

NPLE „FIRST STEPS GEORGIA”

**Financial statements
For the year ended 31 December 2020
and the independent auditors’ report**

March 2021
Tbilisi

NPLE “FIRST STEPS GEORGIA”

CONTENTS

Independent auditors’ report	3-4
Statement of financial position	5
Statement of activities and changes in net assets	6
Statement of changes in accumulated funds	7
Statement of cash flows	8
Notes to the financial statements	9
Last page of the report	20

INDEPENDENT AUDITOR'S REPORT**To the Management and the Board of Directors of FIRST STEP GEORGIA Report on the Audit of the Financial Statements****Qualified Opinion**

We have audited the financial statements of FIRST STEP GEORGIA (the Organization) which comprise the statement of financial position as at 31 December 2020, and the statement of activities and changes in net assets, statement of changes in accumulated funds and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, the financial position of the Organization as at December 31 2020, and its activities and changes in net assets and its cash flows for the year then ended, in all material respects except the matters described in basis of qualification section of report, in accordance with the basis of accounting polices described in note 2 of the financial statements.

Basis for Qualification

During the whole period company operates it has not performed any revaluation of fixed assets. Total book value of fixed assets in company statements is 718 793 GEL. Because no evaluation was done we could not obtain reliable audit evidence on fair value of above mentioned assets.

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 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 these standalone financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company'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 wither intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatements, 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 decision 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 through the audit. We also: As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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, misrepresentations, or the override of internal controls;
- Evaluate the appropriateness of accounting policies used and the seasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concerns 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 of the Company's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

No other matters were communicated with management,

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The engagement partner on the audit resulting in this independent auditor's report is Zviad Akhvlediani.

Zviad Akhvlediani

Russell Bedford AAC LLC
Managing Partner



25 march 2020
Tbilisi, Georgia

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020, in GEL

	Note	<u>31-Dec-20</u>	<u>31-Dec-19</u>
ASSETS			
Current assets			
Cash and cash equivalents		856 933	530 217
Receivables		435 937	200 056
Inventories		792	792
Prepaid Tax		5 335	6 000
Prepaid expenses		195	75
Total current assets		1 299 192	737 141
Non-current assets			
Fixed assets		716 330	799 314
Intangible assets		2 463	3 138
Total non-current assets		718 793	802 452
Total assets		2 017 985	1 539 593
ACCUMULATED FUNDS AND LIABILITIES			
Current liabilities			
Accounts payable		222 592	114 576
Taxes payables		-	1 277
Accrued liabilities		-	-
Total current liabilities		222 592	115 853
Accumulated Funds			
Restricted funds		1 654 068	1 274 613
Unrestricted funds		141 325	149 127
Total accumulated funds		1 795 393	1 423 740
Total accumulated funds and liabilities		2 017 985	1 539 593

Signed by:

Director:

Accountant:

25 march 2020

Tbilisi, Georgia

The notes on pages 9-21 form an integral part of these financial statements. The Independent Auditors' Report is on pages 3-4.

Financial statements and notes for the year ended 31 December 2020

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

As at 31 December 2020, in GEL

	Note	Year 2020			Year 2019		
		Restricted	Unrestricted	Total 2020	Restricted	Unrestricted	Total 2019
Revenue from Child Care Activities			1 777 082	1 777 082		1 785 694	1 785 694
Contribution from Donors		386 649		386 649	616 947		616 947
Income from donations			329 436	329 436		343 081	343 081
Total Incoming Resources		386 649	2 106 518	2 493 167	616 947	2 128 775	2 745 722
Program expenses			(1 723 639)	(1 723 639)		(2 011 280)	(2 011 280)
Administrative expenses			(329 436)	(329 436)		(343 802)	(343 802)
Depreciation expenses			(116 857)	(116 857)		(89 443)	(89 443)
Total Expenditures		-	(2 169 932)	(2 169 932)	-	(2 444 525)	(2 444 525)
Net surplus/deficit on operating activities		386 649	(63 414)	323 235	616 947	(315 750)	301 197
Non-operating expenses		-	(7 505)	(7 505)		(52 210)	(52 210)
Non-operating income		-	73 252	73 252		69 081	69 081
Total Financial Activities		-	65 747	65 747	-	16 872	16 872
Net surplus/deficit before tax		386 649	2 333	388 982	616 947	(298 878)	318 069
Net surplus/deficit After tax		386 649	2 333	388 982	616 947	(298 878)	318 069
Net assets as at 31 December 2019		234 952	67 448	302 400	(381 995)	366 326	(15 669)
Net surplus/deficit 2020		386 649	2 333	388 982	616 947	(298 878)	318 069
Net assets as at 31 December 2020		621 601	69 781	691 382	234 952	67 448	302 400

