

The Institute for Development of Freedom of Information (IDFI)

**Financial Statements for the year ended
December 31, 2021**

with

Independent Auditors' Report

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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 April 6th, 2022:

Giorgi Kldiashvili

Executive Director

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

David Dolidze

Financial Manager

NN(L)E The Institute for
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The Institute for Development of Freedom of Information (IDFI)
Financial Statements for the year ended
December 31, 2021
Amounts expressed in Georgian Lari

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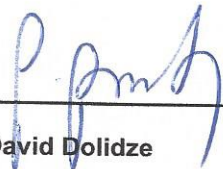
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David Dolidze
Financial Manager
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Information (IDFI)

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 of December 31, 2021 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 of December 31, 2021, 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 gave 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 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.

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.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility for the Audit of the Financial Statements

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.

Mikheil Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544

Auditor registration number: SARAS-A-865011

Tbilisi, Georgia

April 6, 2022



INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION

Statement of Financial Position

As at 31 December 2021

Amounts expressed in Georgian Lari

	Note	31-Dec-21	31-Dec-20
Assets			
Non-current assets			
Property and equipment	5	74,055	58,942
Right-of-use assets	6	92,639	125,000
Total non-current assets		166,694	183,942
Current assets			
Advances paid	7	38,907	410,844
Tax asset		21,390	75,534
Grants receivable	8	1,962,346	4,441,846
Cash and cash equivalents	9	2,297,605	2,251,767
Total current assets		4,320,248	7,179,991
Total assets		4,486,942	7,363,933
Equity			
Net assets		817,906	608,135
Fixed assets revaluation reserve		6,419	2,190
Total equity		824,325	610,325
Liabilities			
Non-current Liabilities			
Deferred grant revenue	10	3,425,846	6,577,989
Lease liability		2,002	70,081
Total non-current liabilities		3,427,848	6,648,070
Current Liabilities			
Trade and other payables		140,071	46,737
Current portion of lease liability		89,237	58,800
Advances received		5,461	-
Total current liabilities		234,769	105,537
Total liabilities		3,662,617	6,753,608
Total liabilities and equity		4,486,942	7,363,933

The financial statement is approved and signed on April 6th, 2022:

Giorgi Kidiashvili

Executive Director

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

David Dolidze

Financial Manager

NN(L)E The Institute for
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INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION

Statement of Financial Position

As at 31 December 2021

Amounts expressed in Georgian Lari

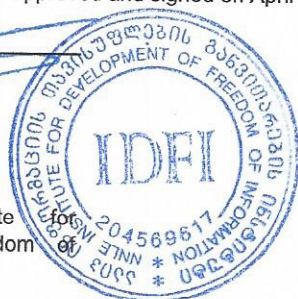
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INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**Statement of Comprehensive Income****As at 31 December 2021***Amounts expressed in Georgian Lari*

	Note	Year 2021	Year 2020
Revenue from grants	11	3,849,236	2,310,377
Other operating income		159,982	320,125
Salaries	12	(1,422,821)	(1,199,259)
Other operating expenses	13	(2,347,847)	(986,381)
Depreciation and amortisation	5; 6	(81,180)	(66,932)
Interest expenses		(8,658)	(11,767)
Result from operating activities		148,712	366,162
Other non-operating income		44,041	36,584
Other non-operating expenses		(68,607)	(61,331)
Result from non-operating activities		(24,566)	(24,747)
Foreign exchange gains/(losses), net		85,625	(295,093)
Result before income tax		209,771	46,322
Result for the year		209,771	46,322

The financial statement is approved and signed on April 6th, 2022:

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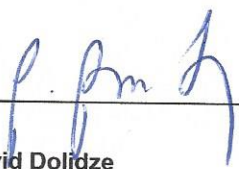
INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION
Statement of Comprehensive Income
As at 31 December 2021
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INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION

Statement of Changes in Equity

As at 31 December 2021

Amounts expressed in Georgian Lari

	Net assets	Total net assets
Balance at 31 December 2019	561,813	561,813
Changes in net assets 2020	46,322	46,322
Fixed assets revaluation reserve	2,190	2,190
Balance at 31 December 2020	610,326	610,326
Changes in net assets 2021	209,771	209,771
Fixed assets revaluation reserve	4,229	4,229
Balance at 31 December 2021	824,325	824,325

