SPECIAL-PURPOSE STATEMENT OF FINANCIAL POSITION & INDEPENDENT AUDITORS' REPORT

For period ended December 31, 2020

NNLE CIVIL DEVELOPMENT AGENCY (CIDA)

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Audit & Business Advisory Services

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INDEPENDENT AUDITOR`S REPORT

TO THE MEMBERS OF BOARD OF NNLE CIVIL DEVELOPMENT AGENCY (CIDA)

Opinion

We have audited the financial statement of Civil Development Agency (CIDA) (hereinafter "Organization"), which comprise the special-purpose statement of financial position as at December 31, 2020 and special-purpose statement of activities, special-purpose statement of cash flows and special-purpose statement of changes in funds for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special-purpose statement of the Organization for the year ended December 31, 2020 are prepared in all material respects, in accordance with the Financial Handbook of CIDA and other financial instructions and policies effective in the Organization.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of financial statements in Georgia, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter-Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 - Accounting Policy to the financial statements, which describes the basis of accounting. The special purpose financial statement is prepared to assist the Organization to comply with the Financial Handbook of CIDA and other financial instructions and policies effective in the Organization. As a result, the financial statement may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

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 the Financial Handbook of CIDA and other financial instructions and policies effective in the Organization 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic descriptions 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 scepticism 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, international 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 exercising an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting polices 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 date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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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.

AG International Consulting
G. Mikabadze

Giorgi Mikabadze
Director

LLC AG International Consulting
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License #SARAS-F-344253
Tbilisi, Georgia
Date: July 02, 2021 year

SPECIAL-PURPOSE STATEMENT OF FINANCIAL POSITION

	Notes	December 31, 2020 Year	December 31, 2019 Year
Assets			
Non-current Assets			
Property and equipment	4	26,364	53,887
Total Non-current Assets		**26,364**	**53,887**
Current Assets			
Cash and cash equivalents	5	1,065,780	733,787
Total Current Assets		**1,065,780**	**733,787**
Total Assets		**1,092,144**	**787,674**
Accumulated Funds and Liabilities			
Accumulated Funds			
Accumulated funds		1,092,144	787,674
Total Accumulated Funds		**1,092,144**	**787,674**
Total Accumulated Funds and Liabilities		**1,092,144**	**787,674**

Salome Zurabishvili
Executive Director

July 02, 2021
Tbilisi, Georgia

Temur Tkeshelashvili
Financial Manager

July 02, 2021
Tbilisi, Georgia

SPECIAL-PURPOSE STATEMENT OF ACTIVITIES

INCOMING RESOURCES	Notes	2020 Year
Income from fundraising	6	1,174,827
Other Operating income	7	8,097
Total Incoming Resources		**1,182,924**
EXPENSES		
Program expenses		(384,534)
Salary expenses		(540,491)
Travel and per diem		(50,458)
Office rent expenses		(41,773)
Accommodation expenses		(18,137)
Audit and consulting expenses		(15,509)
Depreciation and amortization		(13,006)
Transportation expenses		(4,335)
Fuel expenses		(4,097)
Stationary expenses		(3,267)
Utility expenses		(3,070)
Other administrative expenses		(2,879)
Communication expenses		(2,635)
Bank expenses		(530)
Total expenses		**(1,084,722)**
Net surplus/deficit on operating activities		**98,202**
Non-operating income		43,348
Exchange rate gain (loss)		162,920
Net surplus/deficit before tax		**304,470**
Profit tax expenses		-
SURPLUS/DEFICIT AFTER TAX		**304,470**

Salome Zurabishvili
Executive Director

July 02, 2021
Tbilisi, Georgia

Temur Tkeshelashvili
Financial Manager

July 02, 2021
Tbilisi, Georgia

SPECIAL-PURPOSE STATEMENT OF CASH FLOWS

	December 31, 2020 Year
Cash flows from operating activities	
surplus/deficit	304,470
Adjustments for non-cash income and expenses:	
Depreciation of property, plant and equipment	13,006
Profit / loss from the sale of fixed assets	5,399
Net foreign exchange differences	(162,920)
Operation Cash Flows Before Working Capital Changes	**159,954**
Net cash flows from operating activities	**159,954**
Cash flows from investing activities	
Purchase of fixed assets	(13,881)
Sale of fixed assets	23,000
Net cash flows used in investing activities	**9,119**
Net increase (decrease) in cash and cash equivalents	**169,073**
Net foreign exchange difference	162,920
Cash and cash equivalents at beginning of year	733,787
Cash and cash equivalents at end of year	**1,065,780**

