



The Institute for Development of Freedom of Information (IDFI)

Financial Statements for the year ended December 31, 2022

with

Independent Auditors' Report

**The Institute for Development of Freedom of Information (IDFI)**  
**Financial Statements for the year ended December 31, 2022**  
**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:

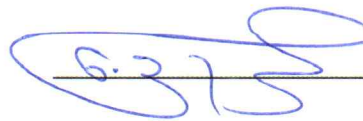
- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps that are reasonably open to them to safeguard the assets of the Organization, and
- prevention and detection of fraud and other irregularities.

The financial statement is approved and signed on April 19, 2023:



**Giorgi Kldiashvili**  
Executive Director

N(N)LE The Institute for Development Freedom of  
Information (IDFI)



**Nutsa Vepkhvadze**  
Financial Manager

N(N)LE The Institute for Development Freedom of  
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Financial Manager

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Information (IDFI)

## INDEPENDENT AUDITORS' REPORT

To the Management of Institute for Development of Freedom of Information (IDFI)

### *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, 2022 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, 2022, 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.

### *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.



### *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.


The partner in charge of the audit resulting in this independent auditor's report is Levan Papiashvili.

For and on behalf Kreston Georgia LLC (Registration number: SARAS-F-342289)

Levan Papiashvili (Registration number: SARAS-A-387992)

April 19, 2023

Kavtaradze str, I lane, N10, floor 3, office 4. Tbilisi 0186, Georgia



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To the Management of Institute for Development of Freedom of Information (IDFI)

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In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Organization as of December 31, 2022, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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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.

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For and on behalf Kreston Georgia LLC (Registration number: SARAS-F-342289)

Levan Papiashvili (Registration number: SARAS-A-387992)

April 19, 2023

Kavtaradze str, I lane, N10, floor 3, office 4. Tbilisi 0186, Georgia



## Statement of Financial Position

As at 31 December 2022

Amounts expressed in Georgian Lari

	NOTE	31.12.2022	31.12.2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	62 160	74 055
Right-of-use assets	6	11 564	92 639
<b>Total non-current assets</b>		<b>73 724</b>	<b>166 694</b>
<b>Current Assets</b>			
Advances paid	7	8 226	38 907
Tax asset		10 318	21 390
Grants receivable	8	533 022	1 962 345
Other assets		19 571	-
Cash and cash equivalents	9	1 632 193	2 297 605
<b>Total current assets</b>		<b>2 203 330</b>	<b>4 320 247</b>
<b>Total assets</b>		<b>2 277 054</b>	<b>4 486 941</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Net assets		1 138 795	817 906
Fixed assets revaluation reserve		6 419	6 419
<b>Total equity</b>		<b>1 145 214</b>	<b>824 325</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Deferred grant revenue	10	1 119 120	3 425 846
Lease liability		-	2 002
<b>Total non-current Liabilities</b>		<b>1 119 120</b>	<b>3 427 848</b>
<b>Current Liabilities</b>			
Advances received		-	5 461
Current portion of lease liability		1 736	89 237
Trade and other payables		10 984	140 071
<b>Total current Liabilities</b>		<b>12 720</b>	<b>234 769</b>
<b>Total Equity and Liabilities</b>		<b>2 277 054</b>	<b>4 486 942</b>

The financial statement is approved and signed on April 19, 2023:

  
Giorgi Kldiashvili

Executive Director

  
Nutsa Vepkhvadze

Financial Manager

## Statement of Financial Position

As at 31 December 2022

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**Nutsa Vepkhvadze**  
 Financial Manager

## Statement of Comprehensive Income

As at 31 December 2022

Amounts expressed in Georgian Lari

	NOTE	2022	2021
Revenue from grants	11	2 957 472	3 849 236
Other operating income	12	562 321	159 982
Salaries	13	(647 087)	(1 422 821)
Other operating expenses	14	(2 272 766)	(2 347 847)
Depreciation and amortisation		(109 897)	(81 180)
Interest expenses		(4 039)	(8 658)
<b>Result from operating activities</b>		<b>486 004</b>	<b>148 712</b>
Other non-operating income		8 253	44 041
Other non-operating expenses		(1 582)	(68 607)
<b>Result from non-operating activities</b>		<b>492 675</b>	<b>124 146</b>
Foreign exchange gain/(losses), net		(171 786)	85 625
<b>Result before income tax</b>		<b>320 889</b>	<b>209 771</b>
Income Tax		-	-
<b>Result for the year</b>		<b>320 889</b>	<b>209 771</b>
<b>Other Comprehensive Income</b>			
Net gain/loss from revaluation of Fixed assets		-	4 229
<b>Total comprehensive income for the year</b>		<b>320 889</b>	<b>214 000</b>