Signed by:

Director:

Accountant:

25 march 2020

Tbilisi, Georgia

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STATEMENT OF CHANGES IN ACCUMULATED FUNDS

As at 31 December 2020, in GEL

Funds available as at 1 January 2019	1 111 436
Changes in temporary restricted funds	273 534
Changes in unrestricted funds	38 770
Funds available as at 31 December 2019	1 423 739
Changes in temporary restricted funds	379 455
Changes in unrestricted funds	(7 802)
Funds available as at 31 December 2020	1 795 393

Signed by:

Director:

Accountant:

25 March 2020
Tbilisi, Georgia

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STATEMENT OF CASH FLOWS

For the years 2020 and 2019 in GEL

	Year 2020	Year 2019
Cash flows from operating activities		
Net surplus/deficit before tax	323 235	302 400
Adjustments for:		
Depreciation and amortization	116 857	89 443
Other adjustments		
Cash inflows/(outflow) from operating activities before changes in operating assets and liabilities	440 092	391 843
Movements in working capital		
Decrease (increase) in Accounts receivable	(235 881)	(69 161)
Decrease (increase) in Inventories	-	-
Decrease (increase) in Prepaid tax	665	2 697
Decrease (increase) in Prepaid expenses	(120)	(60)
Increase (decrease) in Accounts payable	108 016	47 419
Increase (decrease) in Taxes payable	(1 277)	(3 164)
Increase (decrease) in Accrued liabilities	-	(7 113)
Cash inflow/(outflow) from operating activities	311 495	362 461
Interest paid		
Income tax paid		
Net cash inflow/(outflow) from operating activities	311 495	362 461
Cash flows from investing activities		
Purchase of property, plant and equipment	(33 007)	(375 212)
Proceeds from PPE disposals	-	42 104
Purchase of Intangible assets	-	
Interest and VAT received	-	
Net cash outflow from investing activities	(33 007)	(333 108)
Cash flows from financial activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Addition in Charter capital	-	-
Net cash inflow from financing activities	-	-
Net effect of Ex-Rate fluctuations	48 227	(6 637)
Net increase in cash and cash equivalents	326 716	22 716
Cash and cash equivalents at the beginning of the year	530 217	507 502
Cash and cash equivalents at the end of the year	856 933	530 217

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25 March 2020

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Financial statements and notes for the year ended 31 December 2020

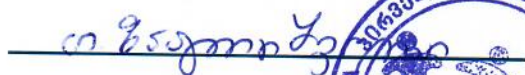
STATEMENT OF FINANCIAL POSITION

As at 31 December 2020, in GEL

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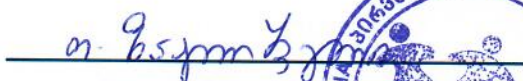
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Financial statements and notes for the year ended 31 December 2020

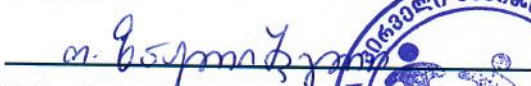
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Director:



25 March 2020

Tbilisi, Georgia



Accountant:



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1. GENERAL INFORMATION

First Step Georgia (“the Organization”) is non-profit organization dedicated to enhancing the quality of life for children with special need by providing direct care, public advocacy, family support services and training.

