

**THE A. D. SAKHAROV ARMENIAN HUMAN
RIGHTS PROTECTION CENTRE NGO**

FINANCIAL REPORT

of the project

**“Protection of Human Rights and Strengthening Civil Society in the
Regions of the Republic of Armenia, Phase 5”**

For the six-month period ended 30 June 2024

YEREVAN 2024

12 September 2024
№ 042417



APPROVED

V. Gevorgyan

Managing Partner

Baker Tilly Armenia CJSC

INDEPENDENT AUDITOR'S REPORT

To the Board of "The A. D. Sakharov Armenian Human Rights Protection Centre" NGO and
"Brot für die Welt" German organization

Opinion

We have audited the accompanying Financial Report of the Project "Protection of Human Rights and Strengthening Civil Society in the Regions of the Republic of Armenia, Phase 5" ("the Project") implemented by The A. D. Sakharov Armenian Human Rights Protection Centre NGO ("the Organization") based on the Cooperation Agreement signed between Evangelisches Werk für Diakonie und Entwicklung e. V. for Brot für die Welt and the Organization for the Project N E-ARM-2021-0172 for the period from 01 January 2024 to 30 June 2024, which comprise the Statement of Project receipts and Project expenditures, Balance of Project Funds and Cash Status and notes to the Financial Report including a summary of significant accounting policies. The Financial Report has been prepared by management using the cash receipts and disbursements basis of accounting described in the Section 2 "Accounting Policy" of the Report.

In our opinion,

- a) The Project has adhered, in all material respects, to the terms of the Cooperation Agreement with Brot für die Welt.
- b) the Project funds have been used, in all material respects, exclusively for the purposes of the Project in accordance with the Cooperation Agreement and the approved budget; and
- c) The Financial Report of the Project six-month period ended 30 June 2024, presents fairly in all material respects, its income and expenditure during the period and of its funds and cash status at that date.

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Baker Tilly Armenia CJSC is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), particularly following the requirements of ISA 800 "*Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*". Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Armenia, and we have fulfilled our ethical 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 to the Financial Report, which describes the basis of accounting. The Financial Report is prepared to assist the Organization in complying with the financial reporting provisions of the Cooperation agreement referred to above. As a result, the Financial Report may not be suitable for another purpose. Our report is intended solely for use of the Organization and BfdW. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial report

Management is responsible for the preparation and fair presentation of the Financial Report in accordance with cash basis of accounting as described in the Note 2 to the Financial Report, and comply with the requirements of the BfdW Terms of reference, and for such internal control as management determines is necessary to enable the preparation of Financial Report that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 report, 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.

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Baker Tilly Armenia CJSC is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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.

Auditor

Sh. Tashchiyan

A handwritten signature in blue ink, appearing to be "Sh. Tashchiyan", written over a horizontal line.

12 September 2024

II. EXPENDITURE/PAYMENTS

Expenditure items	Total planned expenditure in Euro	Total planned expenditure in national currency	Expenditure in national currency						Total expenditure 1st - 6th reporting period	Deviation from the plan (%) based on national currency
			1st reporting period	2nd reporting period	3rd reporting period	4th reporting period	5th reporting period	6th reporting period		
Respective reporting period:			01.07.2021-31.12.2021	01.01.2022-30.06.2022	01.07.2022-31.12.2022	01.01.2023-30.06.2023	01.07.2023-31.12.2023	01.01.2024-30.06.2024		
1.0	87,800	55,050,600	3,538,600	8,529,725	4,638,382	9,587,620	2,709,827	9,381,430	38,385,584	-30.27
1.1	3,200	2,006,400	-	72,000	295,000	207,300	313,790	250,000		
1.1.1	1,900	1,191,300	-	72,000	210,000	122,300	233,790	30,000		
1.1.2	1,300	815,100	-	-	85,000	85,000	80,000	220,000		
1.2	4,100	2,570,700	181,600	129,900	163,600	136,950	235,137	71,650		
1.2.1	1,000	627,000	48,000	30,000	36,000	7,000	93,850	10,000		
1.2.2	1,600	1,003,200	133,600	99,900	54,000	66,600	-	-		
1.2.3	700	438,900	-	-	73,600	22,000	96,087	61,650		
1.2.4	800	501,600	-	-	-	41,350	45,200	-		
1.3	80,500	50,473,500	3,357,000	8,327,825	4,179,782	9,243,370	2,160,900	9,059,780		
1.3.1	27,000	16,929,000	2,592,000	2,856,000	2,304,000	3,064,000	930,000	2,694,000		
1.3.2	5,400	3,385,800	201,000	280,100	291,180	323,420	222,150	291,520		
1.3.3	2,800	1,755,600	444,000	498,550	-	171,470	-	20,470		
1.3.4	9,600	6,019,200	-	336,950	1,194,000	1,152,380	-	1,390,690		

Notes 1-5 are integral part of this Financial Report.

