

# **The Institute for Development of Freedom of Information (IDFI)**

**Financial Statements for the year ended  
December 31, 2023**

**with**

**Independent Auditors' Report**

**The Institute for Development of Freedom of Information (IDFI)**  
**Financial Statements for the year ended**  
**December 31, 2023**  
**Amounts expressed in Georgian Lari**

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**Statement of management's responsibilities**

Management of the Institute for Development of Freedom of Information (IDFI) is responsible for accompanying financial statements of the Institute for Development of Freedom of Information (IDFI).

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on the going concern basis, unless circumstances make this inappropriate.

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 that are reasonably open to them to safeguard the assets of the Organization, and
- prevention and detection of fraud and other irregularities.

The financial statement is approved and signed on March 25th, 2023:

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**Giorgi Kldiashvili**

Executive Director

NN(L)E The Institute for  
Development of Freedom of  
Information (IDFI)

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**Nutsa Vepkhvadze**

Financial Manager

NN(L)E The Institute for  
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Financial Manager

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**INDEPENDENT AUDITORS' REPORT**

**To the Management of Institute for Development of Freedom of Information (IDFI)  
20, T. Shevchenko str.**

***Opinion***

We have audited the financial statements of Institute for Development of Freedom of Information (IDFI) (the "Organization") which comprise the statement of financial position as at December 31, 2023 and the statement of comprehensive income, statement of changes in net assets 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, 2023, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

***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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the standalone financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other matters***

The financial statements for the year ended December 31, 2022 were audited by another auditor, who expressed an unmodified opinion on those financial statements on April 19, 2023.

***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 International Financial Reporting Standards (IFRS), 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.

## **INDEPENDENT AUDITORS' REPORT (Continued)**

### **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.

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.



**Sopho Abaiadze / Certified Auditor / Partner**

*Audit firm registration number:* SARAS-F-320544

*Auditor registration number:* SARAS-A-417263

**Tbilisi, Georgia**

March 25, 2024

**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION****Statement of Financial Position****As at 31 December 2023***Amounts expressed in Georgian Lari*

	Note	31-Dec-23	31-Dec-22
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	77,682	62,160
Right-of-use assets	6	212,521	11,564
long-term investment	7	532,501	-
<b>Total non-current assets</b>		<b>822,704</b>	<b>73,724</b>
<b>Current assets</b>			
Advances paid		250	8,226
Tax asset		-	10,318
Grants receivable	8	3,631,599	533,022
Cash and cash equivalents	9	1,482,399	1,632,193
Other assets		1,035	19,571
<b>Total current assets</b>		<b>5,115,284</b>	<b>2,203,330</b>
<b>Total assets</b>		<b>5,937,988</b>	<b>2,277,054</b>
<b>Equity</b>			
Net assets		1,041,912	1,138,795
Fixed assets revaluation reserve		6,419	6,419
<b>Total equity</b>		<b>1,048,331</b>	<b>1,145,214</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Deferred grant revenue	10	4,655,505	1,119,120
Lease liability	6	140,258	-
<b>Total non-current liabilities</b>		<b>4,795,763</b>	<b>1,119,120</b>
<b>Current Liabilities</b>			
Trade and other payables		7,168	10,984
Tax liabilities		5,950	-
Current portion of lease liability	6	80,776	1,736
<b>Total current liabilities</b>		<b>93,894</b>	<b>12,719</b>
<b>Total liabilities</b>		<b>4,889,657</b>	<b>1,131,840</b>
<b>Total liabilities and equity</b>		<b>5,937,988</b>	<b>2,277,054</b>

The financial statement is approved and signed on March 25th, 2024:

**Giorgi Kldiashvili**

Executive Director

NN(L)E The Institute for  
Development of Freedom of  
Information (IDFI)**Nutsa Vepkhvadze**

Financial Manager

NN(L)E The Institute for  
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Information (IDFI)

**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**


**Statement of Financial Position**

**As at 31 December 2023**

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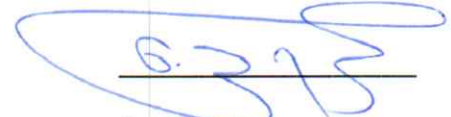
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**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION****Statement of Comprehensive Income****As at 31 December 2023***Amounts expressed in Georgian Lari*

	<b>Note</b>	<b>Year 2023</b>	<b>Year 2022</b>
Revenue from grants	<b>11</b>	1,882,894	2,957,472
Other operating income	<b>12</b>	239,832	562,321
Salaries	<b>13</b>	(391,226)	(647,087)
Other operating expenses	<b>14</b>	(1,741,418)	(2,272,766)
Depreciation and amortisation	<b>5; 6</b>	(72,374)	(109,897)
Interest expenses		(7,929)	(4,039)
Provisions		(5,379)	-
<b>Result from operating activities</b>		<b>(95,600)</b>	<b>486,004</b>
Other non-operating income		15,414	8,253
Other non-operating expenses		(19,995)	(1,582)
<b>Result from non-operating activities</b>		<b>(4,581)</b>	<b>6,671</b>
Foreign exchange gains/(losses), net		3,299	(171,786)
<b>Result before income tax</b>		<b>(96,883)</b>	<b>320,889</b>
<b>Result for the year</b>		<b>(96,883)</b>	<b>320,889</b>

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**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**

**Statement of Comprehensive Income**

**As at 31 December 2023**

*Amounts expressed in Georgian Lari*

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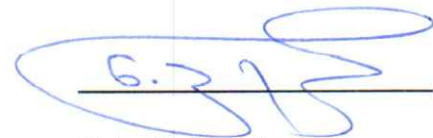
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**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION****Statement of Cash Flows****As at 31 December 2023***Amounts expressed in Georgian Lari*

