

Contents

Independent Auditors' Report

Statement of Financial Position

Statement of Profit or Loss and Other Comprehensive Income

Statement of Cash Flows

Notes to the Financial Statements

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

Non-Governmental Organization

**Financial Statements
for the year ended 31 December 2023**

Contents

Independent Auditors' Report	
Statement of Financial Position	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

Independent Auditors' Report

To the Assembly of "The A.D. Sakharov Armenian Human Rights Protection Centre" non-governmental organization

Qualified Opinion

We have audited the financial statements of "The A.D. Sakharov Armenian Human Rights Protection Centre" non-governmental organization (the "Organization"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for effects of the matters described in the *Basis for Qualified Opinion*, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS for SMEs as published in the Republic of Armenia.

Basis for Qualified Opinion

The Organization has not maintained adequate accounting records regarding the original cost of property, plant and equipment for a number of items that are recorded in the property, plant and equipment register. As described in Note 9, during the year ended 31 December 2023 the Organization has not conducted an operational efficiency review of its property, plant and equipment at original cost of AMD 2,062 thousand, as it is required by IFRS for SMEs paragraph 17.19. In addition, during the physical count procedures a number of items were identified that were not recorded in the property, plant and equipment register as at 31 December 2023. It was impracticable to satisfy ourselves as to the carrying amounts of property, plant and equipment and grants related to assets stated at AMD 5,258 thousand, respectively, and depreciation expense and income from grants related to assets stated at AMD 1,399 thousand, respectively, as at and for the year ended 31 December 2023.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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 the Republic of Armenia, 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.

Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 2(d), which describes that on 30 June 2024 the Organization completed the last phase of its main project and dismissed its all 19 employees. The management has applied to various funding partners for funding new projects, however, as of the issuance of this report there was no approval of any new long-term project. On 30 October 2024 an extraordinary general meeting of the Organization's members took place to discuss the possibility of obtaining donations from them for covering Organization's certain upcoming expenses. As at 31 October 2024, 11 members donated AMD 1,170 thousand to the Organization. These conditions, along with the other matter described in Note 16(a), indicate the existence of a material uncertainty that may cast significant doubt on the Organization's ability to continue as a going concern.

Other matter

Without further qualifying our opinion, we also draw attention to the fact that the corresponding figures as at and for the year ended 31 December 2022 are unaudited.

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 IFRS for SMEs as published in the Republic of Armenia, 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.

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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 statements, including the disclosures, and whether the financial statements represent 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 engagement partner on the audit resulting in this independent auditors' report is:


Aram Hovhannisyan, PhD, FCCA
Managing Partner

AMH Audit cjsc
31 October 2024



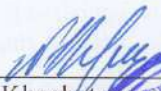
"The A.D. Sakharov Armenian Human Rights Protection Centre" NGO
Statement of Financial Position as of 31 December 2023


AMD'000	Note	31 December 2023	31 December 2022 Unaudited
Assets			
Property and equipment	9	5,258	6,982
Non-current assets		5,258	6,982
Prepayments		17	32
Cash and cash equivalents	10	10,041	26,229
Current assets		10,058	26,261
Total assets		15,316	33,243
Liabilities			
Grants related to assets	11	5,258	6,982
Non-current liabilities		5,258	6,982
Grants related to income	12	8,510	24,463
Trade and other payables		1,548	1,798
Current liabilities		10,058	26,261
Total liabilities		15,316	33,243

*"The A.D. Sakharov Armenian Human Rights Protection Centre" NGO
Statement of Profit or Loss and Other Comprehensive Income for 2023*

AMD'000	Note	2023	2022 Unaudited
Income from grants	4	68,996	72,808
Expense from grants	5	(41,277)	(44,868)
Administrative expenses	6	(26,344)	(25,776)
Other expenses	7	(1,322)	(1,659)
Profit/(loss) from operating activities		53	505
Finance income	8	-	-
Finance costs	8	(53)	(505)
Profit/(loss) before income tax		-	-
Income tax income/(expense)		-	-
Profit/(loss) for the year and total comprehensive profit/(loss) for the year		-	-

