

The Center for Strategic Research and Development of Georgia

Financial Statement
for the Year Ended December 31, 2020
and
Independent Auditors' Report

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**The Center for Strategic Research and Development of Georgia
Financial Statements for the Year Ended December 31, 2020**

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, 2020 is approved by the management and signed on July 26th, 2021



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, 2020 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, 2020, 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 (June 26, 2018) 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 26, 2021

Tbilisi, Georgia



The Center for Strategic Research and Development of Georgia
Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-20	31-Dec-19
Current assets			
Cash and cash equivalents	3	3,110,285	915,131
Advances and other receivables		22,454	3,152
Grants receivable	4	9,140,174	2,801,010
Tax assets	5	37,145	57,174
Grants paid in advance	6	152,999	282,434
Total current assets		12,463,057	4,058,901
Long-term assets			
Fixed assets	7	245,279	242,472
Total long-term assets		245,279	242,472
Total assets		12,708,336	4,301,373
Liabilities and net assets			
Current liabilities			
Accounts payable		3,809	4,162
Deferred grant income	8; 10	12,403,237	3,885,462
Total liabilities		12,407,046	3,889,624
Unrestricted net assets		360,207	250,841
Temporarily restricted Net assets		(58,917)	160,908
Total net assets		301,290	411,749
Total liabilities and net assets		12,708,336	4,301,373

The financial statements including the notes were approved and signed on July 26, 2021 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

(Handwritten signature of Dodo Gokadze)

The Center for Strategic Research and Development of Georgia
Financial Statements for the Year Ended December 31, 2020
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STATEMENT OF ACTIVITIES

	Notes	Unrestricted net assets	Temporarily restricted net assets	2020	2019
Changes in net assets:					
European Union (EU)		-	(1,326,514)	(1,326,514)	(1,365,814)
Bread for the World (BFW)		-	(667,335)	(667,335)	(698,270)
United Nations Development Programme (UNDP)		-	(403,379)	(403,379)	(272,479)
Konrad-Adenauer-Stiftung (KAS)		-	(314,968)	(314,968)	(560,763)
Embassy of the Netherlands (EN)		-	(312,268)	(312,268)	(166,541)
Arbeiter-Samariter-Bund Georgia (ASB)		-	(118,174)	(118,174)	(377,878)
Open Society of Georgia (OSGF)		-	(111,006)	(111,006)	-
Caucasus Environmental NGO Network (CENN)		-	(52,091)	(52,091)	(84,714)
Hilfswerk International (HWI)		-	(40,935)	(40,935)	-
United Nations Office for Project Services (UNOPS_GEF)		-	(34,330)	(34,330)	(23,418)
Bundeszentrale für Politische Bildung (BPB)		-	(30,585)	(30,585)	(300,996)
European Union (EU)		-	(25,932)	(25,932)	-
Fridrich Ebert Stiftung (FES)		-	(22,211)	(22,211)	-
European Community Foundation Initiative (ECFI)		-	(14,679)	(14,679)	-
Ministry of Foreign Affairs - Bulgaria		-	(13,617)	(13,617)	(55,439)
Constanta		-	(5,000)	(5,000)	(5,000)
Eastern Partnership Civil Society Forum (EPCSF)		-	(2,098)	(2,098)	-
Central Project Management Agency (CPMA)		-	-	-	(54,051)
NESsT EUROPE Nonprofit Ltd (Visegrad Fund)		-	-	-	(14,808)
the United Nations Office for Project Services (UNOPS_ICCA)		-	-	-	(26)
Income from economic activities		(62,276)	-	(62,276)	(72,718)
Income from donations		(47,090)	-	(47,090)	(60,407)
Other non-operating income		-	(18,962)	(18,962)	(354,532)
Total revenue		(109,366)	(3,514,084)	(3,623,450)	(4,467,854)
Expenses					
Grants issued	9	-	877,872	877,872	826,201
Administrative and operational expenses		-	2,718,945	2,718,945	3,254,644
Other non-operating expenses		-	137,092	137,092	297,775
Total expenses		-	3,733,909	3,733,909	4,378,620
(Increase) / Decrease in net assets		(109,366)	219,825	110,459	(89,235)
Net assets at the beginning of the year		(250,841)	(160,908)	(322,514)	(322,514)
Net assets at the end of the year		(360,207)	58,917	(212,055)	(411,749)
Temporarily restricted net assets		-	58,917	58,917	(160,908)
Unrestricted net assets		(360,207)	-	(360,207)	(250,841)
Total net assets		(360,207)	58,917	(301,290)	(411,749)