	Year 2023	Year 2022
<b>Cash flows from operating activities</b>		
Net Income /Loss	(96,883)	320,889
<b>Adjustments:</b>		
Depreciation and amortisation	26,534	28,821
Write-off PPE	9,333	(77)
Interest expenses	7,929	4,039
Right-of-use assets	45,842	81,075
Foreign exchange result	(3,299)	171,786
<b>Operation cash flows before working capital changes</b>	<b>(10,544)</b>	<b>606,533</b>
Decrease / (Increase) in advances paid	8,532	28,754
Decrease / (Increase) in grants receivable	(2,993,354)	1,340,172
Decrease / (Increase) in prepaid taxes	16,268	11,073
(Decrease) / Increase in other assets	18,546	(18,693)
(Decrease) / Increase in deferred grant revenue	3,429,935	(2,028,586)
(Decrease) / Increase in advances received	-	(5,461)
(Decrease) / Increase in trade and other payables	(1,908)	(129,027)
<b>Net cash flows from operating activities</b>	<b>467,475</b>	<b>(195,235)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(51,390)	(16,850)
Purchase of long-term investments	(520,301)	-
Addition of right-of-use assets	(246,798)	-
<b>Net cash flows used in investing activities</b>	<b>(818,489)</b>	<b>(16,850)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liability	205,873	(81,795)
<b>Net cash flows used in financing activities</b>	<b>205,873</b>	<b>(81,795)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(145,141)</b>	<b>(293,880)</b>
Cash and cash equivalents at beginning of year	1,632,193	2,297,605
Effect of exchange rate changes on cash and cash equivalents	(4,653)	(371,531)
<b>Cash and cash equivalents at end of year</b>	<b>9</b>	<b>1,632,193</b>

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**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**

**Statement of Cash Flows**

**As at 31 December 2023**

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**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**

**Statement of Changes in Equity**

**As at 31 December 2023**

*Amounts expressed in Georgian Lari*

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	Net assets	Total net assets
<b>Balance at 31 December 2021</b>	<b>824,325</b>	<b>824,325</b>
Changes in net assets 2022	320,889	320,889
Fixed assets revaluation reserve	-	-
<b>Balance at 31 December 2022</b>	<b>1,145,214</b>	<b>1,145,214</b>
Changes in net assets 2023	(96,883)	(96,883)
Fixed assets revaluation reserve	-	-
<b>Balance at 31 December 2023</b>	<b>1,048,332</b>	<b>1,048,332</b>

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**INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**

**Statement of Changes in Equity**

**As at 31 December 2023**

*Amounts expressed in Georgian Lari*

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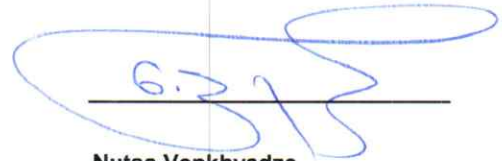
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## **1 The organization and its operations**

Institute for development of Freedom on Information IDFI ("the Organization" ID:204569617) is a Georgian non-entrepreneurial, noncommercial legal entity committed to enhancing openness of the government and promoting an informed civil society through ensuring access to public information. IDFI was founded in 2009 by two academicians, Levan Avalishvili and Giorgi Kldiashvili. Organization is registered on following adress: N4, Niagvari str. Tbilisi, 0108, Georgia.

Mission of IDFI is to create an empowered and inclusive society; to promote human rights and good governance by raising civic awareness through sound informational reports, research, and recommendations; to advocate for initiating and implementing reforms in policies, laws, and practices to enhance democratic governance.

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Currently, IFRS do not contain specific guidance for non-profit organizations and non-governmental organizations concerning the accounting treatment and presentation of financial statements. Where IFRS do not give guidance on how to treat transactions specific to the not for profit sector, accounting policies have been based on the general principles of IFRS, as detailed in the International Accounting Standards Board ("IASB") Framework for preparation and Presentation Financial Statements.

### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis.

### **2.3 Functional and presentation currency**

The national currency of Georgia is the Georgian lari, which is the Organization's functional currency, since this currency best reflects the economics substance of the underlying events and transactions of the Organization.

These financial statements are presented in Georgian lari. All financial information presented in Georgian lari has been rounded to the nearest full amount.

### **2.4 Use of estimates and judgment**

The preparation of financial statements in conformity with IFRS requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results ultimately may differ from those estimates and the original estimates and assumptions may be modified as appropriate in the year in which circumstances change.

### **2.5 New and revised standards and interpretations**

A number of new standards and amendments have become effective

- Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

This amendment requires the entity to recognise deferred tax assets and liabilities gross in relation to their leases which were previously these were recognised net. There is no impact on the amounts disclosed on the balance sheet as the amounts continue to be offset in accordance with the requirements of IAS 12, however in note 8 the amounts have been presented gross. The Prior period disclosures have also been amended consistent with the transitional provisions in the amendment

- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

This amendment permits the entity to not recognise deferred tax assets and liabilities related to the Pillar Two tax reforms. Due to the uncertain nature of the tax reforms, the entity cannot quantify the impact that this has had on the amount of Deferred tax assets and liabilities not recognised on the balance sheet in the current period. No amounts were recognised in the prior period in relation to the Pillar Two Model Rules, to which this amendment would apply.

**2 Summary of significant accounting policies (continued)**

**2.6 Standards and interpretations that have been issued but are not yet effective**

The following standards and amendments are not yet effective but may have an impact on the financial statements of the entity in the future.

a) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current & Amendments to IAS 1 – Non-current Liabilities with Covenants

These amendments together impact the classification of liabilities with covenants and any convertible notes that the entity issues with liability classified conversion features. It may impact the classification of some of the entity's debts and will require additional disclosure about the effect of the covenants on the entity.