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INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION

Statement of Changes in Equity

As at 31 December 2021

Amounts expressed in Georgian Lari

	Net assets	Total net assets
Balance at 31 December 2019	561,813	561,813
Changes in net assets 2020	46,322	46,322
Fixed assets revaluation reserve	2,190	2,190
Balance at 31 December 2020	610,326	610,326
Changes in net assets 2021	209,771	209,771
Fixed assets revaluation reserve	4,229	4,229
Balance at 31 December 2021	824,325	824,325

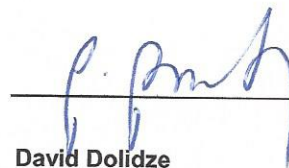
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INSTITUTE FOR DEVELOPMENT OF FREEDOM OF INFORMATION**Statement of Cash Flows****As at 31 December 2021***Amounts expressed in Georgian Lari*

	Year 2021	Year 2020
Cash flows from operating activities		
Net Income /Loss	209,771	46,322
Adjustments:		
Depreciation and amortisation	19,591	14,778
Interest expenses	8,658	11,767
Right-of-use assets	61,589	48,076
Foreign exchange result	(85,625)	295,093
Operation cash flows before working capital changes	213,984	416,036
Decrease / (Increase) in advances paid	371,937	134,827
Decrease / (Increase) in grants receivable	2,269,079	(1,812,098)
Decrease / (Increase) in inventory	-	1,470
Decrease / (Increase) in prepaid taxes	54,144	(14,574)
Decrease / (Increase) in advances received	5,461	(550)
Decrease / (Increase) in deferred grant revenue	(2,599,365)	2,238,522
Decrease / (Increase) in trade and other payables	94,471	8,280
Net cash flows from operating activities	409,710	971,913
Cash flows from investing activities		
Purchase of fixed assets	(30,476)	(11,690)
Net cash flows used in investing activities	(30,476)	(11,690)
Cash flows from financing activities		
Payment of lease liability	(75,528)	(55,962)
Net cash flows used in financing activities	(75,528)	(55,962)
Net increase/(decrease) in cash and cash equivalents	303,707	904,262
Cash and cash equivalents at beginning of year	2,251,767	1,090,936
Effect of exchange rate changes on cash and cash equivalents	(257,869)	256,569
Cash and cash equivalents at end of year	2,297,605	2,251,767

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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: N20, T. Shevchenko str. Tbilisi, 0108, Georgia.

Mission of IDFI is to promote openness and transparency of the government, establish an informed society and support development of democratic values through ensuring access to public information.

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 effective in the period on or after January 1, 2021

A number of new standards and amendments have become effective for the annual periods commencing on or after January 1, 2021.

- a) Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2
- b) Amendments to IFRS 16 - Covid-19-Related Rent Concessions

2 Summary of significant accounting policies (continued)

2.5 New and revised standards and interpretations effective in the period on or after January 1, 2021 (continued)

a) Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2:

As a result of these amendments, among other matters, an entity:

- Will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- Will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- Will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

b) Amendments to IFRS 16 ‘Leases’ Covid-19 Related Rent Concessions:

Amendments to IFRS 16 ‘Leases’ provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications.

The amendment is effective from 1 June 2021.

Amendments to IFRS 16 ‘Leases’ Covid-19 Related Rent Concessions beyond 30 June 2021

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendment is effective 1 April 2021. Earlier application is permitted, including in financial statements not authorised for issue at the date this Standard was issued.

Where an entity early adopts Covid-19-Related Rent Concessions then they shall disclose that fact (including the requirements in the paragraph above) and provide the additional disclosures.

This amendments does not have effect on the organization's financial statements.

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

Before approval of the organization financial statements, some new standards, interpretations and changes within the framework have been issued, which have not been effective for the current period of the financial statements and which have not been implemented by the organization in advance. organization intends to accept those changes from the point when they become effective. Most probably the following standards would be relevant for the organization reporting purposes:

- a) Amendments to IFRS 16 - Covid-19-Related Rent Concessions
- b) IFRS 17 - Insurance Contracts
- c) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- d) Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use
- e) Amendments to IFRS 3 - Reference to the Conceptual Framework
- f) Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract
- g) Annual Improvements to IFRS Standards 2018–2020

2 Summary of significant accounting policies (*continued*)

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

h) Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture;

i) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

j) Amendments to IAS 8 - Disclosure of Accounting Policies and Definition of Accounting Estimates

k) Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2021: This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendments are applicable for annual periods commencing on or after 1 April 2021.