1.3.5	Sub-grants, for CSOs 15 * 1000 Euros = 15000 Euros, for researchers 9 * 1000 Euros = 9000 Euros, total 24000 Euros	24,000	15,048,000	-	4,109,772	-	3,330,300	-	3,482,000	
1.3.6	3 TV programs	700	438,900	120,000	-	-	-	-	-	
1.3.7	Research Center, honoraries; 66 x 155€	10,200	6,395,400	-	246,453	390,602	1,171,800	976,500	1,171,800	
1.3.8	4 Publications, Publications research, monographs, essays	800	501,600	-	-	-	30,000	32,250	9,300	
2.0	Personnel	226,700	142,340,900	23,392,449	23,177,688	21,535,795	21,718,030	20,451,377	14,068,074	124,343,413
2.1	Administrative staff	71,500	44,830,500	7,471,332	7,471,332	7,079,457	7,467,154	6,966,921	4,772,221	
2.1.1	Director 695€ * 36 * 90%	22,500	14,107,500	2,351,250	2,351,250	1,959,375	2,351,250	2,383,703	1,558,170	
2.1.2	Accountant 556€*36*90%	18,000	11,286,000	1,881,000	1,881,000	1,881,000	1,789,393	1,830,107	1,254,000	
2.1.3	Director Assistant, Yerevan 423€*36*90%	13,700	8,589,900	1,429,560	1,429,560	1,429,560	1,429,560	1,418,214	953,040	
2.1.4	Translator 389€*36*80%	11,200	7,022,400	1,169,982	1,169,982	1,169,982	1,315,551	1,015,127	779,988	
2.1.5	Technical worker 339€*36*50%	6,100	3,824,700	639,540	639,540	639,540	581,400	319,770	227,023	
2.2	Project staff	155,200	97,310,400	15,921,117	15,706,356	14,456,338	14,250,876	13,484,456	9,295,853	
2.2.1	Project Joint Coordinator 500€*36*100%	18,000	11,286,000	1,881,000	1,881,000	1,881,000	2,114,357	1,632,714	1,254,000	
2.2.2	Project Regional Coordinators 3 People, 380€*3*36*100%	41,000	25,707,000	4,288,680	4,288,680	3,866,302	3,793,251	4,140,767	2,847,778	
2.2.3	Assistants, Yerevan 2 People 381€*2*36*50%	13,700	8,589,900	1,429,560	1,429,560	1,072,170	214,440	222,098	142,960	
2.2.4	Assistant, Regional Coordinators 3 People 100%, 230€*3*36*100%	24,800	15,549,600	2,595,780	2,595,780	2,595,780	2,652,027	2,560,257	1,727,086	
2.2.5	Lawyer, Yerevan 500*36*100%	18,000	11,286,000	1,881,000	1,881,000	1,410,750	1,881,000	1,882,131	1,254,000	
2.2.6	Lawyers, Regional 3 People 100%, 276€*3*36*100%	29,800	18,684,600	3,114,955	3,114,955	3,114,955	3,020,544	2,595,037	1,730,520	
2.2.7	Lawyers, 2 People (Gyumri-50%, Goris-50%), 275€*2*36*50%	9,900	6,207,300	730,142	515,381	515,381	575,257	451,452	339,509	
3.0	Project administration	94,500	59,251,500	3,083,424	5,320,139	4,388,568	4,781,390	4,208,790	5,345,252	27,127,563
3.1	Rent and utility service	69,000	43,263,000	2,564,824	3,407,806	2,582,435	3,033,357	2,532,204	2,632,986	
3.1.1	Rent Yerevan	36,000	22,572,000	-	-	-	50,000	46,039	-	
3.1.2	Rent Gyumri	10,800	6,771,600	840,000	865,000	840,000	840,000	840,000	841,000	
3.1.3	Rent Gavar	5,400	3,385,800	96,000	96,000	96,000	284,700	300,000	300,000	
3.1.4	Rent Goris	5,400	3,385,800	480,000	480,000	480,000	480,000	480,000	480,000	
3.1.5	Utility service Yerevan	4,200	2,633,400	658,611	1,052,513	564,093	326,970	388,936	421,309	
3.1.6	Utility service Gyumri	3,600	2,257,200	311,723	661,303	381,742	505,451	344,234	335,494	
3.1.7	Utility service Gavar	1,800	1,128,600	138,490	192,990	148,600	197,783	82,670	100,925	
3.1.8	Utility service Goris	1,800	1,128,600	40,000	60,000	72,000	348,453	50,325	154,258	

