

SOCIAL JUSTICE CENTER

INDEPENDENT AUDITORS' REPORT

2021

SOCIAL JUSTICE CENTER

The Financial Statements
for the Year Ended 31 December, 2021
and
Independent Auditors' Report

CONTENT

	<i>Page</i>
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	3
INDEPENDENT AUDITORS' REPORT	4
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021	
Statement of Financial Position	6
Statement of Activities	7
Statement of Changes in Net Assets	8
Statement of Functional Expenses	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 18

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The management of the Social Justice Center (referred to as "the Organization") is responsible for the preparation of the financial statements.

This responsibility includes:

- preparation of financial statements in accordance with Financial Standard for Non-entrepreneurial (non-profit) Legal Entities approved under the order (June 26, 2018) of the head of the Service for Accounting, Reporting and Auditing Supervision Subdivision of the Ministry of Finance of Georgia;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent.

Management is also responsible for:

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

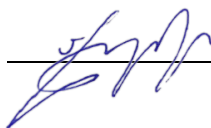
The present financial statement for the year ended December 31, 2021 is approved by the management and signed on its behalf:



Tamta Mikeladze

Director

Social Justice Center



Medea Zhghenti

Financial Manager

Social Justice Center

INDEPENDENT AUDITORS' REPORT

Social Justice Center
I. Abashidze St. #12 a
Tbilisi, Georgia

Opinion

We have audited the financial statements of Social Justice Center (the Organization), which comprise the statement of financial position, as at December 31, 2021, and the statements of activities, functional expenses and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Organization as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Financial Standard for non-entrepreneurial (non-profit) legal entities approved under the order (June 26, 2018) of the head of the Service for Accounting, Reporting and Auditing Supervision Subdivision of the Ministry of Finance of Georgia.

Basis for our Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Standard for non-entrepreneurial (non-profit) legal entities approved under the order (June 26, 2018) of the head of the Service for Accounting, Reporting and Auditing Supervision Subdivision of the Ministry of Finance of Georgia, 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' Responsibility for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mikheil Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544

Auditor's registration number: SARAS-A-865011

August 12, 2022

Tbilisi, Georgia




**SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31-Dec-2021	31-Dec-2020
Current assets			
Cash and bank	3	843,182	369,858
Grants receivable	4	1,086,663	1,190,400
Tax assets		2,672	6,031
Inventory		-	19,239
Grants paid in Advance		19,823	-
Total current assets		1,952,340	1,585,528
Fixed assets			
Fixed assets	5	58,980	38,407
Intangible assets		8,412	10,515
Total non current assets		67,392	48,922
TOTAL ASSETS		2,019,732	1,634,450
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		8,189	1,165
Payable to donor		1,842	1,843
Deferred grant income	6,7	1,943,844	1,518,803
Total current liabilities		1,953,875	1,521,811
Unrestricted net assets		243,185	190,776
Temporarily Restricted net assets		(177,328)	(78,137)
Net assets		65,858	112,639
TOTAL LIABILITIES AND NET ASSETS		2,019,732	1,634,450

The financial statements including the notes were approved and signed on August 12, 2022 by:



Tamta Mikeladze

Director

Social Justice Center



Medea Zhghenti

Financial Manager


Social Justice Center

SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

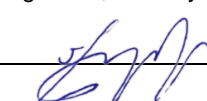
STATEMENT OF ACTIVITIES

	Unrestricted Net Assets	Temporarily restricted net assets	Year 2021	Year 2020
Changes in temporarily restricted net assets:				
Revenues				
RFSU-4401-040301-1801		463,390	463,390	313,200
SWISS		256,791	256,791	200,752
OSGF – LDD/33/20-21140		196,405	196,405	27,027
UNW		156,441	156,441	-
DUTCH 2021		97,706	97,706	-
OSGF20961		83,336	83,336	193,894
BOELL002		75,809	75,809	-
BOELL009		58,683	58,683	-
OSF-OR2018-45437		66,936	66,936	358,251
PROLOG1830		55,981	55,981	-
PROLoG1696		53,215	53,215	69,832
OSGF21064		48,946	48,946	62,609
PROLoG1736		42,363	42,363	45,435
OSGF21245		46,073	46,073	-
IPHR		41,112	41,112	-
IDFI		32,595	32,595	-
EFG03049		31,851	31,851	-
CTC		24,459	24,459	-
GDI		24,372	24,372	-
OSGF21274		22,122	22,122	-
PROLOG1909		13,838	13,838	-
GYLA		-	-	48,590
OSF29336		-	-	-
NDI		-	-	14,488
ACCESS		-	-	-
OSGF20905		-	-	109,013
EU-ENI/2018/395-99		-	-	218,957
BOELL CC:12421005		-	-	105,891
DUTCH – AVT16BZ120646B		-	-	67,183
OSGF21056		-	-	46,852
UNDP - 00095571		-	-	29,692
IDFI – 202000701-02		-	-	24,351
CTC_Plattf_020_002		-	-	15,014
BOELL CC:12425017		-	-	12,971
IPHR OR2020-74791		-	-	1,876
Income from donations	52,409	-	52,410	92,141
Total revenues	52,409	1,892,422	1,944,831	2,058,019
Expenses				
Administrative and operational expenses	-	(1,936,504)	(1,936,504)	(1,944,564)
Net result from foreign exchange difference	-	(55,108)	(55,108)	(64,160)
Total expenses	-	(1,991,612)	(1,991,612)	(2,008,724)
Increase / (Decrease) in net assets	52,409	(99,191)	(46,781)	49,295
Net assets at the beginning of the year	190,776	(78,137)	112,639	63,344
Net assets at the end of the year	243,185	(177,328)	65,858	112,639
Temporarily restricted net assets	-	(177,328)	(177,328)	(78,137)
Unrestricted Net assets	243,185	-	243,185	190,776
Total net assets	243,185	(177,328)	65,858	112,639

The financial statements including the notes were approved and signed on August 12, 2022 by:



Tamta Mikeladze



Medea Zhghenti

Director
 Social Justice Center

Financial Manager
 Social Justice Center

**SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted net assets	Temporarily restricted net assets	Total net assets
Balance as at 31-Dec-2019	98,635	(35,290)	63,345
Grants	-	1,965,878	1,965,878
Donations	92,141	-	92,141
Financing of expenses	-	(2,008,725)	(2,008,725)
Balance as at 31-Dec-2020	190,776	(78,137)	112,639
Grants	-	1,892,422	1,892,422
Donations	52,409	-	52,409
Financing of expenses	-	(1,991,612)	(1,991,612)
Balance as at 31-Dec-2021	243,185	(177,327)	65,858

The financial statements including the notes were approved and signed on August 12, 2022 by:



Tamta Mikeiadze

Director
Social Justice Center



Medea Zhghenti


Financial Manager
Social Justice Center

**SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

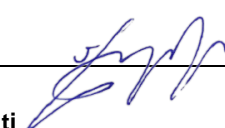
STATEMENT OF FUNCTIONAL EXPENSES

Description	RFSU_4 401	SWISS	OSGF_2 1140	UNW	DUTCH_ 2021	OSGF_2 0961	BOELL_ SP_002	OSF_45 437	BOELL_ EP_009	PROLO G_1830	PROLO G - 1696	OSGF_2 1064	OSGF_2 1245	PROLO G -1736	IPHR	IDFI	EF_G03 049	CTC	GDI - 21241	OSGF -2127 4	PROL oG - 1909	Own funds	Total Expenses 2021	Total Expenses 2020
Payroll	145,684	146,645	114,918	91,289	60,268	(107)	39,857	18,909	27,614	43,026	37,690	5,021	23,211	21,490	35,618	31,674	18,209	9,701	22,352	-	9,581	48,822	951,469	1,005,861
Services Rendered and Goods Purchased	86,553	38,940	23,968	30,061	20,811	29,230	12,255	12,154	14,543	980	196	29,778	1,932	8,885	-	-	6,092	1,658	-	5,435	-	11,569	335,037	358,976
Translation	22,853	11,081	12,558	4,186	2,170	13,116	851	5,932	7,910	493	1,071	1,531	2,022	4,115	-	-	524	-	-	816	1,993	90	93,312	36,666
Office Rent	16,560	6,656	10,418	6,228	4,762	-	8,820	3,241	2,100	3,481	1,963	-	4,363	1,176	-	-	1,520	-	-	-	550	-	71,838	91,317
Transportation	17,855	11,882	3,902	3,998	235	83	3,920	1,385	-	772	3,508	2,915	1,300	604	811	-	483	630	110	1,840	325	857	57,415	28,137
Conference and training	22,689	5,407	7,546	-	3,033	-	1,874	1,086	2,190	1,500	64	1,913	1,274	-	-	-	-	-	-	6,822	-	1,924	57,322	39,368
Overnight accommodation	31,022	5,497	445	7,130	-	-	2,100	-	-	-	1,595	829	3,969	-	564	-	-	-	-	1,252	-	80	54,483	-
Communication and utility	9,770	3,798	6,382	2,009	1,160	-	1,342	3,288	3,044	1,579	1,774	1,696	1,031	1,317	-	-	282	-	1,031	30	555	6,345	46,433	65,391
Insurance Expense	9,000	6,427	2,513	1,605	1,982	107	1,053	200	706	977	1,179	236	507	562	696	268	486	-	161	-	211	850	29,726	25,903
Pension	5,000	4,198	3,039	2,566	1,679	842	1,081	698	913	888	833	819	557	655	740	639	511	227	450	184	236	1,073	27,828	27,857
Research cost	-	-	-	-	-	23,342	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,342	61,102
Write-off of Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,841	20,841	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,738	19,738	13,310
Marketing Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,683	7,683	-
Business Trip	1,313	1,661	284	700	-	243	884	-	-	-	1,053	-	243	-	608	-	-	-	-	162	-	162	7,313	22,603
Office Expenses	5,701	72	250	60	156	345	-	334	-	11	144	-	62	15	-	-	45	-	-	-	60	-	7,255	5,629
Computer Expenses	2,238	720	322	-	1,008	-	-	1,515	-	303	150	-	345	-	-	-	-	-	-	-	-	-	6,601	-
Utility Expenses	1,352	1,338	1,343	-	-	-	228	242	661	123	374	-	-	88	-	-	93	-	-	-	222	-	6,062	-
Grants Issued within the project	6,000	-	-	-	-	-	-	11,156	-	-	-	-	-	-	-	-	-	12,521	-	-	-	-	29,676	-
Treasure Expenses	1,342	716	728	100	-	-	300	-	-	-	715	-	(353)	-	1,210	-	-	-	-	250	-	410	5,418	-
Stationary	390	735	342	-	-	220	-	83	-	-	200	-	1,066	95	-	-	180	-	240	-	-	-	3,551	5,379
Goods transferred within the Project	201	-	-	-	-	-	-	-	-	-	-	2,455	-	-	-	-	-	-	-	-	-	-	2,656	-
Bank Fees	366	212	172	135	75	33	108	47	83	43	90	49	63	41	117	15	47	11	28	22	20	694	2,470	2,774
Legal Expenses	1,282	180	-	-	-	-	-	-	-	-	16	-	14	-	-	-	-	-	-	-	-	200	1,692	-
Publication expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,284
Other Expenses	30,671	844	7,145	1,502	-	10,610	-	6,222	-	1,584	-	102	931	3,320	-	-	-	-	-	1,867	-	2,545	67,343	131,007
Total	417,842	247,006	196,275	151,569	97,339	78,064	74,673	66,492	59,764	55,760	52,615	47,344	42,537	42,363	40,364	32,596	28,472	24,748	24,372	18,680	13,753	123,885	1,936,504	1,944,564

The financial statements including the notes were approved and signed on August 12, 2022 by:



Tamta Mikeladze
 Director
 Social Justice Center



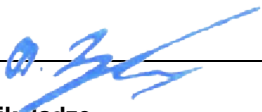
Medea Zhghenti
 Financial Manager
 Social Justice Center

**SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF CASH FLOWS

	Year 2021	Year 2020
Cash flows from operating activities		
Cash received from grants	2,353,299	1,416,530
Cash received from donations	52,405	92,141
Advances to sub-contractors	(3,211)	(49,981)
Cash paid for salaries of employees	(827,551)	(864,439)
Cash paid for services rendered and goods purchased	(323,985)	(318,408)
Taxes paid	(298,215)	(296,489)
Cash paid for presentation, conferences and trainings	(38,476)	(27,116)
Cash paid for rent expenses	(57,135)	(71,501)
Cash paid for office expenses	(74,481)	(110,073)
Cash paid for transportation	(54,161)	(20,422)
Cash paid for books and publication	(23,385)	(26,565)
Cash paid for business trips	(55,342)	(32,009)
Cash paid for pension	(55,253)	(55,909)
Cash paid for honorarium	(1,972)	(1,990)
Bank expenses	(2,470)	(2,772)
Other expenses	(64,714)	(63,400)
Net cash provided by operating activities	525,353	(432,403)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(30,256)	(11,326)
Net cash used in investing activities	(30,256)	(11,326)
Net increase in cash and cash equivalents	495,097	(443,730)
Gain/(Loss) from exchange rate changes	(21,773)	26,255
Cash and cash equivalents at the beginning of the year	369,858	787,333
Cash and cash equivalents at the end of the year	843,182	369,858

The financial statements including the notes were approved and signed on August 12, 2022 by:



Tamta Mikeladze
Director
Social Justice Center



Medea Zhghenti
Financial Manager
Social Justice Center

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BACKGROUND

Social Justice Center (former „Human Rights Education and Monitoring Center“, the Organization changed its brand name to „Social Justice Center“ from January 01,2021) (the „Organization“) Non-entrepreneurial (non-commercial) legal entity (I/C 404432565) is a membership-based organization, which unites human rights and civil activists with different professional backgrounds. It represents an open platform of civic and human rights activists; everyone who shares the declared values of Social Justice Center has a possibility to use this sort of resource.

Since its establishment on 28 November 2012, Social Justice Center works in human rights field *inter alia* on the protection of rights of socially vulnerable, marginalized and discriminated groups, systemic reform of the law enforcement bodies, the institutionalized violence and social oppression. The key beneficiaries of the organization are socially vulnerable homeless persons, employees working in poor conditions, persons with disabilities, LGBT and religious groups. In its activities, Social Justice Center uses research, monitoring, advocacy and raising awareness.

Social Justice Center work encompasses four main directions implemented by:

- Equality Policy Program;
- Judiciary and Democracy Program;
- Social Policy Program.

Social Justice Center has a horizontal structure managed by three program directors jointly, with direct and active involvement of the staff members. Essential issues of the organization are decided by Social Justice Center team by consensus.

In addition, one of the prioritized directions of Social Justice Center's activity is the support of young civic activists' platform, which aims to create alternative thinking space and to support the organized civic activists and students' groups.

Nowadays, Social Justice Center brings together an average of 31 people with backgrounds in law, sociology, journalism and gender, as well as several contributors of various professions. Their joint work is addressed to the achievement of Social Justice Center's declared goals.

On January 1, 2018 "Swedish Association of Sexuality Education (RFSU)" awarded Social Justice Center the grant for the project "Strengthening the human rights situation of LGBT persons, advocacy on SRHR issues and support to queer activism". The period of the project's is from January 01, 2018 to December 31, 2022. The total amount of the grant is 3,500,000 SEK. Based on the amendment signed on March 26, 2020 the budget was increased by an additional 430,000 SEK. Amendment #2 regulates two additional funding streams. The first corresponds to additional funding of 990,000 SEK provided by RFSU as a result of amendment #6 between SIDA and RFSU for additional activities in Georgia, financed by the Swedish Embassy in Georgia for the period from January 1, 2021 to December 31, 2022. Secondly, RFSU grants SJC an additional 100,000 SEK for 2022 to finance activities under the main agreement **(RFSU-4401-040301-1801)**.

On October 15, 2018 Open Society Policy Center and Social Justice center signed the grant contract for the project "To support policy advocacy and new practice on the right to the legal capacity for the persons with disabilities" for the period from October 1, 2018 to October 1, 2020. The total amount of the grant is USD 279,459. **(OR2018-45437)**.

On April 30, 2018 the "European Union (EU)" and Social Justice Center signed the grant contract for the project "Facilitating Implementation of Reforms in the Judiciary (FAIR)". The period of the grant is from May 01, 2018 to May 01, 2020. The amount of the project represents 267,780.82 EUR. **(EU- ENI/2018/395-919)**.