IFRS 17 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective for annual periods commencing on or after 1 January 2023.

Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IAS 16 'Property, plant and equipment' require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Amendments to IFRS 3 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020 amend:

- IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements;

2 Summary of significant accounting policies (*continued*)

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

Annual Improvements to IFRS Standards 2018–2020 amend: (*continued*)

- IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.

The amendments are applicable for annual periods commencing on or after 1 January 2022.

Amendments to IFRS 10 ‘Consolidated financial statements’ and IAS 28 ‘Investments in associates’ clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor’s interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.

Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates modify:

- IFRS 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity’s financial statements;
- IAS 1, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- IAS 8, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- IAS 34, to identify material accounting policy information as a component of a complete set of financial statements; and
- IFRS Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to Deferred tax related to assets and liabilities arising from a single transaction modify IAS 12 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

The Standard amends IFRS 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to International Accounting Standards, despite the exemption set out in IAS 12.

The management of the organization does not anticipate that the application of the new Standards and amendments in the future will have an significant impact on the organization’s financial statements.

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-21</u>	<u>31-Dec-20</u>
1 USD =	3.0976	3.2766
1 EUR =	3.5040	4.0233

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 2021 was 8% for GEL denominated contracts.

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.

3 Significant accounting policies (continued)

3.2 IFRS 16 Lease (continued)

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.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the series 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.

Depreciation is charged to annual result on a diminishing balance basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The annual depreciation rates of all property and equipment is estimated as 5 years.

3 Significant accounting policies (continued)

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 10 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 quotes 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.

3 Significant accounting policies (continued)

3.6 Grants (continued)

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.

3.8 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.

4 Critical accounting judgments (continued)

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.

5 Property and equipment

	Technical equipment	Other equipment	Furniture	Vehicle	Total
Cost	Dep-Technical equipment	Dep-Other equipment	Dep-Furniture	Dep-Vehicle	
As of 31-Dec-2019	73,789	6,108	9,140	25,476	114,513
Additions	28,306	-	6,901	-	35,207
Write-off	(12,477)	-	-	-	(12,477)
Fixed assets revaluation reserve	2,190	-	-	-	2,190
Reclassification	-	-	1,510	-	1,510
As of 31-Dec-2020	91,808	6,108	17,551	25,476	140,943
Additions	17,904	5,767	9,427	-	33,098
Write-off	(2,201)	-	(427)	-	(2,628)
Fixed assets revaluation reserve	-	4,095	134	-	4,229
Reclassification	(2,427)	8,096	(5,669)	-	-
As of 31-Dec-2021	105,084	24,066	21,015	25,476	175,641

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5 Property and equipment *(continued)*

Carrying Amount

Accumulated Depreciation

As of 31-Dec-2019	40,864	3,498	8,126	6,579	59,067
Depreciation	12,879	2,347	475	3,156	18,857
Write-off	3,235	-	-	844	4,079
As of 31-Dec-2020	56,978	5,845	8,601	10,579	82,003
Depreciation	11,823	2,369	2,236	3,156	19,585
Write-off	-	-	-	-	-
As of 31-Dec-2021	68,801	8,214	10,837	13,735	101,588
As of 31-Dec-2019	32,925	2,610	1,014	18,897	55,446
As of 31-Dec-2020	34,831	263	8,949	14,897	58,942
As of 31-Dec-2021	36,282	15,851	10,178	11,741	74,055

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		
As at 1-Jan-2020	-	-
Additions	173,076	173,076
As at 31-Dec-2020	173,076	173,076
Additions	29,228	29,228
As at 31-Dec-2021	202,304	202,304
Accumulated Depreciation		
As at 1-Jan-2020	-	-
Depreciation	(48,076)	(48,076)
As at 31-Dec-2020	(48,076)	(48,076)
Depreciation	(61,589)	(61,589)
As at 31-Dec-2021	(109,665)	(109,665)
Net carrying amount		
As at 1-Jan-2020	-	-
As at 31-Dec-2020	125,000	125,000
As at 31-Dec-2021	92,639	92,639

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

As at December 31, 2021, the balances of right of the use asset and the lease liability are GEL 92,639 and GEL 91,240 (from which GEL 89,237 is current portion and GEL 2,002 is non-current) respectively. The interest charge on lease liabilities presented within interest expense in the consolidated statement of comprehensive income amounted GEL 8,658

7 Advances paid

Advances paid consists of pre-paid amounts to subcontractors.