The financial statements were approved by management on 31 October 2024 and were signed on its behalf by:


Meri Khachatryan
Director


Ani Movsesyan
Accountant



"The A.D. Sakharov Armenian Human Rights Protection Centre" NGO
Statement of Cash Flows for 2023

AMD'000	Note	2023	2022 Unaudited
Cash flows from operating activities			
Grants and donations received		51,308	83,103
Grants and donations given		(3,200)	(3,963)
Cash paid to suppliers		(16,929)	(13,849)
Cash paid to employees and on their behalf		(35,004)	(37,995)
Payments for other taxes and mandatory payments		(11,341)	(11,755)
Other payments		(969)	(1,676)
Net cash flow from operating activities		(16,135)	13,865
Cash flows from investing activities			
Acquisition of property and equipment		-	(12)
Net cash flow from investing activities		-	(12)
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		26,229	12,881
Effect of exchange rate fluctuations on cash and cash equivalents		(53)	(505)
Cash and cash equivalents at 31 December	10	10,041	26,229

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 17.

1 Reporting entity

(a) Organization and operations

"The A.D. Sakharov Armenian Human Rights Protection Centre" non-governmental organization (the "Organization") is the successor of "The A.D. Sakharov Armenian Foundation for Progress, Protection of Human Rights and Mercy", which was founded on 9 October 1990. It operates in the territory of the Republic of Armenia and head office in Yerevan and three branches in Shirak (1996), Gegharkunik (1997) and Syunik (1997) marzes, respectively in the cities of Gyumri, Gavar and Goris.

The mission of the Organization is to protect human rights and fundamental freedoms and promote the development of the democratic system in the Republic of Armenia.

The Organization has evolved its activities in diverse areas. At present the Organization focuses its activities in the areas of:

- Protection of human rights;
- Educational work aimed at strengthening civil society;
- Monitoring and Advocacy;
- Research-analytical work;
- Resource center services.

The main funding of the Organization is received from Bread for the World (Germany).

The average number of employees of the Organization in 2023 was 18 employees (2022 (unaudited): 22 employees).

The legal address of the Organization is Sarmen Street 1, Yerevan 0009, Republic of Armenia, where the administrative office is located.

The Organization's senior governing body is the Assembly, the executive body is the Director and the collegial governing body is the Council. The Assembly has the right of final solution of any issue relating the Organization's management and operation.

The Organization's current operation is managed by the Director. The Director of the Organization is being elected by the Assembly and also becoming a Council member by undertaking the position of the Chairman of the Council. The Director discharges day-to-day responsibilities and other authorities.

The Council of the Organization consists of 5 members:

- Meri Khachatryan – Director, Chairman of the Council
- Seyran Martirosyan - Member
- Lusine Toplaghalsyan - Member
- Ruzanna Avagyan - Member
- Gevorg Petrosyan - Member.

Related party transactions are disclosed in note 15.

(b) Armenian business environment

The Organization's operations are located in Armenia. Consequently, the Organization is exposed to the economic and financial markets of Armenia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. These financial statements reflect management's assessment of the impact of the Armenian business environment on the operations and the financial position of the Organization. The future business environment may differ from management's assessment.

2 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs") as published in the Republic of Armenia.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency

The national currency of the Republic of Armenia is Armenian Dram ("AMD"), which is the Organization's functional currency and the currency in which these financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand.

(d) Going concern

On 30 June 2024 the Organization completed the last phase of its main project and dismissed its all 19 employees. The management has applied to various funding partners (UNDEF, Bread for the World, Counterpart International) for funding new projects, however, as of the approval of these financial statements there was no approval of any new long-term project. The funding for the only new project amounted to EUR 50,000 and the duration was for 4 months ending on 31 October 2024.

On 22 October 2024 the management invited an extraordinary general meeting of the Organization's members to discuss the possibility of obtaining donations from them for covering Organization's certain upcoming expenses. The meeting took place on 30 October 2024 and as at 31 October 2024, 11 members donated AMD 1,170 thousand to the Organization.