The financial statements including the notes were approved and signed on July 26, 2021 by:

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Dodo Gokadze

Financial Manager

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Financial Statements for the Year Ended December 31, 2020
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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-2018	(117,716)	(204,798)	(322,514)
Grants and donations	(133,125)	(4,334,729)	(4,467,854)
Financing of expenses	-	4,378,619	4,378,619
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)

The financial statements including the notes were approved and signed on July 26, 2021 by:

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Financial Statements for the Year Ended December 31, 2020
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STATEMENT OF FUNCTIONAL EXPENSES

Description	European Union (EU)	BFW	UNDP	KAS	Embassy of the Netherlands	ASB	OSGF	HWI	UNOPS_GEF	BPB	FES	ECFI	Bulgaria	Constanta	Economic Activities	Own funds	Total Expenses 2020	Total Expenses 2019
Grants	407,729	89,205	259,615	-	-	95,343	-	-	20,980	-	-	-	-	5,000	-	-	877,872	826,201
Salaries	514,485	390,328	82,797	-	79,271	6,748	-	34,355	7,876	-	-	-	1,452	-	-	12,511	1,129,822	1,264,927
Professional fees and contracts	277,615	130,689	26,156	232,116	7,755	8,419	1,628	4,095	5,452	3,878	18,100	7,960	-	-	52,675	7,522	784,061	476,619
Consulting services of international experts	19,309	-	-	27,220	-	-	-	-	-	22,623	-	-	7,342	-	-	-	76,494	-
COVID response related activity expenses	-	3,934	-	-	-	-	32,540	-	-	-	-	-	-	-	-	-	36,474	-
Meetings and conferences	47,708	770	17,831	41,088	10,779	2,531	-	-	-	-	2,400	-	-	-	-	-	123,106	103,328
Laboratory service and expertise	101	188	-	-	199,504	-	49,863	-	-	-	-	-	-	-	-	-	249,656	554,995
Travel	9,278	2,513	2,789	2,215	2,894	720	-	-	-	-	-	-	-	-	401	991	21,801	237,746
Computer services and supplies	2,263	85	1,052	-	-	127	22,271	344	-	-	150	-	-	-	-	3,160	29,453	8,360
Office costs (communication, utility)	33,436	4,298	2,792	374	524	-	4,688	631	-	261	-	-	3,880	-	92	241	51,217	23,236
Audit	-	10,545	1,530	-	-	-	-	-	-	-	-	-	943	-	-	1,043	14,061	-
Depreciation and amortization	26,474	-	-	-	425	1,053	-	874	-	-	-	-	-	-	-	13,144	41,970	49,972
Insurance expenses	6,512	1,015	-	-	-	-	-	312	-	-	-	-	-	-	-	16,277	24,116	23,695
Rent	28,327	9,454	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,781	33,580
Bank fees	1,815	1,013	185	1,086	1,372	16	15	27	15	896	-	2	-	-	33	49	6,524	5,886
Tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,705
Other expenses	31,511	14,622	8,630	10,869	9,745	3,216	-	298	7	2,926	2,150	6,716	-	-	338	1,327	92,357	463,596
Total	1,406,563	658,660	403,377	314,968	312,268	118,174	111,006	40,935	34,330	30,585	22,800	14,679	13,617	5,000	53,538	56,266	3,596,764	4,080,845

The financial statements including the notes were approved and signed on July 26, 2021 by:

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The Center for Strategic Research and Development of Georgia
Financial Statements for the Year Ended December 31, 2020
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STATEMENT OF CASH FLOWS