8 Grants receivable

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
SIDA	1-Jan-20	31-Dec-22	Core Support - SIDA	878,853	2,085,765
Deloitte Consulting LLP (USAID)	5-Apr-21	4-Oct-24	Good Governance for Local Development - USAID PPD	383,627	-
The European Union	10-Oct-19	10-Jan-22	"Contributing to PAR through Civic Monitoring and Engagement"	174,286	800,128
e-Governance Academy Foundation	1-Sep-21	31-Aug-22	Digital Research and Impact for Vulnerable E-citizens (in Ukraine and Georgia) - e-Governance Academy	105,495	-
UNDP (UN)	11-Oct-19	30-Apr-22	Consolidating Parliamentary Democracy in Georgia	92,671	656,493
Foundation Open Society Institute (FOSI)	29-Nov-21	31-Jul-22	Support Research and Public Campaign Aimed to Account Needs of Vulnerable Groups in Georgian Educational System during the COVID-19 Pandemic - Educational 3	89,211	-
Foundation to Promote Open Society (FPOS)	22-May-20	31-Aug-22	Developing Corruption Hunters' Educational Certification Program - Educational 2	72,277	152,908
The State of Netherlands	9-Nov-20	28-Feb-22	Promoting Personal Data Protection in Georgia - Personal Data Protection	43,929	43,929

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8 Grants receivable (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
Open Society Georgian Foundation	27-Dec-21	27-Oct-22	Increase Media Access to Public Information - OSGF Media Access	43,366	-
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	29,490	-
International Visegrad Fund	22-Sep-20	14-Dec-21	Empowered Civil Society and Enhanced Beneficial Ownership Transparency Standards for Good Governance - Visegrad 3	24,458	67,198
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	19,060	-
United Nations Development Program (UNDP)	23-Aug-21	31-Jan-22	Supporting Public Administration Reform in Georgia - Phase 2 - UN PAR Phase 2	5,396	-
The Black Sea Trust for Regional Cooperation (BST)	19-Apr-21	1-Feb-22	Enhancing Digital Freedom through Monitoring, Reporting and Advocacy - Digital Freedoms	115	-
Luminate	1-Jan-19	30-Apr-22	Good Governance for Georgia (3 G)	112	426,037
East-West Management Institute, INC. (USAID)	23-Apr-20	28-Feb-21	Enhancing Transparency of the Judiciary in Georgia - Prolog 3	-	8,308

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8 Grants receivable (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
International Coalition of Sites of Conscience	22-Oct-20	30-Sep-21	Commemoration of the First Mass Graves of the Victims of the Soviet Regime Discovered in Georgia - PSF Sites of Conscience	-	3,277
The European Union	20-Jul-20	19-Jul-21	Monitoring Covid-19 Related Public Spending and Human Rights Protection during the State of Emergency and After - EU Covid 19	-	48,247
Tetra TECH, ARD. / USAID	24-Dec-20	30-Apr-21	Project: Development of Tbilisi City Hall's Open Data Portal Concept and Terms of Reference - GGI SUB 054	-	59,922
Open Society Georgian Foundation	2-Dec-20	2-Aug-21	Empoving Public Services Efficiency in the Education System of Georgia - OSGF Public Services in Education System	-	43,415
Open Society Georgian Foundation	16-Dec-20	30-Dec-21	Local Self-Government Index - 2021 - OSGF LSG Index 2021	-	30,636
Hivos Foundation	1-Nov-20	Till payments	Support and engagement in the planning process and execution of the Regional Local Open Contracting Initiatives (LOCI) Event for Eastern Europe & Central Asia (EECA)	-	15,583
Total				1,962,346	4,441,846