The entity is still currently assessing the impact of these amendments. They are effective for the 2024 Financial Statements.

b) Amendments to IAS 7 & IFRS 7 Supplier Financing Arrangements

This amendment will have no impact on the amounts recognised in the financial statements but will require additional disclosures to be provided around the Group's use of supplier financing arrangements

This amendment will be effective for the 2024 Financial Statements

There are no other new standards or amendments that are expected to have a material impact on the entity.

**3 Significant accounting policies**

**3.1 Foreign currency transactions**

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the National Bank of Georgia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the National Bank of Georgia prevailing on the reporting date.

Non-monetary items that are measured in foreign currency in terms of historic cost (translated using the exchange rates at the transaction date) are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary items, are included in the result for the period.

Rates of main currencies at the reporting dates were as presented below:

	<u>31-Dec-23</u>	<u>31-Dec-22</u>
1 USD =	2.6894	2.7020
1 EUR =	2.9753	2.8844

**3.2 IFRS 16 Lease**

The IASB issued the new standard for accounting for leases – IFRS 16 Leases in January 2016, which is effective for annual periods beginning on or after January 1, 2019. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessee to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

The Organization has arisen obligation and first applied IFRS 16 from February 1, 2020.

On adoption of IFRS 16, the Organization recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019, which were applied on a portfolio basis of leases with reasonably similar characteristics.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities in 2023 was 8.5% for GEL denominated contracts.



**3 Significant accounting policies (continued)**

**3.2 IFRS 16 Lease (continued)**

The Organization recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, with the depreciation presented within depreciation expense in statement of comprehensive income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Organization's incremental borrowing rate. Lease liabilities are subsequently reduced by lease payments. Each lease payment is allocated between the liability and interest expense. Interest expense on the lease liability is presented within interest expense in the statement of comprehensive income.

Lease payments include fixed payments. When the lease contains an extension or termination option that the Organization considers reasonably certain to be exercised, the expected rental payments or costs of termination are included within the lease payments used to generate the lease liability.

Lease liabilities generally include the net present value of the following lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the organization is reasonably certain to exercise;
- payments of penalties for terminating the lease, if the lease term reflects the organization exercising that option.

Right-of-use assets are measured at cost comprising the following at initial recognition:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

The recognised right-of-use assets relate to properties for own use, in particular office buildings.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**3.3 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Item of property, plant and equipment - Vehicles - is measured at cost less accumulated depreciation and any accumulated impairment losses.

Revaluation is done in 2019, 2020 and 2021. After valuation, fixed assets are depreciated as follows.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

Item	Useful life
Office and equipment	3-5 years
Furniture	5 years
Vehicles	8 years

**3 Significant accounting policies (continued)**

**3.3 Property and equipment (Continued)**

If there is an indicator that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the result for the period.

Expenditure related to the improvement of leasehold properties are recognized as an item of property and equipment and are presented separately. Leasehold improvement is depreciated over the useful life of the asset or over the term of the relevant agreement, whichever is shorter.

**3.4 Financial instruments**

***Recognition, initial measurement and derecognition***

Financial assets and financial liabilities are recognized when the Organization becomes a part of the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs.

***Classification and subsequent measurement of financial assets***

For the purpose of subsequent measurement financial assets other than hedging instruments are divided into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Held-to-maturity investments.

Financial assets are assigned to different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses are recognized in the result or directly in other comprehensive income. Refer to note 16 for summary of the Organization's financial assets by category.

Generally, the Organization recognizes all financial assets using settlement date accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. All income and expenses relating to financial assets that are recognized in the result are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables as well as cash and bank balances.

***Trade and other receivables***

Current accounts receivable are initially recognized at fair value. Subsequently they are measured at amortized cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and default and delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

**3 Significant accounting policies (continued)**

**3.4 Financial instruments (continued)**

***Trade and other receivables (continued)***

The balance of the allowance is adjusted by recording a charge or income to the result of the reporting period. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. All accounts receivable for which collection is not considered probable are written-off.

***Cash and bank balances***

The Organization's cash balances comprise of bank accounts.

***Trade and other payables***

Payables are stated at fair value and subsequently stated at amortized cost.

**3.5 Impairment**

**Impairment of property and equipment**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverse, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case any reversal of impairment loss is treated as a revaluation increase.

**3.6 Grants**

Grants are not recognized until there is reasonable assurance that the Organization will comply with the condition attaching to them and the grants will be received.

Grants received unconditionally from the donors as a financial support or as a compensation for expenses and losses already incurred, are recognized in the result for the period in which they become receivable.

Grants whose primary condition is that the Organization should purchase, construct or otherwise acquire non-current assets are recognized as grants related to assets in the statement of financial position and transferred to annual result on a systematic and rational basis over the useful lives of the related assets.

Other conditional grants are recognized in the statement of financial position as deferred income when the contract with donor is signed to the extent that there is reasonable assurance that the Organization will comply with the conditions attaching to the grant contract and the grants will be received. Deferred income is transferred to the statement of comprehensive income in line with the realization of the grant commitments, over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis.

**3.7 Income tax**

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Assets and services received by the Organization as a grant, as well as expenses related to them are not taxable items for income tax purposes.

### 3 Significant accounting policies (*continued*)

#### 3.8 Income recognition

The income of the Organization arises from the use of grants received and other sources.

##### *Income from grants*

Policy for recognition of income from grants is disclosed in note 3.6

##### *Income from rendering of services*

Revenue from rendered services is earned from research and training contracts performed by the Organization. Revenue is measured as the fair value of the consideration received or receivable and is recognized when:

- The amount of revenue may be reliably measure;
- It is probable that the economic benefits associated with the transaction will flow to the Organization;
- The stage of completion of the transaction at the reporting date may be reliably measured; and
- The cost incurred for the transaction and the cost to complete the transaction may be reliably measured.