SPECIAL-PURPOSE STATEMENT OF CHANGES IN ACCUMULATED FUNDS

	Accumulated Funds	Total
Balance at January 01, 2019	**1,089,608**	**1,089,608**
Gain/Loss for the year	(301,934)	(301,934)
Balance at December 31, 2019	**787,674**	**787,674**
Gain/Loss for the year	304,470	304,470
Balance at December 31, 2020	**1,092,144**	**1,092,144**

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ACTIVITIES

NNLE Civil Development Agency is a local non-profit organization, which was founded in August 13, 2001, the legal address is Georgia, Tbilisi, Vake district, I. Abashidze st. 34, Commercial Area A-3, Block 1, registered with tax payer code: 216395595. NNLE Civil Development Agency is governed by board of members consisting from Maia Dzirkvelishvili (ID 36001005691) - Board Member, Robert Michael Cowgill (ID 01008045616) - Board Member, Ekaterine Laliashvili (ID 60002004128) - Board Member, Valeri Chekheria (ID 01017011384) - Board Member, Giorgi Chekhani (ID 01011055533) - Board Member and Salome Zurabishvili (ID 01008041637) - Executive Director.

NNLE Civil Development Agency serves for the protection, popularization and implementation of the socio-economic rights of the Georgian population through cooperation with business organizations, international organizations, media, civil society, and the Government. CiDA facilitates improvement of the living environment and individual development of eco-migrants, IDPs, migrants, vulnerable groups living in villages, women, persons with disabilities, former prisoners, ethnic minorities, probationers and people in conflict with the law.

NOTE 2. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with Financial Handbook of CIDA and other financial instructions and policies effective in the Agency, on the historical cost basis of accounting. The principal accounting policies adopted are set out below.

The preparation of the special-purpose financial statements requires the use of estimates and assumption that affect the reported amounts of assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions actual results ultimately may differ from those estimates.

NOTE 3. ACCOUNTING POLICY

3.1 Functional and presentation currency

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Georgian Lari ("GEL"), which is the Organization's functional and presentation currency.

3.2 Foreign currencies

Transactions denominated in foreign currency are translated into GEL at the official exchange rate of National Bank of Georgia on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated into GEL at the official exchange rate of National Bank of Georgia at the balance sheet date. Exchange differences on monetary items are recognized in Statement of Activities in the period in which they arise.

Foreign currency is translated at the National Bank of Georgia rate of exchange at the given date (year end for the statements). According to official information from National Bank of Georgia the rate of Exchange of GEL to EUR, USD and SEK were:

	December 31, 2020 Year	December 31, 2019 Year
Gel/1 USD	3.2766	2.8677
Gel/1 EUR	4.0233	3.2095
Gel/10 SEK	4.0068	3.0700

3.3 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Depreciation is charged using the straight-line method at rates 10-20%. Depreciation charge for a period is recognized as expense in Statement of Activities.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continuing use of the assets. Any gain or loss arising on 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 Statement of Activities.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Organization in the management of its short-term commitments.

3.5 Taxation

Activities of the Organization in part of fundraising are not subject to profit tax value; value added tax and property tax.

The Organization, as non-governmental, non-commercial organization, pays the following taxes:

- Income Tax (20%) - Mentioned tax will be paid from the whole salary and from benefits that are handled to the employees according to the Georgian tax legislation. These taxes are given in financial statements - project incomes and project expenditures as the part of salary and benefits connected to it.
- Since January 1, 2019, a pension tax was established, which assumes a mandatory taxation of organizations at 2% rate of each paid salary.

3.6 Recognition of revenues and expenses

In accordance with cash basis of accounting expenditures, including capital spending, are recognized at the time cash is disbursed, rather when incurred. Funding income is recognized in the special purpose statement of activities when received. Any surplus or deficit is shown as a special purpose balance sheet item. Revenue received in foreign currencies are translated into GEL and presented in Special-Purpose Statement of Activities using the National Bank of Georgia (NBG) exchange rate at the dates when funds are received. Issued sub grants are recognized as expenses when funds are disbursed and to the extent of amount transferred to sub grantees.