9 Cash and cash equivalents

	31-Dec-21	31-Dec-20
Cash at Bank in GEL	409,711	729,124
Cash at Bank in foreign currency (EUR)	346,456	310,296
Cash at Bank in foreign currency (USD)	1,541,438	1,212,347
Total cash and cash equivalents	2,297,605	2,251,767

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10 Deferred grant revenue

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
SIDA	1-Jan-20	31-Dec-22	Core Support - SIDA	1,709,861	2,778,265
Deloitte Consulting LLP (USAID)	5-Apr-21	4-Oct-24	Improving Public Services Efficiency in the Education System of Georgia - OSGF Public Services in Education System	383,391	-
UNDP (UN)	11-Oct-19	30-Apr-22	Consolidating Parliamentary Democracy in Georgia - UNDP 4	267,033	680,489
Luminate	1-Jan-19	30-Apr-22	Good Governance for Georgia (3 G) - Luminate	238,440	575,149
The European Union	10-Oct-19	10-Jan-22	"Contributing to PAR through Civic Monitoring and Engagement" - EU PAR	208,360	1,279,063
e-Governance Academy Foundation	1-Sep-21	31-Aug-22	Digital Research and Impact for Vulnerable E-citizens (in Ukraine and Georgia) - e-Governance Academy	105,495	-
The State of Netherlands Represented by the Minister of Foreign Affairs	9-Nov-20	28-Feb-22	Promoting Personal Data Protection in Georgia - Personal Data Protection	83,487	241,128
Foundation Open Society Institute (FOSI)	29-Nov-21	31-Jul-22	Support Research and Public Campaign Aimed to Account Needs of Vulnerable Groups in Georgian Educational System during the COVID-19 Pandemic - Educational 3	82,085	-
Foundation to Promote Open Society Institute (FPOS)	6-Jun-19	31-Dec-21	Developing Corruption Hunters' Educational Certification Program - Educational 2	78,661	229,362

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10 Deferred grant revenue (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
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	49,012	-
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	47,503	-
Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH	15-Jun-21	15-Feb-22	Good Governance for Local Development - GIZ	46,892	-
Open Society Georgian Foundation (OSGF)	27-Dec-21	27-Oct-22	Increase Media Access to Public Information - OSGF Media Access	43,366	-
The Black Sea Trust for Regional Cooperation (BST)	19-Apr-21	1-Feb-22	Enhancing Freedom through Monitoring, Reporting and Advocacy - Digital Freedoms	24,068	-
Global Data Barometer	1-Sep-21	30-Apr-22	Data Collection across countries in Eastern Partnership and Central Asia (for GDB Study Design) - Global Barometer ILDA	19,776	-
United Nations Development Program (UNDP)	23-Aug-21	31-Jan-22	Supporting Public Administration Reform in Georgia - Phase 2 - UN PAR Phase 2	16,722	-

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10 Deferred grant revenue (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
ZINC Network	19-Oct-21	18-Feb-22	Russian Capital in Georgian Business	13,588	-
East-West Management Institute, INC. (USAID)	23-Apr-20	28-Feb-21	Enhancing Transparency of the Judiciary in Georgia - Prolog 3	5,106	17,017
Open Society Georgian Foundation	16-Dec-20	30-Dec-21	Local Self-Government Index - 2021 - OSGF LSG Index 2021	2,999	65,860
Foundation Open Society Institute (FOSI)	19-May-19	31-Jan-21	Development of Educational Certification Program in Fighting Corruption - Educational	-	16,176
Foundation Open Society Institute (FOSI)	19-May-19	31-Jan-21	Studying How Major International Anti-corruption Platforms Promote Transparent & Accountable Public Procurement in Georgia and Eurasia Region - Eurasia 3	-	9,854
Foundation Open Society Institute (FOSI)	19-May-19	31-Jan-21	Enhancing Openness of State Archives in Former Soviet Republics and Eastern Bloc Countries - Archives 2	-	5,986
The European Union	20-Jul-20	19-Jul-21	Monitoring Covid-19 Related Public Spending and Human Rights Protection during the State of Emergency and After - EU Covid 19	-	158,861
United Nations Population Fund (UNFPA)	9-Dec-20	8-May-21	Capacity Building Grant - UNFPA	-	98,298