3.2	Audit	12,000	7,524,000	1,103,333	1,103,333	1,103,333	1,103,333	2,206,666	
3.3	Transportation, travel expenses	13,500	8,464,500	518,600	809,000	702,800	644,700	505,600	
4.0	Procurement	4,500	2,821,500	2,631,000	-	-	-	-	2,631,000
4.1	Equipment (9 computers and auxiliary equipment)	4,500	2,821,500	2,631,000	-	-	-	-	-
5.0	Construction								
6.0	Evaluations	9,000	5,643,000	-	-	-	-	-	3,000,000
6.1	External evaluation, consulting	9,000	5,643,000	-	-	-	-	-	3,000,000
	Subtotal	422,500	264,907,500	32,645,473	37,027,552	30,562,745	36,087,040	28,794,756	195,487,560
7.0	Reserve*	17,500	10,972,500	-	-	-	-	7,140,510	7,140,510
	Total expenditure	440,000	275,880,000	32,645,473	37,027,552	30,562,745	36,087,040	35,935,266	202,628,070

**The A. D. Sakharov Armenian
Human Rights Protection
Centre NGO**

Meri Khachatryan *[Signature]*
Program Manager
Yerevan, 12 September 2024

Ani Movsesyan *[Signature]*
Chief Accountant



III. BALANCE OF THE PROJECT FUNDS AND CASH STATUS

(in national currency)

1. Balance of the project funds at start of the reporting period:	9,903,826
2. Plus total income during the reporting period:	25,942,750
3. Less total expenditure during the reporting period:	35,935,266
4. Balance of the project funds at the end of the reporting period:	(88,690) (A)

5. Cash status	
Cash in hand:	-
Cash at bank:	1,014,644
6. Balance of cash at the end of the reporting period:	1,014,644 (B)

(1,103,334)

creditors	debtors
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This is to confirm that the contents of this financial report are in accordance with the expenditure and income plan and with the Cooperation Agreement between project partner and Bread for the World.

The A. D. Sakharov Armenian Human Rights Protection Centre NGO

 Meri Khachatryan  Chief Accountant
 Program Manager
 Yerevan, 12 September 2024

Notes 1-5 are integral part of this Financial Report

1. Creation and main activity

a) Organization

The A. D. Sakharov Armenian Human Rights Protection Centre NGO (hereinafter referred to as the "Organization") is a non-commercial organization.

It was established on October 9, 1990, by decision N 457, according to the extract issued by the State Register of Legal Entities of the Ministry of Justice of the RA on 8 December 2023.

It was registered as a non-governmental organization on December 26, 1997 according to the Decree N50/2-3 of the Ministry of Justice of the Republic of Armenia (State registration certificate N414).

The Organization was re-registered on January 21, 2000 according to the Decree N167 of Ministry of the Justice of the Republic of Armenia (to be in compliance with the Civil Code of the Republic of Armenia), as well as on July 14, 2006 (Certificate No211.171.04085). State registration certificate N 03 A 072784. The changes in the Charter of the Organization were registered on 08.12.2017.

b) Mission and objectives

According to the Charter, the mission of the Organization is the protection of human rights and fundamental freedoms and the development of a democratic system in Armenia.

The Organization's objectives can be summarized as follows:

- promoting human rights protection and assisting any actions related to that.
- promoting the capacity building of civil society institutions.
- promoting the public participation in decision-making and public governance oversight processes.
- contributing to increasing the level of public awareness of legal issues, etc.

c) Other information

The Organization was registered in the Spandarian territorial tax inspectorate on October 4, 2002 (Tax code 02513655) and in Spandarian territorial social insurance center (code 43-10956). The legal address of the Organization is Sarmen 1 Str., Yerevan, Armenia.