### 4 Critical accounting judgments

In the application of the organization's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

*Useful lives of property, plant and equipment and intangibles* – The estimation of the useful life of property, plant and equipment and intangibles is a matter of management estimate based upon experience with similar assets. In determining the useful life of an item of property, plant and equipment and intangibles, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation and amortization rates.

*Taxation* - Georgian tax, currency and customs legislation is subject to varying interpretations. The management of the organization recognizes liabilities for anticipated additional tax assessments as a result of tax audits based on estimates of whether it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determinations are made.

*Determining the lease term as lessee* - When determining the lease term, the organization's management considers all circumstances that create an incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the organization is reasonably certain to extend the lease (or not to terminate). The assessment is reviewed if any significant change in circumstances occurs affecting this assessment and that is within the control of the lessee.

*Estimating the incremental borrowing rate* - When the organization cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure its lease liabilities. The IBR is the rate of interest that the organization would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore requires estimation when no observable rates are available to the organization or when they need to be adjusted to reflect the terms and conditions of the lease. The organization estimates the IBR using observable inputs (such as interest rates on own borrowings and/or commercial bank's interest rates on similar loans) when available and market interest rates when no other observable inputs are available.

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5 Property and equipment

	Technical equipment	Lease Hold improvement	Furniture	Vehicle	Total
Cost	Dep-Technical equipment	Lease Hold improvement	Dep-Furniture	Dep-Vehicle	
<b>As of 31-Dec-2021</b>	<b>98,500</b>	<b>11,969</b>	<b>28,107</b>	<b>25,247</b>	<b>163,823</b>
Additions	9,511	-	7,339	-	16,850
Write-off	(6,903)	-	(46)	-	(6,949)
<b>As of 31-Dec-2022</b>	<b>101,108</b>	<b>11,969</b>	<b>35,400</b>	<b>25,247</b>	<b>173,724</b>
Additions	7,226	-	841	43,323	51,390
Write-off	(4,515)	-	(685)	(25,247)	(30,447)
<b>As of 31-Dec-2023</b>	<b>103,819</b>	<b>11,969</b>	<b>35,556</b>	<b>43,323</b>	<b>194,667</b>
<b>Accumulated Depreciation</b>					
<b>As of 31-Dec-2021</b>	<b>62,218</b>	<b>1,789</b>	<b>12,255</b>	<b>13,506</b>	<b>89,768</b>
Depreciation	15,386	5,089	5,191	3,156	28,822
Write-off	(6,984)	-	(40)	-	(7,024)
<b>As of 31-Dec-2022</b>	<b>70,620</b>	<b>6,878</b>	<b>17,406</b>	<b>16,662</b>	<b>111,566</b>
Depreciation	15,791	1,420	5,374	3,948	26,534
Write-off	(3,690)	-	(656)	(16,768)	(21,114)
<b>As of 31-Dec-2023</b>	<b>82,722</b>	<b>8,298</b>	<b>22,124</b>	<b>3,842</b>	<b>116,986</b>
<b>As of 31-Dec-2021</b>	<b>36,282</b>	<b>10,180</b>	<b>15,852</b>	<b>11,741</b>	<b>74,055</b>
<b>As of 31-Dec-2022</b>	<b>30,488</b>	<b>5,091</b>	<b>17,994</b>	<b>8,585</b>	<b>62,160</b>
<b>As of 31-Dec-2023</b>	<b>21,097</b>	<b>3,671</b>	<b>13,432</b>	<b>39,481</b>	<b>77,682</b>

6 Right-of-use assets and lease liabilities

The organization leases property for its own use, in particular, for office. Rental contracts are typically made for fixed periods of 1 to 3 years.

The right of use assets by class of underlying items is analysed as follows:

	Office	Total
Cost		
<b>As at 31-Dec-2021</b>	<b>202,304</b>	<b>202,304</b>
Additions	-	-
<b>As at 31-Dec-2022</b>	<b>202,304</b>	<b>202,304</b>
Additions	246,799	246,799
<b>As at 31-Dec-2023</b>	<b>449,103</b>	<b>449,103</b>
<b>Accumulated Depreciation</b>		
<b>As at 31-Dec-2021</b>	<b>(109,665)</b>	<b>(109,665)</b>
Depreciation	(81,075)	(81,075)
<b>As at 31-Dec-2022</b>	<b>(190,740)</b>	<b>(190,740)</b>
Depreciation	(45,842)	(45,842)
<b>As at 31-Dec-2023</b>	<b>(236,581)</b>	<b>(236,581)</b>
<b>Net carrying amount</b>		
<b>As at 31-Dec-2021</b>	<b>92,639</b>	<b>92,639</b>
<b>As at 31-Dec-2022</b>	<b>11,564</b>	<b>11,564</b>
<b>As at 31-Dec-2023</b>	<b>212,521</b>	<b>212,521</b>

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**6 Right-of-use assets and lease liabilities (continued)**

As at December 31, 2023, the balances of right of the use asset and the lease liability are GEL 212,521 and GEL 221,034 (from which GEL 80,776 is current portion and GEL 140,258 is non-current) respectively. The interest charge on lease liabilities amounted GEL 7,929.

**7 Long-term investments**

	Currency	Initial amount in currency	Maturity date	Interest rate	31-Dec-23	31-Dec-22
Tegeta Holding	USD	200,000	28-Apr-25	8.50%	537,880	-
<b>Total before allowance for long-term investments</b>					<b>537,880</b>	<b>-</b>
Impairment allowance for securities					(5,379)	-
<b>Net long-term investment</b>					<b>532,501</b>	<b>-</b>

Interest income from long-term investments for the reporting period equals to GEL 15,414 (2021: GEL 0).

During the reporting period there was no material difference between coupon rate and effective rate. Payments schedule for active held to maturity financial assets was determined by receiving of coupon/ (interest) once in every six months and principal at maturity.