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10 Deferred grant revenue (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
Tetra TECH, ARD. / USAID	24-Dec-20	30-Apr-21	Development of Tbilisi City Hall's Open Data Portal Concept and Terms of Reference - GGI SUB 054	-	59,922
International Visegrad Fund	22-Sep-20	14-Dec-21	Empowered Civil Society and Enhanced Beneficial Ownership Transparency Standards for Good Governance - Visegrad 3	-	140,182
International Center for Not-For Profit Law	10-Jul-20	28-Feb-20	Netherlands.2020.IDFI.01 - ICNL	-	28,570
Hivos Foundation	1-Nov-20	on delivery to the donor	Support and engagement in the planning process and execution of the Regional Local Open Contracting Initiatives (LOCI) Event for Eastern Europe & Central Asia (EECA), including delivery of a panel on the Transparent Public Procurement Rating	-	15,583
Open Society Georgian Foundation	2-Dec-20	2-Aug-21	Empowering Public Services Efficiency in the Education System of Georgia - OSGF Public Services in Education System	-	74,868
International Coalition of Sites of Conscience	22-Oct-20	30-Sep-21	Commemoration of the First Mass Graves of the Victims of the Soviet Regime Discovered in Georgia - PSF Sites of Conscience	-	8,681
Open Society Georgian Foundation	24-Jun-20	24-May-21	Supporting the State Inspector Service - OSGF State Inspector	-	94,675
Total				3,470,407	6,622,207

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11	Revenue from grants					
Donor	Start date	End date	Project	31-Dec-21	31-Dec-20	
SIDA	30-Dec-19	31-Dec-22	Core Support - SIDA	930,701	440,290	
The European Union	10-Oct-19	1-Feb-22	"Contributing to PAR through Civic Monitoring and Engagement" - EU PAR	875,097	412,741	
UNDP (UN)	11-Nov-19	30-Apr-22	Consolidating Parliamentary Democracy in Georgia - UNDP 4	391,510	319,350	
Luminate	1-Jan-19	31-Aug-22	Good Governance for Georgia (3 G) - Luminate	313,766	296,695	
The State of Netherlands Represented by the Minister of Foreign Affairs	9-Nov-20	31-Jan-21	Promoting Personal Data Protection in Georgia - Personal Data Protection	157,641	2,801	
The European Union	20-Jul-20	19-Jul-21	Monitoring Covid-19 Related Public Spending and Human Rights Protection during the State of Emergency and After - EU Covid 19	143,214	78,659	
Foundation to Promote Open Society (FPOS)	22-May-20	31-Aug-22	Building Sustainable Human Capacity in Fighting Corruption - Educational 2	141,460	-	
International Visegrad Fund	22-Sep-20	0-Jan-00	Empowered Civil Society and Enhanced Beneficial Ownership Transparency Standards for Good Governance - Visegrad 3	125,526	196	
Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH	15-Jun-21	15-Feb-22	Good Governance for Local Development - GIZ	115,858	-	

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11 Revenue from grants (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
Open Society Georgian Foundation	24-Jun-20	24-May-21	Supporting the State Inspector Service - OSGF State Inspector	93,205	64,706
United Nations Population Fund (UNFPA)	9-Dec-20	8-May-21	Capacity Building Grant	91,605	-
Deloitte Consulting LLP (USAID)	5-Apr-21	4-Oct-24	Good Governance for Local Development - USAID PPD	81,610	-
Open Society Georgian Foundation	2-Dec-20	2-Aug-21	Empoving Public Services Efficiency in the Education System of Georgia - OSGF Public Services in Education System	70,001	6,780
Open Society Georgian Foundation (OSGF)	16-Dec-20	30-Dec-21	Local Self-Government Index - 2021	62,512	-
The Black Sea Trust for Regional Cooperation (BST)	19-Apr-21	1-Feb-22	Enhancing Freedom Monitoring, Reporting and Advocacy - Digital through Digital Freedoms	53,380	-
United Nations Development Program (UNDP)	23-Aug-21	31-Jan-22	Supporting Public Administration Reform in Georgia - Phase 2	37,495	-
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 Barometer ILDA	28,393	-