The Organization has 3 (three) branches in Shirak, Gegharkunik and Syunik marzes (provinces).

By the end of the reporting period the Organization employed 19 people within the framework of the Project.

2. Accounting Policy and Principles of Accounting

The Project Financial Report is prepared in accordance with Cash basis of accounting. Income and expenses are reflected in the financial report on a cash basis of accounting, i.e. income and expenses are recognized when cash is received or paid. Income from grants was translated into AMD using the actual exchange rates used by Ameriabank CJSC on the dates of funds conversion into AMD.

3. Project income

In the reporting period (01.01.2024-30.06.2024) the Project E-ARM-2021-0172 "Strengthening of Civil Society in the Region of the Republic of Armenia, Phase 5" was financed by Brot für die Welt German organization (hereinafter referred to as BfdW). The funding was spent on project activities aimed at contributing to the level of the population's social involvement and responsibility to legal, social, cultural and more affairs in Yerevan, Shirak, Gegharkunik and Syunik marzes of the republic of Armenia.

The total funding provided for the implementation of the Project is presented below.

Date of Receipt	Date of conversion	EUR	Rate	AMD
10.01.2024	11.01.2024	29,500	436.5	12,876,750
23.04.2024	23.04.2024	30,000	408.0	12,240,000
30.07.2024	30.07.2024	2,000	413.0	826,000
Total		61,500		25,942,750

4. Budgeted amounts of the Project for the reporting period

The Organization has prepared a semi-annual report on expense incurred for implementation of the project. The budgeted amounts in the report are presented in Euros and equivalent thousand Armenian drams (AMD).

The expenses made under the project have been executed both in cash and via bank transfer. For that purpose, the amounts deposited to the Organization's foreign currency account were converted to local currency using commercial bank exchange rate of the date of the conversion. Exchanged funds were deposited to the Organization's local currency (Armenian dram) bank account No 1570001017490100 at Ameriabank CJSC.

The project funds have been used solely for Project needs under the Agreement, in the frames of the amounts envisioned by the Project budget and are supported by appropriate supporting documents (employment contracts, lease and purchase agreements, invoices, payment orders, executive acts, cash out orders, cash register checks, etc.). During the reporting period expenditures has been accounted under budgeted line "Reserves", which were duly authorized by BfdW.

The expenses were made by Yerevan head office and branch offices.

Below is the Project expenses breakdown by separate items of expenditure estimates.

4.1 Training activities

The table below presents the project expenditures breakdown by nature and budget line.

	<u>Total in AMD</u>
Sub-grants	3,482,000
Net salary of Experts	2,117,400
Income tax on the salary of experts	462,000
Social tax and stamp fee	114,600
Other training costs	<u>2,883,780</u>
	9,059,780

Remuneration to the experts was paid based on the hourly pay defined by service contracts and accounted hours of work.

Executive acts drawn up by the commission regarding the seminars and time spent by the experts also served as basis for remuneration.

4.2 Personnel expenses

The table below presents the breakdown of Project's staff and relating tax expenses (including that of Shirak, Gegharkunik and Syunik branches) by expense item and payment type.

4.2.1 Administrative Staff

	<u>Total in AMD</u>
Net salary	3,655,869
Income tax paid	954,444
Social tax and stamp fee	161,908
	<u>4,772,221</u>

4.2.2 Project staff

	<u>Total in AMD</u>
Salaries	
Net salary	7,004,781
Income tax paid	1,859,169
Social tax and stamp fee	431,903
	<u>9,295,853</u>

Payroll expenses by function and region

<u>Payroll function</u>	<u>Administrative</u>	<u>Program</u>
	<u>payroll</u>	<u>payroll</u>
	AMD	AMD
Region		
Yerevan	3,765,210	1,396,960
Shirak	1,007,011	3,804,252
Syunik	-	1,872,552
Gegharkunik	-	2,222,089
Total	<u>4,772,221</u>	<u>9,295,853</u>

The bank payments (salary and income tax) on salaries were made by the Head Office. Salaries were calculated based on the remuneration amount stipulated by employment contract and relevant time sheets.

The number of Organization employees engaged in the project implementation during the reporting period-19, including: 5 employees, in "Kentron" (Centre) branch, 7 in "Shirak" branch, 3 in "Gegharkunik" branch, and 4 in "Syunik" branch.