	2020	2019
Cash flows from operating activities		
Cash received from grants	5,374,095	4,579,618
Cash received from economic activities	67,906	85,646
Cash received from donations	45,365	60,407
Cash paid to personnel	(492,127)	(301,285)
Cash paid to sub-contractors	(703,690)	(773,567)
Cash paid for services rendered and goods purchased	(182,014)	(764,171)
Taxes paid	(341,888)	(299,521)
Cash paid for salaries of employees	(1,103,632)	(1,175,638)
Cash paid for office expenses	(7,619)	(7,157)
Cash paid for business trips	(9,115)	(59,755)
Communication expenses	(23,131)	(9,203)
Cash paid for insurance	(50,068)	(41,311)
Cash paid for rent	(30,390)	(48,597)
Cash paid for meetings and conference expenses	(10,726)	(5,817)
Cash paid for consulting services	(15,281)	(13,483)
Bank expenses	(6,519)	(5,879)
Other expenses	(270,163)	(355,032)
Net cash provided by operating activities	2,241,003	865,255
Cash flows from investing activities		
Acquisition of property, plant and equipment	(230,437)	(134,489)
Net cash used in investing activities	(230,437)	(134,489)
Cash flows from financing activities		
Loan received	-	195,881
Loan paid	-	(307,167)
Interest Paid	-	(1,381)
Net cash flows from financing activities	-	(112,667)
Net increase in cash and cash equivalents	2,010,565	618,100
Gain/Loss from conversion	(15,733)	(58,556)
Gain/Loss from exchange rate changes	200,321	38,837
Cash and cash equivalents at the beginning of the year	915,131	316,751
Cash and cash equivalents at the end of the year	3,110,285	915,131

The financial statements including the notes were approved and signed on July 26, 2021 by:

Eka Urushadze

Executive Director

The Center for Strategic Research and
Development of Georgia



Dodo Gokadze

Financial Manager

The Center for Strategic Research and
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(Handwritten signature of Dodo Gokadze)

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

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 develop 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 an effective social, political, and economic reforms and help to develop sustained institute of Human rights. The main fields of activities include:

- Civic development;
- Economy and social policy;
- Environment protection;
- Government Decentralizations;
- Consumer's rights;
- Corporate Social Responsibility;
- Social Entrepreneurship

CSRDG 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, 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 own 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 contribution 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 the 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 - strategic aim of this direction is to increase the social responsibility of 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.

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

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 Responsibility they have towards society and to play 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.

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.

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.

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.

On July 8, 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 1, 2020 to 30 June, 2023.

On December 10, 2018 CSRDG signed the grant agreement with United Nations Development Programme (UNDP) for the project “Empowering women for change” (extension of CSRDG program) with the amount of 87,000 USD. The period of the grant is from December 01, 2018, to October 31, 2019.

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.

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.

On March 4, 2019 the agreement about the project "Safe Products to Georgian Consumers" was signed between CSRDG and Embassy of Netherland with the amount of 506,433.38 GEL. The grant duration is from March 1, 2019 to February 28, 2021 (Embassy of Netherland)

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 1: BACKGROUND (continued)

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.

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 3, 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.

On October 01, 2017 the grant agreement was signed between CSRDG and UNOPS_GEF for the implementation of the project "Household waste reuse and recycling practices - viable alternatives to open waste burning and associated unintentional PoPs releases." The total amount of grant is 30,000 USD. The duration is from October 01, 2017 to September 30, 2019.

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.

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.

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 April 22, 2019 the agreement about the project "Civic Education for Protection of Consumer Rights in Food Sector" was signed between CSRDG and ministry of foreign affairs of the republic of Bulgaria with the amount of 48,896 BGN. The grant duration is from April 22,2019 to November 22, 2019. (Bulgaria).

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 1: BACKGROUND (continued)

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 1, 2020 to 28 February, 2021.

On March 4, 2019 the agreement about the project "For Food Safety Reforms in Georgia" was signed between CSRDG and The Public Institution Central Project Management Agency with the amount of 17,500 EUR. The grant duration is from March 1, 2019 to September 30, 2019. ("CPMA")

On September 24, 2018, The NESsT Europe Public benefit Nonprofit Private Limited-liability Company awarded a grant with the amount of 9,450 EUR for the project, "Social Enterprise Academy". The grant duration is from September 24, 2018, to July 12, 2019. (NESsT Visegrad Fund).