The Organization exists to create safe, supportive and nurturing environments for children with mental and physical disabilities so they can receive the specific educational, physical, mental and medical support their conditions require.

The Organization strives to create these environments in several ways:

- In day care centers, where organization provides direct services to and for disabled children;
- In the private homes of disabled children, where organization provides services, training and support to children and the families of these children, lessening their isolation;
- In broader society, where organization works to de-stigmatize disabilities in general;
- On policy levels, where organization lobbies the government to be more aware, inclusive, supportive and responsive to the particular needs of this group of Georgian citizens.

The legal address of the Organization is 150 ave Agmashenebeli, Tbilisi, Georgia. The Organization is registered in November 6, 1998 year and the tax code is 202 061 838.

Grants related to activity in year ended 31 December 2020 are following:

AMERICAN FRIENDS OF GEORGIA

Project period: 2020 January-December

Project Name: Supporting Tbilisi Specialized Day care center for children from 7-18 years

Project Amount: 23,750 USD

Brief Overview of the Day Care Center

FSG Day Care Center (DCC) is the only center in Tbilisi which serves children with severe and profound disability who also have challenging behavioral problems. Besides the specialized service and education programs, children are provided with the transportation and food. For children with severe disabilities, the day care is only place where they have an opportunity to get friends and become more socially adapted.

FSG day care center is located in FSG village in Tbilisi and serves 42 children with severe and profound intellectual disability from age 6 to 18.

The overall goal of the DCC is to increase the level of independent functioning of children with special needs and to ensure their social inclusion through acquisition of skills and knowledge.

From May 2014 FSG got registration as a specialized day care provider. According to this new policy FSG strengthens individual occupational and psychological assistance of the beneficiaries. Day care program continued strengthening of self-care skills of children and management of challenging behaviors and applied non-verbal communication system.

Specific goals are:

- To ensure wide range of education programs of 35 children with severe and profound intellectual disabilities at FSG day care center.
- To ensure development of life and communicative skills and academic knowledge of the beneficiaries of FSG education program
- To ensure development of social contacts and social inclusion of the beneficiaries of FSG education program
- To support families of disabled children

To raise awareness of the public on social and education inclusion of children with special needs.

THE NEXT STEP - THE SLANEY FOUNDATION

Project period: 2020 January-December

Project Name: Supporting Tbilisi Specialized Day care center for children from 7-18 years

Project Amount: 23,750 USD

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To raise awareness of the public on social and education inclusion of children with special needs.

HEALTH PROM

Project - Promote service provision to children with special needs of ethnic minorities in Rustavi

Budget: 9000.00 GBP

Project period: 01/09/20 – 01/02/21

Executive summary of the project

The main objective of the project is to involve Azerbaijani language speaking children with special needs in Early Development and Autism programs. In order to fulfill the goal it is essential to find specialists who speak Azerbaijani language and give them theoretical knowledge and practical training.

Outcomes: we will have three trained specialists which will enable service providers to involve 30 children of ethnic minorities in the programs.

Project Goals and Justification

Population of Azerbaijani nationalities represents the largest group of ethnic minorities residing in Georgia. Based on a statistical data provided by National Statistical Office of Georgia gathered in 2014, 233 024 people of Azerbaijani ethnic minority live in Georgia which amounts to 6.3% of total population. In terms of regional location, a vast majority resides in Kvemo Kartli region (Rustavi) (41.75%).

In case of children with special needs the situation is much more complicated. Most of them are not able to use early intervention and rehabilitation programs. One of the most acute problems is lack of specialists who speak Azerbaijani language.

Financial statements and notes for the year ended 31 December 2020

Due to the fact that it is impossible to work with children with special needs when they have preschool age, children cannot be fully developed or integrated into the society. A branch of “First Step Georgia” has been operating in Rustavi since 2018 and provides services to approximately 80 children with special needs.