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**Nutsa Vepkhvadze**  
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Financial Manager

N(N)LE The Institute for Development  
 Freedom of Information (IDFI)

N(N)LE The Institute for Development  
 Freedom of Information (IDFI)

## Statement of Changes in Equity

As at 31 December 2022

Amounts expressed in Georgian Lari

	Net Assets	Total
<b>Balance at 31 December 2020</b>	<b>610 325</b>	<b>610 325</b>
Changes in net assets 2021	209 771	209 771
Fixed assets revaluation reserve	4 229	4 229
<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>

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Amounts expressed in Georgian Lari

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 Freedom of Information (IDFI)

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 Freedom of Information (IDFI)

## Statement of Cash Flows

As at 31 December 2022

Amounts expressed in Georgian Lari

	2022	2021
<b>Cash flows from operating activities</b>		
Net Income /Loss	320 889	209 771
<b>Adjustments:</b>		
Depreciation and amortisation	28 821	19 591
Write-off	(77)	-
Interest expenses	4 039	8 658
Right-of-use assets	81 075	61 589
Foreign exchange result	171 786	(85 625)
<b>Operation cash flows before working capital changes</b>	<b>606 533</b>	<b>213 984</b>
Decrease / (Increase) in advances paid	28 754	371 937
Decrease / (Increase) in grants receivable	1 340 172	2 269 079
Decrease / (Increase) in prepaid taxes	11 073	54 144
Decrease / (Increase) in other assets	(18 693)	-
(Decrease) / Increase in advances received	(5 461)	5 461
(Decrease) / Increase in deferred grant revenue	(2 028 586)	(2 599 365)
(Decrease) / Increase in trade and other payables	(129 027)	94 470
<b>Net cash flows from operating activities</b>	<b>(195 235)</b>	<b>409 710</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(16 850)	(30 475)
<b>Net cash flows used in investing activities</b>	<b>(16 850)</b>	<b>(30 475)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liability	(81 795)	(75 528)
<b>Net cash flows used in financing activities</b>	<b>(81 795)</b>	<b>(75 528)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(293 880)</b>	<b>303 707</b>
Cash and cash equivalents at beginning of year	2 297 605	2 251 767
Effect of exchange rate changes on cash and cash equivalents	(371 532)	(257 869)
<b>Cash and cash equivalents at end of year</b>	<b>1 632 193</b>	<b>2 297 605</b>

The financial statement is approved and signed on April 19, 2023:

  
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Nutsa Vepkhvadze

Financial Manager

## Statement of Cash Flows

As at 31 December 2022

Amounts expressed in Georgian Lari

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**Giorgi Kldiashvili**

Executive Director

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**Nutsa Vepkhvadze**

Financial Manager

## 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 address: Niaghvari street, N4, apartment 18, Mtatsminda district, Tbilisi, Georgia. Its actual address is: 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, 2022

After January 1, 2022, several new standards and interpretations have become effective, although none of them have a significant impact on the organization's financial statements for the period ended December 31, 2022:

From January 1, 2022, further amendments will become effective:

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*
- *Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16)*
- *Annual Improvements to IFRS Standards 2018–2020 (IFRS1, IFRS9, IFRS16 and IAS41)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*

### 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.

From January 1, 2023, further amendments will become effective:

- *Disclosure of Accounting Policies (Amendment - IAS 1 and IFRS);*
- *Definition of accounting estimates (amendment - IAS 8);*
- *Deferred tax related to assets and liabilities (amendment - IAS 12).*

In January 2020, the IASB issued amendments to IAS 1 that clarify the criteria for classifying liabilities as current and non-current. According to the mentioned changes, the classification of a liability as a short-term or long-term liability depends on whether at the end of the current reporting period the company has the right to postpone the repayment of the liability for at least 12 months after the reporting period. The amendments also clarify that “liability settlement” includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer the equity instruments arises from the exchange of a component of the financial instrument that is classified as an equity instrument separately from the liability component. The amendments were initially to be effective on January 1, 2022 and would be effective for subsequent reporting periods. However, in May 2020, the effective date of the amendments to IAS 1 was postponed to January 1, 2023.