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11 Revenue from grants (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
United Nations Development Program (UNDP)	23-Mar-21	21-Jun-21	Human Rights for All	26,463	-
International Center for Not-For Profit Law, Inc.	10-Jul-20	28-Feb-21	Netherlands.2020.IDFI.01 - ICNL	18,479	33,306
ARD Inc (USAID)	24-Dec-20	31-Aug-21	Development of Tbilisi City Hall's Open Data Portal Concept and Terms of Reference (ToR) - GGI SUB 054	15,766	-
Foundation Open Society Institute (FOSI)	19-May-19	31-Jan-21	Development of Educational Certification Program in Fighting Corruption - Educational	13,136	132,163
East-West Management Institute, INC. (USAID)	23-Apr-20	28-Feb-21	Enhancing Transparency of the Judiciary in Georgia - Prolog 3	11,430	87,617
Foundation Open Society Institute (FOSI)	19-May-19	31-Jan-21	Studying How Major International Anti-corruption Platforms Promote Transparent & Accountable Public Procurement in Georgia and Eurasia Region - Eurasia 3	10,326	97,935
ZINC Network	19-Oct-21	18-Feb-22	Russian Capital in Georgian Business - ZINC	9,612	-
International Coalition of Sites of Conscience	31-Aug-21	10-Dec-21	Inter-Religious Understanding Through Graphic Arts - Sites of Conscience	9,259	-

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11 Revenue from grants (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
International Coalition of Sites of Conscience	22-Oct-20	30-Sep-21	Commemoration of the First Mass Graves of the Victims of the Soviet Regime Discovered in Georgia - PSF Sites of Conscience	8,773	7,710
Foundation Open Society Institute (FOSI)	29-Nov-21	31-Jul-22	Support Research and Public Campaign Aimed to Account Needs of Vulnerable Groups in Georgian Educational System during the COVID-19 Pandemic - Educational 3	7,062	-
Internews	26-Aug-21	25-Nov-21	Digital Privacy in Georgia - Internews	3,906	-
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	1,036	-
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	1,003	-
Foundation Open Society Institute (FOSI)	19-May-19	31-Jan-21	Enhancing Openness of State Archives in Former Soviet Republics and Eastern Bloc Countries - Archives 2	12	101,221
GGI/Tetra Tech	25-Mar-20	20-Dec-20	Develop Building Integrity and Transparency Strategy and Action Plan for the City Hall of Senaki Municipality	-	525

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11 Revenue from grants (continued)

Donor	Start date	End date	Project	31-Dec-21	31-Dec-20
European Union	14-Mar-18	14-May-20	Promoting Prosecutorial Independence through Monitoring and Engagement (PrIME) - EU Prime	-	117,182
International Visegrad Fund	1-Mar-19	29-Feb-20	Empowering Community Government Accountability Watchdog for	-	45,226
East West Management Institute (EWMI)/USA ID	15-Dec-18	31-Jan-20	Supporting the Reform of the Supreme Court of Georgia	-	9,517
GGI/Tetra Tech	1-May-20	15-Dec-20	Developing Open Data Practices in the City Halls of Gori, Lagodekhi, Ozurgeti, Senaki, Telavi and Zugdidi Municipalities	-	6,068
GGI/Tetra Tech	23-Apr-20	20-Dec-20	Develop Building Integrity and Transparency Strategy and Action Plan for the City Halls of Telavi and Lagodekhi Municipalities	-	10,183
Counterpart	17-Apr-20	30-Sep-20	Ensuring Legal Safeguards for Digital Rights in Georgia	-	36,613
GGI/Tetra Tech	2-Mar-20	20-Dec-20	Develop Building Integrity and Transparency Strategy and Action Plan for the City Hall of Zugdidi Municipality	-	2,892
Total				3,849,236	2,310,377

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12	Salaries		
	Salaries per donors	Year 2021	Year 2020
	EU	322,558	369,830
	UNDP	309,360	233,580
	Luminate	199,790	190,943
	FOSI	116,266	222,277
	OSGF	114,908	45,155
	Embassy of Netherlands in Georgia	110,588	-
	GIZ	109,069	-
	USAID	71,582	75,247
	Other	40,615	10,328
	Black Sea Trust	28,084	-
	ICNL	-	31,754
	Counterpart International	-	20,147
	Total Salaries	1,422,821	1,199,259