A team of qualified specialists of the organization works successfully in Early Intervention and Autism programs. Organization has got a 10-year-experience of provision of theoretical and practical training courses and also resources to employ trained specialists and provide qualified services to children.

The main goal of the project is to involve Azerbaijani language speaking children with special needs in Early Intervention and Autism programs.

Objectives: Reach out Azerbaijani language speaking specialists who will potentially work with children. Provide selected staff with theoretical and practical training course.

Outcomes: children with special needs will receive vital for them therapeutic services; as a project result qualified Azerbaijani language speaking specialists will be available in Rustavi.

MAC GEORGIA

Amount 5255.00GEL

Period: 01-09-2020 - 31-12-2020

Project Name: Rehabilitation of a specialized day care center and home-based care programs for children with severe and profound mental disabilities in the post-pandemic period.

Description: Development of Safety Protocol, together with the National Center for Disease Control and Public Health, for social rehabilitation programs (day care center and home-based care) for children with severe and profound mental disabilities; provide theoretical / practical training modules and workshops for the staff and parents and provide programs with the necessary security measures / protective equipment to ensure good health of the beneficiaries.

CTC CONSULTATION AND TRAINING CENTER

Project name: Improving the quality of online working process of programs and independence of families of children with severe and profound mental and physical developmental delays in crisis period.

Total budget (GEL): 50098.00

Project goal and objectives

Define the goal i.e., what kind of specific change / result you expect to achieve as a result of this project.

Indicate the key tasks/objectives that will help you to achieve your goal.

The goal and objectives should be formulated specifically to reflect a specific achievable / measurable outcome / change (maximum 0.5 pages).

Project Goal: to study the needs of the families of beneficiaries of the day care center and home-based care programs of First Step for children with severe and profound mental and physical disabilities regarding accessibility for distance services, assess technical and human resources and provide goods and skills tailored to needs after which the majority of parents will be able to be involved independently in online meetings organized by First Step and gain access to healthcare services.

IWA INTERNATIONAL WOMEN ASSOCIATION

Period 01-09-20- 01-08-2021

Amount: 6000 GEL

Project Description:

Based on the experience of the organization, it is obvious that in addition to provided services envisaged within the programs, it is important for children to use obtained knowledge not only during therapy lessons but in various social settings.

There is no multi team that would help and assist children with special needs in the process of transition of acquired knowledge and skills to natural settings. In addition, lack of proper communication and difficulties of joint engagement in various activities between beneficiaries and their family members (parents, siblings) is quite a serious problem. It is necessary to schedule outdoor activities that imply activities together with siblings that will help children of First Step to overcome emerged obstacles outside the center and promote their healthy relationship with peers.

Parents mostly lack sufficient financial or time resources to plan/implement such activities. Furthermore, they find it difficult to manage child's emotional difficulties that require specific knowledge, and in some cases, they try to keep their children away from the society just due to wrong attitude. It is necessary to involve specialists in various situations in order to help children and family members to properly use obtained knowledge in practice, which, on the other hand will help family members to build effective communication at home.

Outdoor activities greatly contribute to development of social skills in beneficiaries, such as:

Friendship skills;

Family engagement in joint activities;

- Social problem-solving skills;
- Skills that are needed for cooperation or complex playing activities;
- Skills of mutual understanding and sharing;
- Skills how to follow instructions or abide rules.

in our opinion it would be very interesting if we jointly implemented this project which will help to achieve a common goal to create better environment and enable children to build up friendly relationship with their peers and adults as well, get familiar with new environment, get involved in various interesting activities and use obtained and learned theoretical knowledge in practice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with accounting policies adopted at the Organization.

Basis of measurement

The financial statements have been prepared under the historical cost bases.

The reporting period for the Organization is the calendar year from January 1 to December 31.