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

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).

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 2: ACCOUNTING POLICIES (Continued)

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, 2020 and at December 31, 2019 the principal rate of exchange used for translating foreign currency balances was:

	December 31, 2020	December 31, 2019
GEL / 1 USD	3.2766	2.8677
GEL / 1 EUR	4.0233	3.2095
GEL / 1 GBP	4.4529	3.7593

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 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 the 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 service from supplier, which is registered as VAT tax payers. The organization is registered as VAT payer.

Pension scheme - On 21 June, 2018 Georgia established a new law about pension fund, which came into force from 1 January, 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 and these payments are not presented in the financial statement for the year ended 31 December, 2020.

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 2: ACCOUNTING POLICIES (Continued)

a. Fixed assets

Fixed assets are stated at cost less depreciation or amortization. Depreciation and amortization are calculated on the declining balance depreciation method over the following estimated useful lives:

<u>Group</u>	<u>Useful life</u>
Buildings	30 years
Office equipment	5-10 years
Vehicles	5-10 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities. The cost of maintenance and repair is charged to the statement of activities as incurred.

b. 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;

c. 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.

d. 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.

NOTE 3: CASH AND CASH EQUIVALENTS

	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
Cash on hand (GEL)	36	42
Cash in bank (GEL)	189,634	330,188
Cash in bank (GPB)	4,247	3,594
Cash in bank (EUR)	2,916,368	581,307
Total cash and cash equivalents	<u>3,110,285</u>	<u>915,131</u>

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 4: GRANTS RECEIVABLE

	31-Dec-2020	31-Dec-2019
European Union (EU)	6,219,938	1,779,645
Bread for the World (BFW)	2,586,580	309,396
Hilfswerk International (HWI)	297,009	-
Embassy of thr Nihterlands	25,322	253,533
European Community Foundation Initiative (ECFI)	7,423	-
Arbeiter-Samariter-Bund Georgia (ASB)	3,903	3,113
United Nations Development Programme (UNDP)	-	241,520
Konrad-Adenauer-Stiftung (KAS)	-	213,820
Total grants receivable	9,140,174	2,801,010

NOTE 5: TAX ASSETS

	31-Dec-2020	31-Dec-2019
Income tax	13,315	(192)
Property tax	(18)	(176)
Profit tax	(3,989)	13,315
Value added tax (VAT)	27,837	44,228
Total tax assets	37,145	57,174

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 6: GRANTS PAID IN ADVANCE

	31-Dec-20	31-Dec-19
YOUNG PEDAGOGUES' UNION	46,467	-
Georgian Association for the Protection of Public Interests	18,367	-
Social Enterprise Babale	14,900	-
Aures Foundation	13,224	-
Grants issued to individuals	13,809	-
The National Center for Democratic Development	12,000	23,921
Georgian Civil Development Association	11,556	-
Mediator`s Association of Guria	8,000	6,804
Skra Assosiation "Betlemi"	4,000	4,000
Association of Social Workers	3,965	-
NNLE Community Center for Women and Youth "Door to Knowledge"	2,296	-
Kvemo Khodashani Women Initiative Group	2,250	-
NNLE Community Center Labor 'Anibani'	2,165	3,470
Multinational Georgia	-	28,000
Education and development center Toliskuri	-	21,691
Grants to individuals	-	18,189
Qveli Saqme	-	12,300
Nabiji Kharagauli	-	10,303
NNLE group for social change	-	10,159
Kvemo Kartli Media	-	8,682
Association Women for Regional Development	-	8,655
Tush brand	-	8,064
NNLE Samtskhe-Javakheti Media Center	-	7,820
NNLE Akhaltsikhe Center for Public Development	-	7,540
Local Development Group of Dedoplistskaro	-	7,050
NNLE Friendship Bridge Qartlos	-	6,846
NNLE Stepantsminda	-	6,758
The Association of the Chiaturians Union	-	6,724
Association of Socio-Economic Development of Communities Imereti	-	4,897
Community Development Center "Aisi"	-	4,750
Community Foundation Kodori 2013	-	4,513
Women for the future of the country	-	4,217
Bavra Group	-	4,003
Youth Center for Non-Formal Education and Civic Activity	-	3,970
We for the healthy future	-	3,964
NNLE transfer of knowledge and experience	-	3,740
NNLE Racha-Lechkhumi and Kvemo Svaneti Self-Government Resource Center	-	3,170
NNLE Green Caucasus	-	2,934
Samtskhe-Javakheti Regional Association "Toleranti"	-	2,141
CRI "Bright Future"	-	1,400
Mtskheta-Tianeti Committee of the Network for Protection from Violence	-	1,322
Asa - Youth Scientific Information Association of Imereti Region	-	1,296
NNLE Europe is our home	-	536
NNLE Georgian Media Group	-	407
Association for Agricultural Development	-	28,198
Total grants paid in advance	152,999	282,434