These conditions, along with the other matter described in Note 16(a), indicate the existence of a material uncertainty that may cast significant doubt on the Organization's ability to continue as a going concern.

The financial statements have been prepared on the going concern basis as 11 members immediately after the extraordinary general meeting provided financial and other support as it was necessary to allow the Organization to continue in operational existence for the foreseeable future.

(e) Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS with SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 9 – property and equipment.

Measurement of fair values

A number of Organization's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. When measuring the fair value of an asset or a liability the Organization uses market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Organization recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Organization to all periods presented in these financial statements, unless otherwise stated.

(a) Grants and contribution income

Grants related to income and grants related to assets are recognised initially at fair value when there is reasonable assurance that they will be received and that the Organization will comply with the conditions associated with the grant. Grants related to assets are recognised in profit or loss on a systematic basis over the useful life of the asset. Grants related to income that compensate the Organization for expenses incurred are recognised in profit or loss as contribution income on a systematic basis in the same periods in which the expenses are recognized.

(b) Finance income and costs

The Organization's finance income and finance costs include:

- interest income on funds invested;
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income is recognised using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to AMD at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AMD at the exchange rate at that date. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognised in profit or loss.

(d) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Organization has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(e) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost or fair value less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognised net within other income/expense in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Organization and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date that they are installed and are ready for use or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of significant items of property and equipment for the current and comparative periods are as follows:

▪ Furniture and fixture	5-20 years
▪ Computer equipment	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Financial instruments

(i) Recognition and initial measurement

The Organization initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Organization becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A contribution receivable without a significant financing component is initially measured at the transaction price.

Loans and receivables category comprise the following classes of financial assets: cash and cash equivalents, banks deposits, receivables and grants receivable.

Cash and cash equivalents comprise cash and current bank accounts.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost; at FVTPL or at cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Organization changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or cost are measured at FVTPL.

(iii) Derecognition

The Organization derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Organization neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Organization derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Organization also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Organization currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(h) Impairment of financial assets

The Organization assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

(i) Provisions

A provision is recognised if, as a result of a past event, the Organization has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

4 Income from grants

AMD'000	2023	2022 Unaudited
From grants related to assets	1,724	1,473
From other donations and grants related to income	67,272	71,335
	68,996	72,808

5 Expense from grants

AMD'000	2023	2022 Unaudited
Salary of project staff	27,735	30,163
Salaries of experts	6,478	6,225
Provision of sub-grants	3,200	3,033
Office and representation expenses	2,344	3,647
Transportation expenses	1,519	1,800
	41,277	44,868

6 Administrative expenses

AMD'000	2023	2022 Unaudited
Wages and salaries	14,203	16,201
Audit and consulting services	5,207	2,207
Lease expenses	3,335	2,869
Office supplies	1,427	2,212
Depreciation and amortization	1,399	1,473
Insurance and banking expenses	20	25
Representation expenses	13	-
Communication expenses	740	789
	26,344	25,776

7 Other expenses

AMD'000	2023	2022 Unaudited
Foreign exchange conversion expenses	959	1,659
Write-off of property, plant and equipment	325	-
Other expenses	38	-
	1,322	1,659

8 Net finance income/(costs)

	2023	2022
		Unaudited
Net foreign exchange loss	(53)	(505)
Finance expense	(53)	(505)
Net finance income/(costs) recognised in income statement	(53)	(505)

9 Property and equipment

AMD'000	<u>Computer equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
<i>Cost or Revalued amount</i>			
Balance at 1 January 2022 (Unaudited)	9,788	6,047	15,835
Additions	-	12	12
Balance at 31 December 2022 (Unaudited)	9,788	6,059	15,847
Disposals	(54)	(1,032)	(1,086)
Balance at 31 December 2023	9,734	5,027	14,761
<i>Depreciation and impairment loss</i>			
Balance at 1 January 2022 (Unaudited)	4,004	3,388	7,392
Depreciation for the year	1,141	332	1,473
Balance at 31 December 2022 (Unaudited)	5,145	3,720	8,865
Depreciation for the year	1,071	328	1,399
Disposals	(45)	(716)	(761)
Balance at 31 December 2023	6,171	3,332	9,503
<i>Carrying amounts</i>			
At 31 December 2022 (Unaudited)	4,643	2,339	6,982
At 31 December 2023	3,563	1,695	5,258

Depreciation expense has been completely charged to administrative expenses.