At the end of the reporting period there was no material difference between the carrying amount and fair value of long-term investments.

**8 Grants receivable**

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22
The Swedish International Development Cooperation Agency	1-Jul-23	30-Jun-26	Core Support	2,938,529	-
European Union/Georgian Young Lawyers' Association of Georgia (GYLA)	15-Dec-23	31-Dec-26	Promoting greater civic awareness and engagement in judicial reforms and facilitating increased access to justice through holistic multi-agency action	220,453	-
International Fund/Post Bellum	1-Apr-23	30-Sep-24	Transcaucasian and Visegrad Nations Common Memory – Occupants or Liberators? Democracy or Tyranny?	31,171	-
Deloitte Consulting LLP (USAID)	5-Apr-21	4-Oct-24	Promoting PPD in Georgia through Monitoring and Awareness Raising	129,287	263,986
The state of the Netherlands	1-Sep-23	30-Nov-24	Increase the access of media to public information in Georgia	72,641	-
Internews Network	29-Nov-23	28-Aug-24	Digital Freedoms in Georgia - 2024	66,651	-
Research ICT Africa	27-Jul-23	31-Dec-24	Global Index on Responsible AI: Regional Research Hub	58,597	-
Deloitte Consulting LLP	10-Jul-23	9-Mar-24	Open Government Data (OGD) Survey	56,854	-

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8 Grants receivable (Continued)

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22
Juliusz Mieroszewski Centre for Dialogue	10-Jul-23	31-May-25	Joint publishing of the book on the victims of the great terror in Adjara	26,183	-
International Visegrad Fund	1-Jun-23	1-Jun-24	Empowered Watchdog Community and Enhanced Transparency Standards for Government Accountability	20,821	-
NATO PDD	8-Jun-23	31-Dec-23	Overcoming Barriers to Combat Disinformation in Ethnic Minority Communities	10,414	-
Luminate Foundation	13-Jan-22	31-Dec-23	Core grant	-	186,470
Internews and United States Agency for International Development	29-Nov-22	28-May-23	Digital Freedoms in Georgia - 2023	-	53,605
International Media Support (IMS)	1-Jul-22	30-Nov-22	Advancing Open Data Standards and Promoting Open Data Use in Georgia	-	16,383
e-Governance Academy Foundation	1-Sep-21	31-Aug-23	DRIVE: Digital Research and Impact for Vulnerable E-citizens in Ukraine and Georgia	-	8,684
Institute for war and peace reporting	20-Sep-22	20-Dec-22	Local Self-GovRoots of Anti-Western Propaganda	-	3,894
<b>Total grants receivable</b>				<b>3,631,599</b>	<b>533,022</b>

9 Cash and cash equivalents

	31-Dec-23	31-Dec-22
Cash at Bank in GEL	266,507	118,976
Cash at Bank in foreign currency (USD)	850,176	1,272,416
Cash at Bank in foreign currency (EUR)	365,716	240,801
<b>Total cash and cash equivalents</b>	<b>1,482,399</b>	<b>1,632,193</b>

10 Deferred grant revenue

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22
The Swedish International Development Cooperation Agency	1-Jul-23	30-Jun-26	Core Support	3,610,476	-
European Union/Georgian Young Lawyers' Association of Georgia (GYLA)	15-Dec-23	31-Dec-26	Promoting greater civic awareness and engagement in judicial reforms and facilitating increased access to justice through holistic multi-agency action	369,696	-
The state of the Netherlands	1-Sep-23	30-Nov-24	Increase the access of media to public information in Georgia	152,482	-

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10 Deferred grant revenue (*Continued*)

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22	
International Fund/Post Bellum	Visegrad	1-Apr-23	30-Sep-24	Transcaucasian and Visegrad Nations Common Memory – Occupants or Liberators? Democracy or Tyranny?	26,608	-
Deloitte (USAID)	Consulting LLP	5-Apr-21	4-Oct-24	Promoting PPD in Georgia through Monitoring and Awareness Raising	129,957	264,020
Research ICT Africa		27-Jul-23	31-Dec-24	Global Index on Responsible AI: Regional Research Hub	111,773	-
Internews Network		29-Nov-23	28-Aug-24	Digital Freedoms in Georgia - 2024	66,651	-
Juliusz Mieroszewski Centre for Dialogue		10-Jul-23	31-May-25	Joint publishing of the book on the victims of the great terror in Adjara	41,896	-
Deloitte Consulting LLP		10-Jul-23	9-Mar-24	Open Government Data (OGD) Survey	29,286	-
International Visegrad Fund		1-Jun-23	1-Jun-24	Empowered Watchdog Community and Enhanced Transparency Standards for Government Accountability	88,749	-
East-West Institute	Management	1-Feb-23	15-Mar-24	Promoting the Accessibility of Judicial acts through Monitoring, Advocating and Litigation	12,632	-
Luminate Foundation		13-Jan-22	31-Dec-23	Core grant	11,637	257,471
Global Partners Digital		1-May-23	14-Mar-24	Global AI Advocacy Subgrant: Georgia	3,413	-
NATO PDD		8-Jun-23	31-Dec-23	Overcoming Barriers to Combat Disinformation in Ethnic Minority Communities	249	-
The Swedish Development Agency	International Cooperation	1-Jan-20	31-Mar-23	Core Support - SIDA	-	475,958
Internews and United States Agency for International Development (USAID)		29-Nov-22	28-May-23	Digital Freedoms in Georgia - 2023	-	53,605
ZINC Network (USAID)		26-Oct-22	27-Jan-23	Analysis of Russian Capital in Georgian Business - Stage 3	-	44,266
e-Governance Foundation	Academy	1-Sep-21	31-Aug-23	Digital Research and Impact for Vulnerable E-citizens (in Ukraine and Georgia) - e Governance Academy	-	13,716
ZINC Network (USAID)		12-Sep-22	15-Jan-23	Overcoming disinformation and nostalgia surrounding Stalin: A new identity for the city of Gori - Stage 3	-	4,661