Going concern

These financial statements have been prepared on the assumption that the Organization is a going concern and will continue its operations for the foreseeable future. The management and shareholder have the intention to develop future activities of the Organization in Georgia. The management believes that the going concern assumption is appropriate for the Organization.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Organization operates („the functional currency“). Financial statements are presented in Georgian Lari (GEL), which is the Organization’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in the statement of profit or loss and other comprehensive income for the period.

Foreign exchange gains and losses resulted from monetary assets/liabilities are presented in the statement of comprehensive income within “Non-operating income and Non-operating expenses”.

	Exchange rate	31 Dec 2020	31 Dec 2019
1 USD/GEL		3.2766	2.8677
1 EUR/GEL		4.0233	3.2095

Revenue

Rendering of service

Revenue from rendering of services is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;

Financial statements and notes for the year ended 31 December 2020

- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Grants received

Received grants are presented in the statement of financial position as restricted fund and is recognized as Contribution from Donors in statement of activity and changes in net assets over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Donation

Donations collected, including cash and goods for resale, are recognized as revenue when the Organization gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Organization and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income Tax

Income tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are not taxable or deductible in current period. The Organization's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences, except where the Organization is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Taxes other than income tax

Taxes other than income tax are recognized when obligating events have occurred. The obligating events are an event that raises a liability to pay a tax. Taxes are calculated in accordance with Georgian legislation. Prepaid taxes are recognized as assets.

Property, plant and equipment

All Property, plant and equipment is carried at its historical cost less any accumulated depreciation and accumulated impairment losses. The historical cost of an item of Property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Organization; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, (d) the obligation for which the Organization incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the statement of profit or loss and other comprehensive income as incurred.

Charging depreciation on the Property, plant and equipment or particular items starts when such Property, plant and equipment are ready to use in the manner intended by the management of the Organization. Depreciation of Property, plant and equipment is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a diminishing balance method.

Useful lives of Property, plant and equipment are as follows:

	Useful lives
Building	4%
Vehicles	33%
Office equipment	20%
Computers & accessories	30%
Furniture and Equipment	25%
Outdoor infrastructure	20%

Intangible assets

Intangible assets are carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over 15%. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal; or when no future economic benefits are expected from use or disposal. Gains or losses arising from recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the statement of activity.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Organization from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials

Financial statements and notes for the year ended 31 December 2020

and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The weighted average cost method is used for inventories.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets

The financial assets is classified into one of the following categories: financial assets „at fair value through profit or loss (FVTPL), „held-to-maturity' investments, „available-for-sale' (AFS) financial assets and „loans and receivables', depending on the purpose for which the asset was acquired.

The Organization's financial assets represent receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at cost.

The Organization's receivables comprise trade, funds receivable from the donor organizations, and other receivables; as well as cash and cash equivalents. The financial assets are presented in the statement of financial position. Cash and cash equivalents include cash on hand and current accounts with banks. Cash and cash equivalents are carried at fair value.

Financial liabilities

The Organization classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Organization's financial liabilities represent financial liabilities at cost. Financial liabilities at cost includes trade payables and other short-term monetary liabilities, which are initially recognized at fair value.

Recognition of expenses

The Organization incurs expenses in the course of its normal operations, as well as other expenses not related to the main activity of the Organization.

Expenses are recognized in the income statement if there arises any decrease of future economic profit related to the decrease of an asset or increase of a liability that can be reliably assessed.

Expenses are recognized in the income statement on the basis of direct comparison of expenses incurred and income on certain items.

If economic profit is expected to arise during several reporting periods and association with income can be traced only as a whole or indirectly, expenses in the income statement are recognized based on the method of rational distribution.

Expenses are recognized in the income statement immediately, if the expenses do not result in future economic profit any more, or if future economic profit do not meet or stop to meet the requirements of recognition as an asset in the balance sheet.