13	Other operating expenses	Year 2021	Year 2020
	Service Fee	510,145	216,244
	Subgrants, Grants and Mutual Partnership Projects	492,136	151,243
	Consultancy and Other Professional Services (Translation, Consultancy, etc.)	460,510	193,640
	Events (Conferences, Presentations, Workshops, Trainings)	370,309	71,861
	Outreach and PR Activities (Design, Audio-Video Visualization, Publishing, etc.)	275,554	126,950
	Penson Contribution	47,755	36,779
	Web-Page Development	44,648	65,605
	Fringe Benefits and Health Insurance	43,217	16,714
	Financial, Accounting and Audit Services	26,834	18,009
	Other Office Costs and Inventory	17,317	19,299
	Utilities	10,974	7,199
	Communication Expenses	10,714	7,308
	Transportation (Local Trips, Fuel Costs, Accomodation)	6,256	10,231
	Bank Fees	5,344	4,755
	Postage	4,296	2,160
	Office Vehicle Maintenance and Insurance Costs	3,002	5,118
	Travel (International Trips, Per Diems, Accomodation)	2,246	5,991
	Office Stationary	2,063	1,880
	Office Rent	-	1,056
	Other Costs	14,528	24,339
	Total other operating expenses	2,347,847	986,381

14 **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.

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14 Financial instruments (*continued*)

Financial assets	31-Dec-21	31-Dec-20
Grants receivable	1,962,346	4,441,846
Cash and cash equivalents	2,297,605	2,251,767
Total	4,259,951	6,693,613
Financial liabilities	31-Dec-21	31-Dec-20
Trade and other payables	140,071	46,737
Total	140,071	46,737

15 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.

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, 2021	USD	EUR	GEL	Total
Financial assets				
Grants receivable	1,040,568	304,229	617,549	1,962,346
Cash and cash equivalents	1,541,438	346,456	409,711	2,297,605
Total	2,582,006	650,685	1,027,260	4,259,951
Financial liabilities				
Lease liability	2,002	-	-	2,002
Current portion of lease liability	89,237	-	-	89,237
Trade and other payables	-	106,180	33,891	140,071
Total	91,239	106,180	33,891	231,310
Net position	2,490,767	544,505	993,369	4,028,641

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15 Financial risk management (*Continued*)

Foreign currency risk (*Continued*)

As of December 31, 2020	USD	EUR	GEL	Total
Financial assets				
Grants receivable	3,406,839	931,156	103,851	4,441,846
Cash and cash equivalents	1,212,347	310,296	729,124	2,251,767
Total	4,619,186	1,241,452	832,975	6,693,613
Financial liabilities				
Lease liability	70,081	-	-	70,081
Current portion of lease liability	58,800	-	-	58,800
Trade and other payables	-	-	46,737	46,737
Total	128,881	-	46,737	175,618
Net position	4,490,305	1,241,452	786,238	6,517,995

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	2021		2020	
	Change in	Impact on	Change in	Impact on
USD	-10%	(249,077)	-10%	(449,030)
	-5%	(124,538)	-5%	(224,515)
	5%	124,538	5%	224,515
	10%	249,077	10%	449,030

Currency	2021		2020	
	Change in	Impact on	Change in	Impact on
EUR	-10%	(54,451)	-10%	(124,145)
	-5%	(27,225)	-5%	(62,073)
	5%	27,225	5%	62,073
	10%	54,451	10%	124,145

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 risk.

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:

15 Financial risk management (*Continued*)

Foreign currency risk (*Continued*)

Financial assets at carrying amounts	31-Dec-21	31-Dec-20
Grants receivable	1,962,346	4,441,846
Cash and cash equivalents	2,297,605	2,251,767
Total	4,259,950	6,693,613

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.

16 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.

17 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 2021 include salaries and other benefits of Key Management personnel in the amount of GEL 356,457 (year 2020: GEL 313,458).

18 Events after the reporting period

On 24 February 2022, Russia began a military invasion of Ukraine, in a major escalation of the Russo-Ukrainian conflict that had begun in 2014. The war is still ongoing for the date of approval of the Organization's financial statements. The invasion was widely condemned internationally. Many countries imposed new sanctions which have led to economic consequences for Russia and the world economy. The organization does not consider the risks arising from the above-mentioned Russo-Ukrainian conflict as significant since the organization or its owners and the organization's main donors do not have any ties with either Russia or Ukraine

No other significant events have been identified after the reporting period.