NOTE 4. PROPERTY AND EQUIPMENT

	Vehicles	Computers and office Equipment	Furniture and other inventory	Total
Beginning Balance				
NBV as at January 01, 2019 Year	57,674	14,459	11,326	83,459
Additions in 2019 Year	-	5,331	-	5,331
Disposals in 2019 Year	(16,869)	-	-	(16,869)
Depreciation charge in 2019 Year	(1,638)	(13,482)	(2,913)	(18,033)
Balance as at December 31, 2019 Year	**29,500**	**15,975**	**8,412**	**53,887**
Additions in 2020 Year	-	11,811	2,070	13,881
Disposals in 2020 Year	(28,399)	-	-	(28,399)
Depreciation charge in 2020 Year	(1,101)	(8,393)	(3,511)	(13,006)
Balance as at December 31, 2020 Year	**-**	**19,392**	**6,971**	**26,364**

NOTE 5. CASH AND CASH EQUIVALENTS

	December 31, 2020 Year	December 31, 2019 Year
Cash in Bank in EUR	1,001,923	697,758
Cash in Bank in GEL	63,857	20,375
Cash in Bank in SEK	-	15,654
Total cash in banks	**1,065,780**	**733,787**
Petty Cash	-	-
Total Cash & Cash Equivalents	**1,065,780**	**733,787**

NOTE 6. INCOME FROM FUNDRAISING

	2020 Year
Swedish International Development Cooperation Agency	1,017,935
Georgian Centre for Psychosocial & Medical Rehabilitation of Torture Victims	60,732
USAID through East-West Management Institute	59,084
The European Fund for Southeast Europe Development Facility	18,868
European Union thought Georgian Farmers Association	18,208
Total Income from fundraising	**1,174,827**

NOTE 7. OTHER OPERATING INCOME

	2020 Year
Global Compact Network Georgia – membership fee	8,097
Total other operating income	**8,097**

NOTE 8. EXPENSES BY FUNDING SOURCES

	2019 Year
Swedish International Development Cooperation Agency	881,257
Georgian Centre for Psychosocial & Medical Rehabilitation of Torture Victims	107,105
USAID through East-West Management Institute	37,735
The European Fund for Southeast Europe Development Facility	24,503
European Union thought Georgian Farmers Association	18,262
United Nations Development Programme	2,855
Total Expenses by funding sources	**1,071,717**

NOTE 8.1. SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

PROJECT NAME: **Leadership for Sustainable Development in Georgia**
BUDGET: 8,000,000 SEK
PROJECT DURATION: November 01, 2018 to October 31, 2021

Project expenses

	2020 Year
EXPENSES	
Salary expenses	435,473
Program expenses	318,937
Travel and per diem	50,458
Office rent expenses	38,057
Audit and consulting expenses	15,509
Accommodation expenses	10,301
Fuel expenses	2,915
Utility expenses	2,522
Stationary expenses	2,034
Other administrative expenses	1,761
Communication expenses	1,646
Transportation expenses	1,317
Bank expenses	327
Total expenses	**881,257**

NOTE 8.2. GEORGIAN CENTRE FOR PSYCHOSOCIAL & MEDICAL REHABILITATION OF TORTURE VICTIMS

PROJECT NAME: **Contribution to the process of successful implementation of juvenile justice reform**
BUDGET: 78,850 EUR
PROJECT DURATION: June 01, 2018 to April 30, 2020

Project expenses

	2020 Year
EXPENSES	
Salary expenses	59,972
Program expenses	37,534
Transportation expenses	3,019
Office rent expenses	1,339
Stationary expenses	1,233
Fuel expenses	1,182
Other administrative expenses	1,118
Communication expenses	989
Utility expenses	548
Bank expenses	171
Total expenses	**107,105**

NOTE 8.3. USAID THROUGH EAST-WEST MANAGEMENT INSTITUTE

PROJECT NAME: **Advancing CSO capacities and engaging Society for sustainability**
BUDGET: 400,000 USD
PROJECT DURATION: September 15, 2020 to July 15, 2021