Currently, the organization is evaluating the expected impact of the changes on its financial statements. The organization does not expect that any other standards issued by the IASB, which are not yet effective, will have a material impact on its 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:

	31-Dec-22	31-Dec-21
1USD=	2.7020	3.0976
1EUR=	2.8844	3.5040

#### 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.

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**

Items of property, plant and equipment are initially recognized at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management. 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.

Other items of property, plant and equipment are subsequently measured at revaluated value less any accumulated depreciation and 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:

Office and other equipment	3 - 5 years
Furniture	5 years
Vehicles	8 years

If there is an indication 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. Any gain or loss arising from the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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 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.

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.

### **3.8 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.

## 5. Property and equipment

Cost	Dep-Technical equipment	Lease hold improvement	Dep-Furniture	Dep-Vehicle	Total
<b>As of 31-Dec-2020</b>	<b>82 798</b>	<b>3 162</b>	<b>18 973</b>	<b>25 247</b>	<b>130 180</b>
Additions	13 809	9 862	9 427	-	<b>33 098</b>
Fixed assets revaluation reserve	4 095	-	134	-	<b>4 229</b>
Write-off	(2 202)	(1 055)	(427)	-	<b>(3 683)</b>
<b>As of 31-Dec-2021</b>	<b>98 500</b>	<b>11 969</b>	<b>28 107</b>	<b>25 247</b>	<b>163 824</b>
Additions	9 511	-	7 339	-	<b>16 850</b>
Write-off	(6 903)	-	(46)	-	<b>(6 948)</b>
<b>As of 31-Dec-2022</b>	<b>101 108</b>	<b>11 969</b>	<b>35 400</b>	<b>25 247</b>	<b>173 725</b>
<b>Accumulated Depreciation</b>					
<b>As of 31-Dec-2020</b>	<b>50 388</b>	<b>474</b>	<b>10 019</b>	<b>10 350</b>	<b>71 231</b>
Depreciation	11 830	1 315	2 236	3 156	<b>18 537</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	<b>28 822</b>
Write-off	(6 984)	-	(42)	-	<b>(7 026)</b>
<b>As of 31-Dec-2022</b>	<b>70 620</b>	<b>6 878</b>	<b>17 404</b>	<b>16 662</b>	<b>111 564</b>
<b>Net carrying amount</b>					
<b>As of 31-Dec-2020</b>	<b>32 410</b>	<b>2 688</b>	<b>8 954</b>	<b>14 897</b>	<b>58 949</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>17 996</b>	<b>8 585</b>	<b>62 160</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:

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	Office	<u>Total</u>
<b>Cost</b>		
<b>As at 01-Jan-2021</b>	<b>173 076</b>	<b>173 076</b>
Additions	29 228	29 228
<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>
<b>Accumulated Depreciation</b>		
<b>As at 01-Jan-2021</b>	<b>(48 076)</b>	<b>(48 076)</b>
Depreciation	(61 589)	(61 589)
<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>
<b>Net carrying amount</b>		
<b>As at 01-Jan-2021</b>	<b>125 000</b>	<b>125 000</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>

As at December 31, 2022, the balance of right of the use asset is and the lease liability are GEL 11,564 and GEL 1,736 from which (GEL 1,736 is current portion and GEL 0 is non-current) respectively. The interest charge on lease liabilities presented within interest expense in the statement of comprehensive income amounted GEL 4,039.

## 7. Advances paid

Advances paid consists of pre-paid amounts to subcontractors.

## 8. Grants receivable

Donor	Start date	End date	Project	31.Dec.22	31.Dec.21
Deloitte Consulting LLP (USAID)	05.Apr.21	04.Oct.24	Promoting PPD in Georgia through Monitoring and Awareness Raising	263 986	383 627
Luminate	13.Jan.22	31.Dec.23	Core grant	186 470	-
Internews and United States Agency for International Development (USAID),	29.Nov.22	28.May.23	Digital Freedoms in Georgia - 2023	53 605	-
International Media Support (IMS)	01.Jun.22	30.Nov.22	Advancing Open Data Standards and Promoting Open Data Use in Georgia	16 383	-

