organizations (CSO).

- Community Development (village and community levels) program aims to improve institutional, advocacy and fundraising skills in the community so that community members are able to make active and important contributions to the local development.
- CSO Development program aims to strengthen institutional capabilities of local and central CSOs thus enabling them to provide better services to their respective constituencies.

2. Promoting Open Governance direction aims to support the cooperation between the government and civil sector in order to establish open, needs-based governance in the country. This strategic direction is represented by two main programs - the Good Governance Program and Promoting the European Integration Program.

- Good Governance Program-introducing transparency, accountability and sustainable development principles into the governance process.
- Promoting the European Integration Program - increasing the capacity of CSOs in better identification, monitoring and advocacy of social, economic and cultural rights of the population.

3. Promoting Economic and Social Change – the strategic aim of this direction is to increase the social responsibility of the civil sector, business and citizens of Georgia. The organization has three programs running under this direction; these are Consumer Rights Protection, Corporate Social Responsibility (CSR) Development and Social Entrepreneurship Programs.

NOTE 1: BACKGROUND (Continued)

- Corporate Social Responsibility (CSR) - CSR concept and practice contribute to the social and environmental welfare in all sectors. For business companies it is important to understand the Responsibility they have towards society and to play an active role in sustainable development of the country.
- Social Entrepreneurship (SE) - is the effective way for economic inclusion of vulnerable and socially unprotected groups in environmental and social problem-solving processes. With help of SE it is possible to tackle social problems that aren't in the focus of business company's interest, and for solution of which there are no sufficient resources in government.
- Consumer Rights Protection - works efficiently only when appropriate state policy mechanisms are in place. Business is more responsible towards consumers, while citizens as consumers are more actively protecting their own rights.

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 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 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)

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 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 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 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)

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)

NOTE 1: BACKGROUND (Continued)

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 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 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 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 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 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 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 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 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 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 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 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)

NOTE 1: BACKGROUND (Continued)

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)

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.

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, 2021 and at December 31, 2020 the principal rate of exchange used for translating foreign currency balances was:

	December 31, 2021	December 31, 2020
GEL / 1 USD	3.0976	3.2766
GEL / 1 EUR	4.5040	4.0233
GEL / 1 GBP	4.1737	4.4529

NOTE 2: ACCOUNTING POLICIES (Continued)

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.

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.

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NOTE 2: ACCOUNTING POLICIES (Continued)

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. Comparative information

Comparative information is reclassified / adjusted in compliance with the current year's financial statements. The management believes that current presentation provides information that is accurate, more relevant and useful for the users of the financial statements. Summary of the adjustments made as a result of calculations in the statement of Cash Flow for the year ended December 31, 2020 is presented in the table below:

2020 Year	Based on Previous period	Reclassifica tion	Restated
(Increase)/Decrease In Cash paid to personnel	(492,127)	(61,692)	(553,819)
(Increase)/Decrease In Cash paid for services rendered and goods purchased	(182,014)	(145,394)	(327,408)
(Increase)/Decrease In Cash paid for salaries of employees	(1,103,632)	60,477	(1,043,155)
(Increase)/Decrease In Cash paid for office expenses	(7,619)	(7,921)	(15,540)
(Increase)/Decrease In Communication expenses	(23,131)	(15,124)	(38,255)
(Increase)/Decrease In Cash paid for insurance	(50,068)	(7,839)	(57,907)
(Increase)/Decrease In Cash paid for meetings and conference expenses	(10,726)	(60,776)	(71,502)
(Increase)/Decrease In Other expenses	(270,163)	238,269	(31,894)
Overall impact	(2,139,480)	-	(2,139,480)

NOTE 3: CASH AND CASH EQUIVALENTS

	31-Dec-2021	31-Dec-2020
Cash on hand (GEL)	36	36
Cash in bank (GEL)	313,343	189,634
Cash in bank (GPB)	3,965	4,247
Cash in bank (EUR)	1,204,357	2,916,368
Total cash and cash equivalents	1,521,701	3,110,285

NOTE 4: GRANTS RECEIVABLE

	31-Dec-2021	31-Dec-2020
European Union (EU)	6,574,050	6,219,938
Konrad-Adenauer-Stiftung (KAS)	3,773,439	-
European Venture Philanthropy Association (EVPA)	1,653,257	-
Bread for the World (BFW)	1,320,582	2,586,580
Hilfswerk International (HWI)	210,617	297,009
Embassy of the Netherlands	-	25,322
European Community Foundation Initiative (ECFI)	-	7,423
Arbeiter-Samariter-Bund Georgia (ASB)	-	3,902
Total grants receivable	13,531,945	9,140,174

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NOTE 5: TAX ASSETS

	31-Dec-2021	31-Dec-2020
Income tax	(1,668)	(3,989)
Property tax	-	(18)
Profit tax	13,315	13,315
Value added tax (VAT)	33,480	27,837
Total tax assets	45,127	37,145