On September 20, 2019 grant agreement was signed between "Swiss Federal Department of Foreign Affairs (FDFA)" and Social Justice Center for the implementation of the project "Strengthening ethnic minority integration and human rights protection in Georgia". The period of the project is from October 01, 2019 to September 30, 2021. The overall budget of the project is 184,191.80 EUR, but FDFA finances up to 146,060 EUR. Based on the first amendment signed on February 22, 2021 FDFA contribution reduced to 142,958.19 EUR. Second amendment was signed on October 27, 2021, FDFA contribution was reduced from 142,958.19 EUR to 130,078 EUR and duration of contract was extended from September 30, 2021 to March 31, 2022 **(SWISS)**.

On November 22, 2019 the grant agreement was signed between "Open Society - Georgia Foundation" and SOCIAL JUSTICE CENTER signed for the implementation of the project "Development of fair and human criminal law". The period of the project is from November 22, 2019 to November 22, 2020. The total amount of the grant is 70,000 USD. **(OSGF-20961)**.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: BACKGROUND (continued)

On May 28,2019 the grant agreement was signed between Social Justice Center and Open Society Georgia Foundation about the project "Supporting social rights in Georgia through research and advocacy".The duration of the grant is from May 28,2019 to February 28,2020.Total amount of the grant is 60,000 USD. On February 21,2020 the project duration was modified until April 30,2020 and on April 30,2020 the grant agreement's duration was once again modified until August 31,2020 with the unchanged budget. **(LDD/05/19-20905)**.

On January 03,2020 the grant agreement was signed between Social Justice Center and Heinrich-Böll-Stiftung South Caucasus Regional Office for the implementation of the project "Mining industries and related social-ecological aspects". The duration of the grant is from January 3,2020 to December 25,2020. Total amount of the grant is 34,000 EUR.**(12421011)**

On August 21, 2018 partnership agreement was signed between The State of the Netherlands and Social Justice Center for the implementation of the project "Supporting Protection of the Rights of Non-dominant religious Groups through Research". Duration of the project is from September 01, 2018 to April 01, 2020. The amount of Social Justice Center's grant is 342,900 GEL. **(DUTCH-AVT16/BZ/120646B)**.

On July 1,2020 grant agreement was signed between Social Justice Center and Institute for Development of Freedom of Information about the project" Supporting the Functioning of the State Inspector Service. Period of the grant is from June 24,2020 to May 30,2021. Total amount of the grant is 18,000 USD.**(IDFI)**

On November 24, 2020 the grant agreement was signed between the International Partnership for Human Rights and Social Justice Center for the project "Supporting The Right To Protest In Georgia" for the period from December 1, 2020 to November 30, 2021. The total amount of the contribution of IPHR is maximum USD 15,000. **(OR2020-74791)**,

On April 01,2020 grant agreement was signed between Social Justice Center and East West Management Institute for the implementation of the project " Improving Human Rights Conditions for Marginalized Groups through Strategic Litigation ". The period of the grant is from April 01,2020 to June 30,2021. Total amount of the grant is 38,163.82 USD. **(PROLoG 1696)**

On May 25,2020 grant agreement was signed between Social Justice Center and Open Society Georgia Foundation about the project "Strengthening and Supporting Community Life and Teachers in Kvemo Kartli as Agents of Social Change". The period of the grant is from May 25,2020 to May 31,2021. Total amount of the grant is 35,000 USD.**(NINT/04/20/-21064)**

On September 25, 2019 the grant agreement was signed between "Georgian Young Lawyers Association" and Social Justice Center for the implementation of the project "Improvement of State's general education policy through equality and transparation". The period of the project is from August 02, 2019 to August 02, 2020. The total amount of the grant is 19,376 USD. **(GYLA- EINT/06/19-20926)**.