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e-Governance Academy Foundation	01.Sep.21	31.Aug.23	Digital Research and Impact for Vulnerable E-citizens (in Ukraine and Georgia) - e-Governance Academy	8 684	105 495
Institute for war and peace reporting (IWPR)	20.Sep.22	20.Dec.22	Local Self-GovRoots of Anti-Western Propaganda	3 894	-
SIDA	01.Jan.20	31.Mar.23	Core Support - SIDA	-	878 853
The European Union	10.Oct.19	10.Jan.22	"Contributing to PAR through Civic Monitoring and Engagement"	-	174 286
UNDP	11.Oct.19	30.Jul.22	Consolidating Parliamentary Democracy in Georgia	-	92 671
Foundation Open Society Institute (FOSI)	01.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	-	89 211
Foundation to Promote Open Society (FPOS)	22.May.20	31.Aug.22	Developing Corruption Hunters' Educational Certification Program - Educational 2	-	72 277
The State of Netherlands	09.Nov.20	28.Feb.22	Promoting Personal Data Protection in Georgia - Personal Data Protection	-	43 929
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	-	29 490

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			and Tsageri Municipalities - GGI SUB 061		
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
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	01.Feb.22	Enhancing Digital Freedom through Monitoring, Reporting and Advocacy - Digital Freedoms	-	115
Luminate	01.Jan.19	30.Apr.22	Good Governance for Georgia (3 G)	-	112
<b>Total</b>				<b>533 022</b>	<b>1 962 346</b>

## 9. Cash and cash equivalents

	31-Dec-22	31-Dec-21
Cash at Bank in GEL	118 976	409 711
Cash at Bank in foreign currency (EUR)	240 801	346 456
Cash at Bank in foreign currency (USD)	1 272 416	1 541 438
<b>Total cash and cash equivalents</b>	<b>1 632 193</b>	<b>2 297 605</b>

## 10. Deffered grant revenue

Donor	Start date	End date	Project	31.Dec.22	31.Dec.21
SIDA	01.Jan.20	31.Mar.23	Core Support - SIDA	475 958	1 709 861
Deloitte Consulting LLP (USAID)	05.Apr.21	04.Oct.24	Promoting PPD in Georgia through Monitoring and Awareness Raising	264 020	383 391
Luminate	13.Jan.22	31.Dec.23	Core grant	257 471	-
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 Academy Foundation	01.Sep.21	31.Aug.23	Digital Research and Impact for Vulnerable E-citizens (in Ukraine and Georgia) - e-Governance Academy	13 716	105 495
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	-
Foundation Open Society Institute (FOSI)	01.Dec.21	30.Sep.2022	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	82 085
International Media Support (IMS)	01.Jun.22	30.Nov.22	Advancing Open Data Standards and Promoting Open Data Use in Georgia	2 102	-
Institut für Auslandsbeziehungen (ifa)	01.Jul.22	31.Dec.22	Relocation/Individual Support Grant	557	-
UNDP	11.Oct.19	30.Jul.22	Consolidating Parliamentary Democracy in Georgia - UNDP 4	-	267 033
Luminate	01.Jan.19	30.Apr.22	Good Governance for Georgia (3 G) - Luminate	-	238 440



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The European Union	10.Oct.19	10.Jan.22	"Contributing to PAR through Civic Monitoring and Engagement" - EU PAR	-	208 360
The State of Netherlands Represented by the Minister of Foreign Affairs	09.Nov.20	28.Feb.22	Promoting Personal Data Protection in Georgia - Personal Data Protection	-	83 487
Foundation to Promote Open Society Institute (FPOS)	06.Jun.19	31.Aug.22	Developing Corruption Hunters' Educational Certification Program - Educational 2	-	78 661
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	-	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	-	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	01.Feb.22	Enhancing Digital Freedom through Monitoring, Reporting and Advocacy - Digital Freedoms	-	24 068
Global Data Barometer	01.Sep.21	30.Apr.22	Data Collection across countries in Eastern Partnership and Central Asia (for GDB Study Design) - Global Barometer ILDA	-	19 776

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United Nations Development Program (UNDP)	23.Aug.21	31.Jan.22	Supporting public administration reform in Georgia – Phase 2 – UN PAR Phase2	-	16 722
ZINC Network (USAID)	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
Open Society Georgian Foundation	16.Dec.20	30.Dec.21	Local Self-Government Index - 2021 - OSGF LSG Index 2021	-	2 999
<b>Total</b>				<b>1 119 120</b>	<b>3 425 846</b>