NOTE 6: GRANTS PAID IN ADVANCE

	31-Dec-21	31-Dec-20
NNLE YOUNG PEDAGOGUES' UNION	101,106	46,467
NNLE CIVIL SOCIETY INSTITUTE	46,898	-
NNLE Georgian Civil Development Association	44,715	11,556
NNLE Georgian Association for the Protection of Public Interests	34,789	18,367
NNLE Habilitation and Development Center	34,241	-
NNLE Orioni	33,877	-
NNLE Parent Bridge	32,331	-
NNLE CHARITABLE FOUNDATION "CARITAS OF GEORGIA"	31,416	-
LTD Kodala Social Enterprise	29,147	-
NNLE Poteria	28,702	-
NNLE Traditional Craft Association of Georgia	28,555	-
NNLE Organization for the disabled and those deprived of care-Madli	28,508	-
NNLE Civil Initiative	26,517	-
NNLE CRI "Bright Future"	24,038	-
NNLE DEMOCRATIC DEVELOPMENT UNION OF GEORGIA	22,865	-
NNLE Social Enterprise Alliance Georgia	21,855	-
NNLE Bridge-Innovation and Development	21,383	-
NNLE Community Development Center "Aisi"	21,080	-
NNLE Samtskhe-Javakheti Regional Association "Toleranti"	18,450	-
NNLE Association Social Umbrella	18,110	-
NNLE Nabiji Kharagauli	17,340	-
NNLE Tetrtskaro Youth Center	15,742	-
NNLE Association of Young Economists of Georgia	15,600	-
NNLE Union of scientists of Imereti region "Spectri"	15,050	-
NNLE Civic center of Guria	10,516	-
NNLE Kakheti Regional Development Center	9,789	-
NNLE Racha-Lechkhumi and Kvemo Svaneti Self-Government Resource Center	9,620	-
Social Enterprise LTD Bebia	9,450	-
NNLE Bolnisi Adult Education Center	8,658	-
NNLE transfer of knowledge and experience	7,770	-
Grants issued to individuals	4,837	13,809
NNLE Skra Assosiation "Betlemi"	4,000	4,000
NNLE Bolnisi Adult Development Center	3,600	-
NNLE Environmental protection community organization Eco	2,957	-
NNLE Association of Social Workers	75	3,965
Social Enterprise LTD Babale	-	14,900
NNLE Aures Foundation	-	13,224
NNLE The National Center for Democratic Development	-	12,000
NNLE Mediator's Association of Guria	-	8,000
NNLE Community Center for Women and Youth "Door to Knowledge"	-	2,296
NNLE Kvemo Khodashani Women Initiative Group	-	2,250
NNLE Community Center Labor "Anibani"	-	2,165
Total grants paid in advance	783,587	152,999

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NOTE 7: FIXED ASSETS

	Buildings	Office Equipment	Vehicles	Total
Carrying amount at 31 December 2019	111,526	72,191	58,753	242,472
Additions	-	20,811	60,593	81,404
Disposal	-	(36,626)	-	(36,626)
Depreciation charge	(3,718)	(19,267)	(18,986)	(41,971)
Carrying amount at 31 December 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 31 December 2021	102,418	85,770	83,662	271,851

NOTE 8: DEFERRED GRANT INCOME

Deferred grant income	31-Dec-21	31-Dec-20
European Union (EU)	8,304,188	9,363,104
Konrad-Adenauer-Stiftung (KAS)	4,113,152	48,424
European Venture Philanthropy Association (EVPA)	1,656,526	-
Bread for the World (BFW)	1,525,894	2,647,636
Hilfswerk International (HWI)	221,149	319,036
Fridrich Ebert Stiftung (FES)	263	263
Embassy of the Netherlands (NL)	-	24,773
Total deferred grant income	15,821,172	12,403,237

NOTE 9: GRANTS ISSUED

In 2021 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 2021 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 2021 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 2021 CSRDG issued Micro grants to organizations under the project "Transparent face masks for human rights" funded by Eastern Partnership Civil Society Forum.

In 2021 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.

NOTE 9: GRANTS ISSUED (Continued)

In 2021 CSRDG issued grants to individuals and organizations under the action – “Civic Engagement, Social Responsibility and Good Governance, continuation 2020-2023 funded by Bread for the World (BFW). Agreement between CSRDG and BFW was signed on July 08, 2020.

In 2021 CSRDG issued Micro grants to organizations under the project “Supply of equipment to closed institutions against the effects of COVID-19” funded by The Netherlands Helsinki Committee under the action “COVID-19 Solidarity Program for the Eastern Partnership”.

The grant amounts are given below indicating donor funds:

Donor funds used for grants issued:	2021	2020
European Union (EU)	780,403	407,728
Bread for the World (BFW)	132,219	89,205
United Nations Development Programme (UNDP)	93,752	280,596
The Netherlands Helsinki Committee	17,401	-
Constanta	3,000	5,000
Arbeiter - Samariter - Bundi Georgia (ASB-EU)	-	95,343
Total grants issued	1,026,775	877,872

NOTE 10: MOVEMENT IN DEFERRED GRANTS

	2021	2020
Opening balance of deferred grants	12,403,237	3,885,462
Add: Grant contracts signed in the period	10,063,066	12,106,445
Less: Deferred grants transferred to the period incomes	(6,645,131)	(3,588,669)
Closing balance of deferred grants	15,821,172	12,403,237

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES

Legal proceeding

As of December 31, 2021 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 12: 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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