On May 15,2020 the grant agreement was signed between Social Justice Center and Open Society Georgia Foundation about the project " Labor rights during a pandemic". The period of this grant is from May 15,2020 to November 11, 2020. Total amount of the grant is 15,000 USD.**(LDD/08/20-21056)**

On May 25,2020 grant agreement was signed between Social Justice Center and East West Management Institute for the implementation of the project "Improving access to Justice". The period of the grant is from May 25,2020 to June 24,2021. Total amount of the grant is 30,210.31 USD.**(G-1736-20-211-3024-20)**

On June 1, 2020 grant agreement was signed between Social Justice Center and UNDP about the project "Self-employment and COVID-19". The period of the grant is from June 1,2020 to August 31,2020. Total amount of the grant is 10,000 USD.**(UNDP-00095571)**

On November 13,2020 grant agreement was signed between Social Justice Center and Open Society Georgia Foundation about the project " Improving the rights of employees in the formal and informal sectors". Period of the grant is from November 13,2020 to November 13,2021. Total amount of the grant is 69,949.61 USD.**(LDD/33/20-21140)**

On March 16,2020 grant agreement was signed between Social Justice Center and Consultation and Training Center for the implementation of the project "Availability of opioid replacement therapy in the Georgian penitentiary system". The period of the grant is from March 16,2020 to October 15,2020. The total amount of the grant is 40,984.53 GEL. On October 6,2020 the grant agreement was modified and the duration of the project was increased till April 30,2021. **(CTC_Plaf_020_002)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: BACKGROUND (continued)

On October 10, 2019 grant agreement was signed between National Democratic Institute for International Affairs (NDI) and Social Justice Center for the implementation of the project "Supporting of elections and political processes in Georgia". The period of the project is from October 10, 2019 to March 31, 2020. The total amount of the grant is 26,958 GEL. **(NDI - 72011419LA00001)**.

On September 21, 2020 the grant agreement was signed between Social Justice Center and Heinrich-Böll-Stiftung South Caucasus Regional Office for the implementation of the project "Supporting peaceful conflict transformation through strengthening human rights discourse concerning the conflicts in Georgia". The duration of the grant is from September 21, 2020 to December 05, 2020. Total amount of the grant is 3,800 EUR. **(BOELL CC:12425017)**

On July 6, 2021 the grant agreement was signed between "Europe Foundation (EF)" and Social Justice Center for the implementation of the project "Collusion corruption and conflict of interest cases surrounding Namakhvani HPP Cascade project". The period of the project is from July 7, 2021 to August 8, 2022. The total amount of the grant is 87,027 GEL. **(GO3049)**.

On June 1, 2021 Embassy of the Netherlands and Social Justice Center signed the grant contract for the project "Support the independent and Fair Judiciary". The period of the grant is from July 1, 2021 to January 1, 2023. The total amount of the grant is 290,822 GEL. **(AVT16/BZ120646B)**.

On September 23, 2019 the grant agreement was signed between "The Swiss Confederation" represented by the Swiss Federal Department of Foreign Affairs and Social Justice Center for the project "Strengthening ethnic minority integration and human rights protection in Georgia". The period of the project is from October 1, 2019 to September 30, 2021. The contribution of FDFA is intended to cover at the maximum 79% of the total budget of the project, which equals to maximum EUR 146,036. Based on the amendment #1 signed on February 22, 2021 the amount of contribution of FDFA was decreased to EUR 142,958.19. Based on the amendment #2 signed on November 27, 2021 the contribution of FDFA was again decreased from EUR 142,958.19 to 130,078. **(81061987)**.

On July 20, 2021 Open Society Georgia and Social Justice Center signed the grant contract for the project "Support for Humane Drug Policy and Law Enforcement in Georgia". The period of the grant is from July 20, 2021 to April 20, 2022. The total amount of the grant is USD 43,000. **(Med/06/21 – 21245)**.

On July 8, 2021 the grant agreement was signed between Georgian Democracy Initiative and Social Justice Center for the implementation of the project "Legal Aid Network for Activists". The period of the grant is from July 8, 2021 to May 8, 2022. The total amount of the grant is USD 23,210.50. **(HR/07/21 – 21241)**.

On May 7, 2020 the grant agreement was signed between Open Society Georgia and Social Justice Center for the implementation of the project "Establishing a fair and humane criminal policy" for the period from May 7, 2020 to January 7, 2021. The total amount of the grant is USD 21,348. **(MED/14/19-20961)**.