## 11. Revenue from grants

Donor	Start date	End date	Project	31.Dec.22	31.Dec.21
SIDA	30.Dec.19	31.Mar.23	Core Support - SIDA	1 141 833	930 701
Luminate	13. Jan.22	31. Dec.23	Core grant	288 962	-
UNDP	11.Nov.19	30.Jul.22	Consolidating Parliamentary Democracy in Georgia - UNDP 4	267 252	391 510
Luminate	01.Jan.19	30.Apr.22	Good Governance for Georgia (3 G) - Luminate	211 289	313 766
Deloitte Consulting LLP (USAID)	05.Apr.21	04.Oct.24	Promoting PPD in Georgia through Monitoring and Awareness Raising	119 371	81 610
The Foundation to Promote Open Society	01.Aug.22	31.Dec.22	Core grant	118 775	-
e-Governance Academy foundation	01.Sep.21	31.Aug.23	DRIVE: Digital Research and Impact for Vulnerable E-citizens in Ukraine and Georgia	80 067	-
Foundation to Promote Open Society (FPOS)	22.May.20	31.Aug.22	Building Sustainable Human Capacity in Fighting Corruption - Educational 2	76 502	141 460

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Foundation Open Society Institute (FOSI)	01.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	74 270	7 062
International Media Support (IMS)	01.Jun.22	30.Nov.22	Advancing Open Data Standards and Promoting Open Data Use in Georgia	61 292	-
The State of Netherlands Represented by the Minister of Foreign Affairs	09.Nov.20	28.Feb.22	Promoting Personal Data Protection in Georgia - Personal Data Protection	60 347	157 641
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	57 239	-
ZINC Network (USAID)	02.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	01.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 - Stage 2	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.Jun.21	15.Feb.22	Good Governance for Local Development - GIZ	29 325	115 858
Institut für Auslandsbeziehungen (ifa)	01.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	-

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			for the city of Gori - Stage 1		
ZINC Network (USAID)	28.Mar.22	30.Jun.22	Solidarity Branding - Promoting Entrepreneurs Living in the Shida Kartli Region, Next to the Occupied Territories – Stage 1	22 315	-
Global Data Barometer	01.Sep.21	30.Apr.22	Data Collection across countries in Eastern Partnership and Central Asia (for GDB Study Design) - Global Data Barometer ILDA	20 116	28 393
The Black Sea Trust for Regional Cooperation (BST)	19.Apr.21	01.Feb.22	Enhancing Digital Freedom through Monitoring, Reporting and Advocacy - Digital Freedoms	16 033	53 380
United Nations Development Program (UNDP)	23.Aug.21	31.Jan.22	Supporting Public Administration Reform in Georgia - Phase 2	15 804	37 495
ZINC Network (USAID)	19.Oct.21	18.Feb.22	Russian Capital in Georgian Business - ZINC	13 305	9 612
ZINC Network (USAID)	26.Oct.22	27.Jan.23	Analysis of Russian Capital in Georgian Business - Stage 3	12 984	-
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	875 097
Latin American Open Data Initiative (ILDA)	31.Mar.22	31.Dec.22	Global Data Barometer – Dissemination	2 153	-

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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	1 003
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	1 036
Open Society Georgian Foundation (OSGF)	16.Dec.20	30.Dec.21	Local Self-Government Index - 2021	-	62 512
Foundation Open Society Institute (FOSI)	19.May.19	31.Aug.22	Development of Educational Certification Program in Fighting Corruption - Educational	-	13 136
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
International Visegrad Fund	22.Sep.20	14.Dec.21	Empowered Civil Society and Enhanced Beneficial Ownership Transparency Standards for Good Governance - Visegrad 3	-	125 526
Open Society Georgian Foundation	24.Jun.20	24.May.21	Supporting the State Inspector Service - OSGF State Inspector	-	93 205
United Nations Population Fund (UNFPA)	09.Dec.20	08.May.21	Capacity Building Grant	-	91 605
Open Society Georgian Foundation	02.Dec.20	02.Aug.21	Empoving Public Services Efficiency in the Education System of Georgia - OSGF	-	70 001

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			Public Services in Education System		
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.IDF I.01 - ICNL	-	18 479
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
East-West Management Institute, INC. (USAID)	23.Apr.20	28.Feb.21	Enhancing Transparency of the Judiciary in Georgia - Prolog 3	-	11 430
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
International Coalition of Sites of Conscience	31.Aug.21	10.Dec.21	Inter-Religious Understanding Through Graphic Arts - Sites of Conscience	-	9 259
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
Internews	26.Aug.21	25.Nov.21	Digital Privacy in Georgia - Internews	-	3 906
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
<b>Total</b>				<b>2 957 471</b>	<b>3 849 236</b>