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 7: FIXED ASSETS

	Buildings	Office Equipment	Vehicles	Total
Carrying amount at 31 December 2018	115,372	209,566	69,971	394,911
Additions	-	70,169	-	70,169
Disposal	-	(172,636)	-	(172,636)
Depreciation charge	(3,846)	(34,908)	(11,218)	(49,972)
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

NOTE 8: DEFERRED GRANT INCOME

Deferred grant income	31-Dec-20	31-Dec-19
European Union (EU)	9,363,104	2,539,321
Bread for the World (BFW)	2,647,636	258,142
Hilfswerk International (HWI)	319,036	-
Embassy of thr Nihterlands	24,773	339,892
KAS	48,424	324,356
Fridrich Ebert Stiftung (FES)	263	263
United Nations Development Programme (UNDP)	-	270,789
Arbeiter-Samariter-Bund Georgia (ASB)	-	130,612
Ministry of Foreign Affairs - Bulgaria	-	22,087
Total deferred grant income	12,403,237	3,885,462

NOTE 9: GRANTS ISSUED

In 2020 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 August 15, 2020.

In 2020 CSRDG issued grants to individuals and organizations under the action – "Georgian Civil Society Sustainability Initiative" funded by Konrad-Adenauer-Stiftung (EU). Agreement between CSRDG and KAS was signed on January 13, 2017.

In 2020 CSRDG issued grants to individuals and organizations under the action – "Promotion of civil society involvement, local co-determination and political influence, continuation Core Program 2017-2020 funded by Bread for the World (BFW). Agreement between CSRDG and BFW was signed on February 28, 2017.

In 2020 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.

The Center for Strategic Research and Development of Georgia
Notes to Financial Statements for the Year Ended December 31, 2020
Amounts expressed in Georgian Lari

NOTE 9: GRANTS ISSUED (Continued)

In 2020 CSRDG issued Micro grants to different individuals and organizations the project - "Qualification for Re-integration - a way back into society" funded by Arbeiter-Samariter-Bund Georgia (ASB). Agreement between CSRDG and ASB was signed on January 31, 2017.

The grant amounts are given below indicating donor funds:

Donor funds used for grants issued:	2020	2019
European Union (EU)	407,728	330,555
Arbeiter-Samariter-Bund Georgia (ASB)	95,343	208,467
United Nations Development Programme (UNDP)	259,615	162,104
Bread for the World (BFW)	89,205	120,075
Constanta	5,000	5,000
UNPOS_GEF	20,981	-
Total grants issued	877,872	826,201

NOTE 10: MOVEMENT IN DEFERRED GRANTS

	2020	2019
Opening balance of deferred grants	3,885,462	5,369,109
Add: Grant contracts signed in the period	12,106,445	2,814,481
Less: Deferred grants transferred to the period incomes	(3,588,669)	(4,298,128)
Closing balance of deferred grants	12,403,237	3,885,462

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES

Legal proceeding

As of 31 December 2020, 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.

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES(Continued)

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

Significant events, which might be presented in these financial statements from the reporting date to the date of authorization are connected with economic difficulties, that might arise from the spread of new coronavirus (COVID-19). However, the Company's management assesses that the risks posed by COVID 19 are not expected to have significant negative impact on the Company's ability to continue as a going concern in the foreseeable future. Also, an additional argument for low level of risk assessment is the fact that the economic difficulties caused by COVID-19 was successfully addressed in 2020 by the Company.

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