During the year ending 31 December 2023 the Organization has not conducted an operational efficiency review of its property and equipment and left their useful lives unchanged. The cost of fully depreciated property and equipment that is still in use as at 31 December 2023 was AMD 2,062 thousand (2022 (Unaudited): AMD 1,121 thousand).

(a) Security

At 31 December 2023 the Organization had no pledged properties to secure its liabilities (2022 (Unaudited): none).

10 Cash and cash equivalents

AMD'000	2023	2022
		Unaudited
Bank balances in AMD	10,040	26,228
Bank balances in foreign currency	1	1
Cash and cash equivalents in the statement of financial position and in the statement of cash flows	10,041	26,229

11 Grants related to assets

AMD'000	2023	2022
		Unaudited
Opening balance	6,982	8,443
Received during the year	-	12
Recognised in income from grants	(1,724)	(1,473)
Closing balance	<u>5,258</u>	<u>6,982</u>

12 Grants related to income

AMD'000	2023	2022
		Unaudited
Opening balance	24,463	12,707
Received during the year	51,319	83,091
Recognised in income from grants	(67,272)	(71,335)
Closing balance	<u>8,510</u>	<u>24,463</u>

In 2023 and 2022 (Unaudited) the Organization received all its funding from Bread for the World. The funding was used for the implementation of the "Protection of Human Rights and Strengthening Civil Society in the Regions of the Republic of Armenia, Phase 5" project (the "Project") and for Organization's administrative and other expenses (see notes 5, 6 and 7). The Project's completion date was 30 June 2024.

13 Capital management

Given the nature of the Organization's operations, the Organization does not have a formal capital management policy. The Organization is not subject to externally imposed capital requirements.

14 Contingencies

(a) Insurance

The insurance industry in Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Organization does not have full coverage for its assets, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on Organization property or relating to Organization operations. Until the Organization obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Organization's operations and financial position.

(b) Litigation

As at 31 December 2023 there were no litigations against the Organization.

(b) Taxation contingencies

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

15 Related party transactions

(a) Control relationships

The Organization's is controlled by the Assembly of the Organization see note 1(a).

(b) Management remuneration

Key management received the following remuneration during the year, which is included in personnel expenses:

AMD'000	2023	2022
	<u> </u>	<u>Unaudited</u>
Salaries and bonuses	<u>4,362</u>	<u>3,803</u>

(c) Transactions with other related parties

The Organization's other related party transactions are disclosed below.

(i) Expenses

AMD'000	Transaction value 2023	Transaction value Unaudited 2022	Outstanding balance 2023	Outstanding balance Unaudited 2022
Salaries paid to Organization's members:	17,989	19,814	-	-
Services received from Organization's members:	439	549	-	-
	<u>18,428</u>	<u>20,363</u>	<u>-</u>	<u>-</u>

16 Events subsequent to the reporting date

(a) Expiry of head office area rental agreement

The Organization's head office area is in a building provided by the Government of Armenia for a three-and half-year period ending on 1 July 2024. The office area was provided free of charge. On 1 July 2024 the period of this agreement expired and currently the Organization is in negotiations with the Government of Armenia representatives for further extension of this agreement or provision of a new office area. The possibility of the office area continuing to be free of charge is still under discussion and remains uncertain due to time constraints stipulated in the relevant Armenian legislation for such rents.

(b) Other subsequent events

On 22 July 2024 the Organization signed a new Cooperation Agreement with the Bread for the World. The funding for the new project amounted to EUR 50,000 and the duration was for 4 months ending on 31 October 2024.

On 30 October 2024 an extraordinary general meeting of the Organization's members took place to discuss the possibility of obtaining donations from them for covering Organization's certain upcoming expenses. As at 31 October 2024, 11 members donated AMD 1,170 thousand to the Organization.