Financial statements and notes for the year ended 31 December 2020

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2020 and 2019 can be presented as follows:

Cash and cash equivalents	31-Dec-2020	31-Dec-2019
Cash in GEL in banks	203 995	130 529
Cash in USD in banks	651 725	399 113
Cash in GBP in banks	1 113	-
Petty cash in GEL	99	575
Total Cash & Bank	856 933	530 217

4. ACCOUNTS RECEIVABLE

Accounts receivable as at 31 December 2020 and 2019 can be presented as follows:

Trade and other receivables	31-Dec-2020	31-Dec-2019
Beneficiaries	119 224	90 136
Program	153 058	22 690
Partner Organizations	158 952	73 842
Advances to suppliers	4 241	10 049
Receivable from proceeds of fixed assets	-	2 550
Receivable from personnel	457	784
Receivable from donors	5	5
Net trade and other receivables	435 937	200 056

Carrying amounts of financial receivables within accounts receivables approximate fair values due to their short term maturities. All parts of accounts receivables are not past due and not impaired.

5. FIXED ASSETS

Fixed assets as at 31 December 2020 can be presented as follows:

	Land	Buildings	Office equipment	Computers & accessories	Outdoor infrastructure	Furniture and Equipment	Vehicles	Total
Historical cost								1 336
01.01.2019	1 600	921 953	16 721	57 963	64 617	184 735	89 119	708
Additions	-	194 263	9 312	13 031	-	26 310	109 128	352 043
Disposals	-	-	-	-	-	-	42 104	42 104
Historical cost								1 646
31.12.2019	1 600	1 116 216	26 033	70 994	64 617	211 045	156 143	647
Additions	-	13 600	230	900	9 409	8 868	-	33 007
Disposals	-	-	-	-	-	-	-	-
Historical cost								1 679
31.12.2020	1 600	1 129 816	26 263	71 894	74 026	219 913	156 143	654
Accumulated depreciation								(799)
01.01.2019	-	(493 749)	(13 595)	(50 518)	(21 593)	(151 160)	(69 380)	995
Depreciation charge for the year	-	(40 583)	(4 362)	(5 291)	(314)	(11 874)	(27 019)	(89)
Disposals	-	-	-	-	-	-	42 104	(443)
Accumulated depreciation								(847)
31.12.2019	-	(534 332)	(17 957)	(55 809)	(21 907)	(163 034)	(54 295)	334
Depreciation charge for the year	-	(46 215)	(5 462)	(6 577)	(718)	(14 726)	(42 294)	(115)
								992

Financial statements and notes for the year ended 31 December 2020

Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation								(963 326)
31.12.2020	-	(580 547)	(23 419)	(62 386)	(22 625)	(177 760)	(96 590)	
Net book value								
Net book value								
31.12.2019	1 600	428 204	3 126	7 445	43 024	33 575	19 739	536 714
Net book value								
31.12.2019	1 600	581 884	8 077	15 184	42 710	48 011	101 847	799 314
Net book value								
31.12.2020	1 600	549 269	2 845	9 507	51 401	42 153	59 553	716 329

6. ACCOUNTS PAYABLE

Accounts payables as at 31 December 2020 and 2019 can be presented as follows:

Accounts payables	31-Dec-2020	31-Dec-2019
Beneficiaries	210 351	99 346
Payables - trade	4 029	6 513
Salaries payable	2 299	6 244
Other payables	5 913	2 473
Total Accounts payables	222 592	114 576

7. REVENUE

Company receives revenue from two sources: Revenue from Child care activities and income from donations and contributions from donors. Revenue received during the year 2020 can be represented as follows:

Revenue from child care activities	2020 Year	2019 Year
Revenue from child care activities	1 777 082	1 785 694
Total revenue from child care activities	1 777 082	1 785 694

Income from donations and contributions from donors	2020 Year	2019 Year
Individuals	214 932	343 081
TNS	200 232	479 596
American Friends for Georgia	95 390	74 902
VAT Tax returns	70 599	-
Slovak embassy	9 227	23 030
Women International Association IWA	6 000	5 451
McLane's Fund	5 255	-
US Embassy	191	-
Germany Embassy	-	33 968
Other Donations	114 259	-
Total	716 085	960 028