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10 Deferred grant revenue (Continued)							
Donor			Start date	End date	Project	31-Dec-23	31-Dec-22
Foundation Open Society Institute (FOSI)			1-Dec-21	30-Sep-22	Support Research and Public Campaign Aimed to Account Needs of Vulnerable Groups in Georgian Educational System during the COVID-19 Pandemic - Educational 3	-	2,765
International Media Support (IMS)			1-Jun-22	30-Nov-22	Advancing Open Data Standards and Promoting Open Data Use in Georgia	-	2,102
Institut für Auslandsbeziehungen (ifa)			1-Jul-22	31-Dec-22	Relocation/Individual Support Grant	-	557
<b>Total deferred grant revenue</b>						<b>4,655,505</b>	<b>1,119,120</b>
11 Revenue from grants							
Donor			Start date	End date	Project	31-Dec-23	31-Dec-22
The Swedish Development Agency	International Cooperation		1-Jul-23	30-Jun-26	Core Support	477,533	-
Swedish Development Agency (Sida)	International Cooperation		1-Jan-20	31-Mar-23	Core Support	335,429	1,141,833
Luminate Foundation			13-Jan-22	31-Dec-23	Core Grant	230,623	288,962
United Nations Development Programme (UNDP)			24-Feb-23	23-Nov-23	Fostering Decentralization and Good Governance at the Local Level in Georgia	208,853	-
Deloitte (USAID)	Consulting LLP		5-Apr-21	4-Oct-24	Promoting PPD in Georgia through Monitoring and Awareness Raising	134,063	119,371
International Media Support (IMS)			1-Feb-23	30-Sep-23	Advocating Open Data Standards and Promoting Open Data Use in Georgia – Phase II	74,667	-
Juliusz Mieroszewski Centre for Dialogue			10-Jul-23	31-Oct-23	Providing the International Conference – “Uncovering the Truth: Mass Graves of the Great Terror (1937-1938) in Batumi, Georgia”	63,321	-
The state of the Netherlands			1-Sep-23	30-Nov-24	Increase the access of media to public information in Georgia	60,679	-
East-West Institute	Management		1-Feb-23	1-Apr-24	Promoting the Accessibility of Judicial acts through Monitoring, Advocating and Litigation	52,621	-
Czech Republic - Ministry of Foreign Affairs			1-Apr-23	31-Oct-23	Advancing the capacity of CSOs and the Media in the field of Freedom of information and freedom of speech	45,829	-

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11 Revenue from grants (Continued)

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22
ZINC Network	25-Oct-22	10-May-23	Analysis of Russian Capital in Georgian Business - Stage 3	44,266	12,984
Deloitte Consulting LLP	10-Jul-23	9-Mar-24	Open Government Data (OGD) Survey	33,818	-
Research ICT Africa	27-Jul-23	31-Dec-24	Global Index on Responsible AI: Regional Research Hub	34,057	-
NATO PDD	8-Jun-23	31-Dec-23	Overcoming Barriers to Combat Disinformation in Ethnic Minority Communities	19,820	-
International Visegrad Fund	1-Jun-23	1-Jun-24	Empowered Watchdog Community and Enhanced Transparency Standards for Government Accountability	14,809	-
International Fund/Post Bellum	Visegrad 1-Apr-23	30-Sep-24	Transcaucasian and Visegrad Nations Common Memory – Occupants or Liberators? Democracy or Tyranny?	14,325	-
Juliusz Mieroszewski Centre for Dialogue	10-Jul-23	31-May-25	Joint publishing of the book on the victims of the great terror in Adjara	9,440	-
Internews Network	29-Nov-22	28-May-23	Digital Freedoms in Georgia - 2023	9,279	-
Global Partners Digital	1-May-23	14-Mar-24	Global AI Advocacy Subgrant: Georgia	6,031	-
ZINC Network	12-Sep-22	15-Jan-23	Overcoming disinformation and nostalgia surrounding Stalin: A new identity for the city of Gori - Stage 3	4,661	57,239
Civil Society Forum	28-Nov-23	31-Dec-23	History education at the time of war	4,465	-
e-Governance Foundation	Academy 1-Sep-21	31-Aug-23	DRIVE: Digital Research and Impact for Vulnerable E-citizens in Ukraine and Georgia	4,305	80,067
UNDP	11-Nov-19	30-Jul-22	Consolidating Parliamentary Democracy in Georgia - UNDP 4	-	267,252
Luminate Foundation	1-Jan-19	30-Apr-22	Good Governance for Georgia (3G) - Luminate	-	211,289
The Foundation to Promote Open Society	1-Aug-22	31-Dec-22	Core grant	-	118,775
Foundation to Promote Open Society (FSOP)	22-May-20	31-Aug-22	Building Sustainable Human Capacity in Fighting Corruption - Educational 2	-	76,502

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11 Revenue from grants (Continued)