On May 25, 2020 the grant agreement was signed between Open Society Georgia and Social Justice Center for the project "Strengthening and Supporting Community life and teachers in Kvemo Kartli as agents of social Change". The period of the project is from May 25, 2020 to February 25, 2021. The total amount of the grant is USD 35,000. **(NINT/04/20-21064)**.

On January 1, 2021 the grant agreement was signed between Heinrich-Boll-Stiftung and Social Justice Center for the project "Supporting positive transformation of peace politics through research and advocacy". The period of the project is from February 1, 2021 to December 25, 2021. The total amount of the project costs funded by the Heinrich-Boll-Stiftung is GEL 59,648, which equates to the sum of 15,700 in Euros. **(12572009)**.

On February 1, 2021 Heinrich-Boll-Stiftung and Social Justice Center signed the grant contract for the project "Human Rights Dimension of the Environmental Issues" for the period from February 3, 2021 to December 25, 2022. The total amount of the project costs funded by the Heinrich-Boll-Stiftung is GEL 158,578, which equates to the sum of 41,700 in Euros. **(12571002)**.

On February 15, 2021 the grant agreement was signed between the United Nations Entity for Gender Equality and the Empowerment of Women and Social Justice Center for the project "Support the removal of barriers preventing Women's Equal Participation in the Labor Market". The period of the grant is from February 15, 2021 to December 15, 2021. The total amount of the contribution of UN Women's is a maximum of GEL 160,656.36. Based on the amendment signed November 4, 2021 the end date of the agreement is extended to December 31, 2021. **(PA001563ECA)**.

On February 12, 2021 United States Agency for International Development and Social Justice Center signed the grant agreement for the project "Investigation System Reform Advocacy Project" for the period from February 15, 2021 to July 31, 2021. The total estimated amount of the project is USD 17,821.50. **(G-1830-21-211-3024-20)**.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 1: BACKGROUND (continued)

On September 14, 2021 the grant agreement was signed between United States Agency for International Development and Social Justice Center for the project “Supporting Comprehensive Reforms of Georgian Judiciary”. The period of the project is from September 15, 2021 to December 14, 2021. The total estimated amount is USD 6,914.39. **(G-1909-21-211-3024-20)**.

NOTE 2: ACCOUNTING POLICIES

a. Basis of accounting

These financial statements have been prepared in accordance with Financial Standard for Non-entrepreneurial (non-profit) Legal Entities approved under the order (June 26, 2018) of the head of the Service for Accounting, Reporting and Auditing Supervision Subdivision of the Ministry of Finance of Georgia.

Based on the Organization’s accounting policy, financial statements have been prepared and presented using the historical cost principle and accrual basis of accounting.

According to the historical cost principle, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Under accrual basis, the effects of transactions and other events are recognized when they occur (and not as cash or cash equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the period to which they relate.

b. Use of estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

c. Reporting currency of the Organization’s financial statements

The Georgian Lari (GEL) is the reporting and functional currency. Although some grants are awarded in EUR, SEK or USD and some financial reports sent to donors are prepared in EUR and USD, the books and records are maintained in GEL as well. Significant volume of operations, i.e. payments of salaries, operating expenses are made in Georgian Lari (GEL).

d. Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling on the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of activities using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Georgian Lari at the official exchange rate of the NBG (National Bank of Georgia) at the balance sheet date. As at December 31, 2021 the principal rate of exchange used for translating foreign currency balances was:

	December 31, 2021	December 31, 2020
GEL / 1 USD	3.0976	3.2766
GEL / 1 EUR	3.5040	4.0233
GEL / 10 SEK	3.4168	4.0068

e. Grant revenue and deferred grant

The organization recognizes deferred grant upon signing the agreement with donor. When the relevant expenses of the program are incurred and recognized, the corresponding amount is removed from deferred grant and recognized as revenue.

NOTE 2: ACCOUNTING POLICIES (Continued)

f. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in bank.

g. Taxes

Social Justice Center, as non-governmental, non-commercial organization, pays the following taxes:

- Income tax (20%). Mentioned tax will be paid from the whole salary and from the benefits that are handled to the employees according to the Georgian tax legislation. These taxes are given in financial statements – project incomes and project expenditures as the part of salary and benefits connected to it.