8. PROGRAM EXPENSES

Program expenses for the year ended 31 December 2020 and 2019 can be presented as follows:

Program expenses	2020 Year	2019 Year
Staff salary	(1 574 285)	(1 745 955)
Utilities expense	(31 977)	-
Fuel expense	(15 851)	(27 504)
Repairing expense	(14 156)	(13 802)
Insurance expense	(7 487)	(5 056)
Vehicle maintenance expense	(3 348)	-
PR expense	(2 964)	(4 962)
Communication expense	(125)	-
Business trip expense	-	(2 861)
Other expense	(73 447)	(211 140)
Total	(1 723 639)	(2 011 280)

9. ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December 2019 and 2018 can be presented as follows:

Administrative expenses	2020 Year	2019 Year
Administration salary	(167 119)	(199 169)
Lease expense	(66 065)	(35 373)
Hygiene material expense	(18 443)	(13 144)
Communication expense	(16 914)	(8 202)
Representation expense	(16 457)	-
Tax expense	(12 216)	(9 868)
Stationary expense	(9 353)	(15 672)
Other expenses	(6 977)	(29 868)
Business trip expense	(5 369)	(4 444)
Computer expense	(4 323)	(2 155)
Printing expense	(2 878)	(5 952)
Bank commission	(2 037)	(5 438)
Transporting expense	(746)	(258)
Consulting expense	(540)	(6 560)
Utilities	-	(4 196)
Hotel expense	-	(3 505)
Total	(329 436)	(343 804)

10. RELATED PARTY TRANSACTIONS

Related parties or operations with related parties as defined by the IAS 24 "Notes on Parties" are:

(a) Parties directly or indirectly through one or more mediators: the accountants are controlled or controlled by the Company (including the parents, subsidiaries and partners) under the overall control; Holds a share in the company which gives a significant influence and has a joint control over the company;

(b) Partner Enterprise - The enterprises, which have a significant impact and are not a subsidiary company or joint venture.

Financial statements and notes for the year ended 31 December 2020

- (c) joint ventures where the company is an enterprise;
- (d) the personnel of the company or its parent.
- (e) the close family members referred to in (a) or (d);
- (f) The Party controlled, jointly controlled or suffered, or has significant suffrage, directly or indirectly, the individual referred to in (d) or (e).
- (g) the employment of further remuneration for the employee or the party concerned with the company.

	2020 Year	2019 Year
Key management personnel compensation:	164 837	245 552

11. COMMITMENTS AND CONTINGENCIES

Capital commitments - the management is not aware of any commitments and contingencies. Which would have a material impact on the financial statements of the Organization for the year ended 31 December 2019.

Operating environment - the Organization's principal activities are within Georgia. Laws and regulations affecting the business environment in Georgia are subject to rapid changes and the Organization's assets and operations could be at risk due to negative changes in the political and business environment.

12. GOING CONCERN CONSIDERATIONS

These financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the settlement of liabilities in the normal course of business of the Company.

During the reporting periods the Company has not faced any financial difficulties, it has no cash shortage or any other indication that company operations can be terminated by any reason.

13. EVENTS AFTER THE REPORTING PERIOD

These financial statements have been approved by the group management on March 25, 2021.

The COVID-19 virus, which was declared as a pandemic on March 11, 2020, has spread worldwide through 2020. To manage this critical situation, the Government of Georgia on March 21, 2020 decided to declare a state of emergency in the country. As a result, some of the company's operations were temporarily suspended. The further spread of COVID-19 in Georgia and around the world is likely to have a negative impact on the economy, although it is too early to fully understand its potential impact on the company. Management considers this outbreak to be a non-adjusting post balance sheet event. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects

No other significant events, which have effect on presented financial statements, have been identified after the reporting date.