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22
Foundation Open Society Institute (FOSI)	1-Dec-21	30-Sep-22	Support Research and Public Campaign Aimed to Account Needs of Vulnerable Groups in Georgian Educational System during the COVID-19 Pandemic - Ecucational 3	-	74,270
International Media Support (IMS)	1-Jul-22	30-Nov-22	Advancing Open Data Standards and Promoting Open Data Use in Georgia	-	61,292
The state of the Netherlands Represented by the Minister of Foreign Affairs	9-Nov-20	28-Feb-22	Promoting Personal Data Protection in Georgia - Personal Data Protection	-	60,347
ZINC Network (USAID)	2-May-22	26-Jul-22	Overcoming disinformation and nostalgia surrounding Stalin: A new identity for the city of Gori - Stage 2	-	47,305
ZINC Network (USAID)	18-Apr-22	1-Sep-22	Analysis of Russian Capital in Georgian Business - Stage 2	-	46,800
ZINC Network (USAID)	15-Jul-22	30-Sep-22	Solidarity Branding - Promoting Entrepreneurs Living in the Shida Kartli Region, Next to the Occupied Territories	-	45,300
Open Society Georgian Foundation (OSGF)	27-Dec-21	27-Oct-22	Improving Access of Media to the Public Information	-	40,167
Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH	15-Jul-21	15-Feb-22	Good Governance for Local Development - GIZ	-	29,325
Institut für Auslandsbeziehungen (if)	1-Jul-22	31-Dec-22	Relocation/Individual Support Grant	-	26,955
ZINC Network (USAID)	12-Jan-22	31-Mar-22	Overcoming disinformation and nostalgia surrounding Stalin: A new identity	-	23,438
ZINC Network (USAID)	28-Mar-22	30-Jul-22	Solidarity Branding - Promoting Entrepreneurs Living in the Shida Kartli Region, Next to the Occupied Territories	-	22,315
Global Data Barometer	1-Sep-21	30-Apr-22	Data Collection across countries in Eastern Partnership and Central Asia (for GDB Study Design) - Global Data	-	20,116
The Black Sea Trust for Regional Cooperation (BST)	19-Apr-21	1-Feb-22	Enhancing Digital Freedom through Monitoring, Reporting and Advocacy - Digital Freedoms	-	16,033
United Nations Development Program (UNDP)	23-Aug-21	31-Jan-22	Supporting Public Administration Reform in Georgia - Phase 2	-	15,804
ZINC Network (USAID)	19-Oct-21	18-Feb-22	Russian Capital in Georgian Business - ZINC	-	13,305

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11 Revenue from grants (Continued)

Donor	Start date	End date	Project	31-Dec-23	31-Dec-22
Institute for war and peace reporting (IWPR)	20-Sep-22	20-Dec-22	Local Self-GovRoots of Anti-Western Propaganda	-	12,666
Internews and United States Agency for International Development (USAID)	18-Apr-22	17-Nov-22	Digital Freedoms in Georgia	-	10,387
Global Partners Digital Limited	25-Apr-22	28-Nov-22	Global AI Advocacy in Georgia	-	7,688
The European Union	10-Oct-19	10-Jan-22	"Contributing to PAR through Civic Monitoring and Engagement" - EU PAR	-	7,507
Latin American Open Data Initiative (ILDA)	31-Mar-22	31-Dec-22	Global Data Barometer – Dissemination	-	2,153
ARD Inc (USAID)	10-May-21	21-Feb-22	Develop Building Integrity and Transparency Strategies and Action Plans for the City Halls of Ambrolauri and Lanchkhuti Municipalities - GGI SUB 062	-	14
ARD Inc (USAID)	10-May-21	25-Feb-22	Develop Building Integrity and Transparency Strategies and Action Plans for the City Halls of Akhmeta and Tsageri Municipalities - GGI SUB 061	-	10
<b>Total revenue from grants</b>				<b>1,882,894</b>	<b>2,957,471</b>

12 Other operating income

	2023	2022
Non-refundable money from donors	167,084	-
Revenue from selling vehicle	25,137	-
Income from service agreements	46,035	101,151
Other income	1,575	461,170
<b>Total other operating income</b>	<b>239,832</b>	<b>562,321</b>

13 Salaries

Salaries per donors	Year 2023	Year 2022
PPD	96,246	96,746
UNDP	63,265	134,104
EWMI	51,194	-
IMS	46,403	44,723
LTP	40,778	-
OGD	31,630	-
MATRA	27,647	-
ZINC Network (USAID)	14,467	117,523
Other	19,595	25,933
FOSI	-	96,194
OSGF	-	33,345
Embassy of Netherlands in Georgira	-	19,608

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13	<b>Salaries (Continued)</b>		
	<b>Salaries per donors</b>	<b>Year 2023</b>	<b>Year 2022</b>
	Internews	-	5,826
	EU	-	5,325
	IWPR	-	2,856
	<b>Total Salaries</b>	<b>391,226</b>	<b>582,204</b>

14	<b>Other operating expenses</b>	<b>Year 2023</b>	<b>Year 2022</b>
	Service Fee	909,902	1,000,391
	Consultancy and Other Professional Services (Translation, Consultancy, etc.)	322,465	352,409
	Events (Conferences, Presentations, Workshops, Trainings)	132,029	292,598
	Outreach and PR Activities (Design, Audio-Video Visualization, Publishing, etc.)	96,403	297,880
	Office Rent	38,976	-
	Fringe Benefits and Health Insurance	38,733	49,767
	Penson Contribution	31,857	40,044
	Financial, Accounting and Audit Services	29,284	37,206
	Travel (International Trips, Per Diems, Accomodation)	28,392	55,344
	Web-Page Development	23,067	33,160
	Communication Expenses	20,353	16,697
	Transportation (Local Trips, Fuel Costs, Accomodation)	16,306	10,650
	Utilities	13,969	14,488
	Other Office Costs and Inventory	10,282	17,356
	Office Vehicle Maintenance and Insurance Costs	3,206	3,203
	Office Stationary	3,121	3,347
	Bank Fees	2,970	4,458
	Postage	2,035	3,616
	Other Costs	18,068	14,475
	Stipends	-	25,657
	<b>Total other operating expenses</b>	<b>1,741,418</b>	<b>2,272,745</b>

15 **Financial instruments**

**Categories of financial instruments**

The carrying amount presented in the statement of financial position relate to the following categories of financial assets and liabilities.