## 12. Other operating income

Other operating income	2022	2021
Income from service agreements	101 151	32 864
Other income	461 170	127 118
<b>Total other operating income</b>	<b>562 321</b>	<b>159 982</b>

## 13. Salaries

Salaries per donors	2022	2021
Zinc Network (USAID)	117 523	-
UNDP	134 104	309 360
USAID	96 746	71 582
FOSI	96 194	116 266
Luminate	64 904	199 790
IMS	44 723	110 588
OSGF	33 345	114 908
Other	25 934	-
Embassy of Netherlands in Georgia	19 608	-
Internews	5 826	40 615
EU	5 325	322 558
IWPR	2 856	28 084
GIZ	-	109 069
<b>Total Salaries</b>	<b>647 087</b>	<b>1 422 821</b>

## 14. Other operating expenses

	2022	2021
Service Fee	1 000 391	510 145
Consultancy and Other Professional Services (Translation, Consultancy, etc.)	352 409	460 510
Events (Conferences, Presentations, Workshops, Trainings)	292 598	370 309
Outreach and PR Activities (Design, Audio-Video Visualization, Publishing, etc.)	297 880	275 554
Travel (International Trips, Per Diems, Accommodation)	55 344	2 246
Fringe Benefits and Health Insurance	49 767	43 217
Penson Contribution	40 044	47 755
Financial, Accounting and Audit Services	37 206	26 834
Web-Page Development	33 160	44 648
Stipends	25 657	-
Other Office Costs and Inventory	17 356	17 317
Communication Expenses	16 697	10 714
Utilities	14 488	10 974
Other Costs	14 474	14 528
Transportation (Local Trips, Fuel Costs, Accommodation)	10 650	6 256

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Bank Fees	4 479	5 344
Postage	3 616	4 296
Office stationary	3 347	2 063
Office Vehicle Maintenance and Insurance Costs	3 203	3 002
Subgrants, Grants and Mutual Partnership Projects	-	492 136
<b>Total other operating expenses</b>	<b>2 272 766</b>	<b>2 347 847</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-22</b>	<b>31-Dec-21</b>
Grants receivable	533 022	1 962 346
Equivalents	1 632 193	2 297 605
<b>Total financial assets</b>	<b>2 165 215</b>	<b>4 259 951</b>
<b>Financial liabilities</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Trade and other payables	12 720	140 071
<b>Total financial liabilities</b>	<b>12 720</b>	<b>140 071</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.

### **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 at the closing rate:

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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>				
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>12,720</b>
<b>Net position</b>	<b>1,510,755</b>	<b>269,762</b>	<b>371,978</b>	<b>2,152,495</b>

As of December 31, 2021	USD	EUR	GEL	Total
<b>Financial assets</b>				
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
<b>Total</b>	<b>2 582 006</b>	<b>650 685</b>	<b>1 027 260</b>	<b>4 259 951</b>
<b>Financial liabilities</b>				
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
<b>Total</b>	<b>91 239</b>	<b>106 180</b>	<b>33 891</b>	<b>231 310</b>
<b>Net position</b>	<b>2 490 767</b>	<b>544 505</b>	<b>993 369</b>	<b>4 028 641</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	2022		2021	
	Change in exchange rate	Impact on profit before tax	Change in exchange rate	Impact on profit before tax
USD	-10%	(151 249)	-10%	(449 030)
	-5%	(75 625)	-5%	(224 515)
	5%	75 625	5%	224 515
	10%	151 249	10%	449 030

Currency	2022		2021	
	Change in exchange rate	Impact on profit before tax	Change in exchange rate	Impact on profit before tax
EUR	-10%	(26 976)	-10%	(124 145)
	-5%	(13 488)	-5%	(62 073)
	5%	13 488	5%	62 073
	10%	26 976	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:

<b>Financial assets at carrying amounts</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Grants receivable	533 022	1 962 346
Cash and cash equivalents	1 632 193	2 297 605
<b>Total</b>	<b>2 165 215</b>	<b>4 273 451</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 2022 include salaries and other benefits of Key Management personnel in the amount of GEL 343 856 (year 2021: GEL 356 457).

## 19. Events after the reporting period

No significant events have been identified after the reporting period.

**-End of the document-**