Project expenses

	2020 Year
EXPENDITURES	
Salary expenses	29,935
Program expenses	5,408
Office rent expenses	2,377
Bank expenses	15
Total expenses	**37,735**

NOTE 8.4. THE EUROPEAN FUND FOR SOUTHEAST EUROPE DEVELOPMENT FACILITY

PROJECT NAME: **Financial Literacy Training for Agricultural Producers**
BUDGET: 14,845 EUR
PROJECT DURATION: January 26, 2019 to April 30, 2020

Project expenses

	2020 Year
EXPENDITURES	
Salary expenses	15,065
Program expenses	4,447
Accommodation expenses	4,991
Total expenses	**24,503**

NOTE.8.5. EUROPEAN UNION THOUGHT GEORGIAN FARMERS ASSOCIATION

PROJECT NAME: **Food and Agriculture SME support initiative (FASSI)**
BUDGET: 156,130 EUR
PROJECT DURATION: March 27, 2017 to June 01, 2019

Project expenses

	2020 Year
EXPENDITURES	
Program expenses	18,208
Salary expenses	46
Bank expenses	8
Total expenses	**18,262**

NOTE 8.6. UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT NAME: **Strengthening the Role of Civil Society in Advocacy for Sustainable and Equitable Rural Development of Georgia**

BUDGET: 116,223 GEL

PROJECT DURATION: August 09, 2019 to December 17, 2019

Project expenses

	2020 Year
EXPENDITURES	
Accommodation expenses	2,845
Bank expenses	10
Total expenses	**2,855**

NOTE 9. RELATED PARTY TRANSACTIONS

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", could be one or more of the following:

a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, The Organization (this includes parents, subsidiaries and fellow subsidiaries); have an interest in The Organization that gives then significant influence over The Organization; and that have joint control over The Organization;
b) Members of key management personnel of The Organization or its parent;
c) Close members of the family of any individuals referred to in (a) or (b);
d) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (b);

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Details of transactions between The Organization and other related parties are disclosed below.

Related party transactions as at 31 December 2020 can be presented as follows:

Management Salaries	**2020 Year**
Executive Director (Salome Zurabishvili)	97,789
Total Management Salaries	**97,789**

NOTE 10. FINANCIAL RISK MANAGEMENT

Interest rate risk

The Organization's revenue and operating cash flows are independent of changes in market interest rates. The organization has no interest-bearing liabilities or significant interest-bearing assets.

Credit risk

The organization has no significant concentrations of credit risk.

Liquidity risk

The Organization has no liquidity risk exposures as operations are implemented according to budget.

Fair value estimation

The net fair of cash and cash equivalents of the Organization approximates their carrying amount.

Foreign currency exposure risk

Currency risk arises from open position in foreign currencies and adverse movements of market exchange rates that may have a negative impact on financial performance of the Organization.

NOTE 11. EVENTS AFTER THE REPORTING PERIOD

Further analysis of the reporting period "Subsequent events after the reporting period" includes all events that will take place before the date of issuance of the financial statements.

The above-mentioned standard requires, that the financial statements report reflect the current situation of statement of financial position for the closing date of the reporting period. On December 31, 2020, China warned the World Health Organization that several cases of unusually shaped pneumonia have been reported in Uhan. However, only in early 2020 year substantial information emerge about it, what is now identified as coronavirus.

New challenges regarding COVID-19 indeed led to uncertainties worldwide, as well as in Georgia. The Government of Georgia declared a state of emergency and imposed strict restrictions for people residing in the country. This situation demanded a respective response and concrete changes in our working environment. CIDA managed to adjust to this new reality. It closed the office and moved to remote work. However, this factor did not hinder the implementation of the activities planned in different projects..

The management of the organization believes that subsequent events of the final balance will not affect the functioning of the organization.

NOTE 12. GOING CONCERN

At the end of the reporting period, management discusses business continuity issues to ensure that the presentation of financial statements based on the going concern principle is fair.

Currently, CIDA is actively working on project proposals to continue some of the recent projects and start new ones in the next year. In particular, we have a strong co-operation with our current donors and discuss with them plans for the next years.

NOTE 13. APPROVAL OF FINANCIAL STATEMENTS

These special-purpose financial statements were authorized for issue by the Management of the Company on July 02, 2021.