<b>Financial assets</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Long-term investment	532,501	-
Grants receivable	3,631,599	533,022
Cash and cash equivalents	1,482,399	1,632,193
<b>Total</b>	<b>5,113,999</b>	<b>2,165,215</b>

<b>Financial liabilities</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Trade and other payables	7,168	10,984
Lease liabilities	221,034	1,736
<b>Total</b>	<b>228,202</b>	<b>12,719</b>

16 **Financial risk management**

The Organization is exposed to various risks in relation to financial instruments. The main types of risks are market risk and credit risk.

The Organization does not engage in the trading of financial assets for speculative purpose nor does it write options. Most significant risks to which the Organization is exposed are described below.

16 Financial risk management (*Continued*)

Financial risk factors

*Market risk*

The Organization is exposed to market risk through its use of financial instruments and specifically to currency risk.

*Foreign currency risk*

Most of the Organizations contracts with donors are denominated in foreign currencies and the Organization also has foreign currencies in its bank accounts, hence, exposures to exchange rate fluctuations arise.

Foreign currency denominated financial assets and liabilities which expose the Organization to currency risk are disclosed below. The amount shown are translated in to Georgian laris are the closing rate:

As of December 31, 2023	USD	EUR	GEL	Total
<b>Financial assets</b>				
Long-term investments	532,501	-	-	532,501
Grants receivable	3,063,777	309,040	258,782	3,631,599
Cash and cash equivalents	850,176	365,716	266,507	1,482,399
<b>Total</b>	<b>4,446,454</b>	<b>674,756</b>	<b>525,289</b>	<b>5,646,500</b>
<b>Financial liabilities</b>				
Lease liability	80,776	-	-	80,776
Current portion of lease liability	140,258	-	-	140,258
Trade and other payables	-	-	7,168	7,168
<b>Total</b>	<b>221,034</b>	<b>-</b>	<b>7,168</b>	<b>228,202</b>
<b>Net position</b>	<b>4,225,420</b>	<b>674,756</b>	<b>518,121</b>	<b>5,418,298</b>
As of December 31, 2022	USD	EUR	GEL	Total
<b>Financial assets</b>				
Grants receivable	240,075	28,961	263,986	533,022
Cash and cash equivalents	1,272,416	240,801	118,976	1,632,193
<b>Total</b>	<b>1,512,491</b>	<b>269,762</b>	<b>382,962</b>	<b>2,165,215</b>
<b>Financial liabilities</b>				
Lease liability	-	-	-	-
Current portion of lease liability	1,736	-	-	1,736
Trade and other payables	-	-	10,984	10,984
<b>Total</b>	<b>1,736</b>	<b>-</b>	<b>10,984</b>	<b>12,719</b>
<b>Net position</b>	<b>1,510,755</b>	<b>269,762</b>	<b>371,978</b>	<b>2,152,495</b>

The table below presents analysis of the effect on the organization's income statement of a reasonably possible movement of the currency exchange rate against the GEL, with all other variables held constant. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. The base currency is assumed to be the GEL.

Currency	2023		2022	
	Change in	Impact on	Change in	Impact on
USD	(10%)	(422,542)	(10%)	(151,075)
	(5%)	(211,271)	(5%)	(75,538)
	5%	211,271	5%	75,538
	10%	422,542	10%	151,075

16 Financial risk management (*Continued*)

Currency	2023		2022	
	Change in	Impact on	Change in	Impact on
EUR	(10%)	(67,476)	(10%)	(26,976)
	(5%)	(33,738)	(5%)	(13,488)
	5%	33,738	5%	13,488
	10%	67,476	10%	26,976

Exposures to foreign exchange rates vary during the year depending on the value of donations in foreign currency. Nonetheless, the analysis above is considered to be representative of the Organization's exposure to currency

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Organization. The effect of the risk for the Organization arises from different financial instruments, such as accounts receivable, especially the amounts expected from donors. Management believes that the credit risk on these amounts is low, since the practice with those donors shows that donors always transfer the agreed amounts. The maximum exposure to credit risk is represented by the carrying amounts of the following financial instruments:

Financial assets at carrying amounts	31-Dec-23	31-Dec-22
Long-term investment	532,501	-
Grants receivable	3,631,599	533,022
Cash and cash equivalents	1,482,399	1,632,193
<b>Total</b>	<b>5,113,999</b>	<b>2,165,215</b>

At the reporting date there were no significant concentration of credit risk in respect of grants receivable.

The credit risk for cash and cash equivalents is considered negligible, since the Organization hold its accounts at reputable banks with Long-term Issuer Default rating "BB/Stable" awarded by Fitch Ratings.

17 Contingencies

**Donor funding**

The Organization's financial stability depends on its ability to obtain donor funding for its projects and attract other donations from its members or from other stakeholders. The past experience of the Organization proved that its programs and projects are important for the enhancing of openness of the government and promoting and informed civil society through ensuring access to public information and that the donor organizations value IDFI's input in this process. Management of the Organization believes that in the foreseeable future IDFI will still have sufficient donor support to continue its operations, projects and programs.

**Taxes**

The taxation system in Georgia is relatively new and is characterized by frequently changing legislation, which is often subject to interpretation. Often differing interpretations exist among various taxation authorities and jurisdictions. Taxes are subject to review and investigations by tax authorities, which are enabled by law to impose severe fines and penalties.

18 Related party transactions

The Organization's related parties include its Board Members and key management.

*Transactions with key management:*

Reported salary expenses for the year 2023 include salaries and other benefits of Key Management personnel in the amount of GEL 111,562 (year 2022: GEL 343,856).

19 Events after the reporting period

After March 19, 2024 Davit Maisuradze represents chairperson of supervisory board of the organization instead of Natia Kuprashvili, who was acting chairperson of the board till the date.

There are no any significant events have been identified after the reporting period.