Reverse Charge VAT (18%) - Mentioned tax will be paid on:

- a service delivered by a non-resident natural person or by a non-resident enterprise to a tax agent on the territory of Georgia;
- transfer of a collateral (goods) by a person to the possession of a creditor under a contractual obligation performance security measure (guarantee);
- delivery of services and/or supply of goods/products (project documents, technical documents, production flow charts, software, etc.) to a tax agent outside the territory of Georgia by the Internet or any other electronic communication means, if it does not cross the customs border of Georgia by means of a federated schema or other information carrier;
- foreign goods purchased from a person in a customs warehouse, in the case provided by Article 162(7) of Tax Code of Georgia, which are placed under an import customs procedure.

Pension scheme - On 21 June, 2018 Georgia established a new law about pension fund, which came into force from 1 January, 2019. Aggregated pension scheme takes into account 6% payment. In particular, employee will transfer 2% of his/her taxable salaries to individual pension account, employer will also transfer additional 2%, whereas from public finance will be transferred another 2%, the organization will transfer 2% as employer and these payments are not presented in the financial statement for the year ended 31 December, 2018.

h. Fixed Assets and intangibles assets

Fixed assets and intangible assets are stated at cost less depreciation or amortization. Depreciation and amortization are calculated on the Declining Balance Depreciation Method over the following estimated useful lives:

Asset Group	Useful life
Computers and techniques	2 - 5 years
Other fixed assets	2 - 5 years
Intangibles	2 - 5 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities. The cost of maintenance and repair is charged to the statement of activities as incurred.

i. Net asset classification

The net assets are reported in two self-balancing funds as follows:

Unrestricted net assets – include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the organization.

Temporarily restricted net assets – include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organization. When restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Change in Net Assets as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principle be maintained permanently by the organization. Generally, the donors permit the organization to use all or part of the income earned for either general or donor-specified purposes.

**SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 2: ACCOUNTING POLICIES (Continued)

j. Revenue

Unrestricted and temporarily restricted contributions and grants are recorded as revenue when the agreement is signed with donor. Restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Restricted contributions and grants received in excess of expenses incurred are shown as restricted net assets in the accompanying financial statements.

NOTE 3: CASH AND BANK

Cash in bank by currency

	31-Dec-2021	31-Dec-2020
Georgian Lari (GEL)	105,982	246,480
EURO (EUR)	731,958	614
US Dollars (USD)	5,242	122,763
Total cash and bank	843,182	369,858

NOTE 4: GRANTS RECEIVABLE

	31-Dec-2021	31-Dec-2020
RFSU-4401-040301-1801	618,020	579,894
DUTCH_2021	90,822	-
BOELL002	80,215	-
SWISS	71,032	-
OSGF 21245	60,670	-
EFG03049	59,769	-
EPD_918	50,169	354,699
OSGF 21274	29,132	-
UNW	10,510	-
PROLoG1696	7,257	-
CTC	4,688	-
PROLoG – 1969	1,473	40,874
OSGF_21064	1,070	42,506
BOELL009	965	-
OSGF_21140	871	107,079
PROLoG – 1736	-	42,035
AVT16/BZ120646B	-	17,300
CTC_Plaf_020_002	-	6,014
Total grants receivable	1,086,663	1,190,400

NOTE 5: FIXED ASSETS

Year 2021

	Computers and Techniques	Other fixed assets	Total
Gross Book Value			
Balance at 31 December 2020	72,246	31,016	103,262
Additions	38,208	-	38,208
Balance at 31 December 2021	110,454	31,016	141,470
Accumulated Depreciation			
Balance at 31 December 2020	36,852	28,002	64,854
Charge for the year	15,294	2,341	17,635
Balance at 31 December 2021	52,146	30,343	82,489
Net Book Value			
Balance at 31 December 2020	35,394	3,014	38,408
Balance at 31 December 2021	58,308	673	58,980

**SOCIAL JUSTICE CENTER
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 5: FIXED ASSETS (Continued)

Year 2020

	Computers and Techniques	Other fixed assets	Total
Gross Book Value			
Balance at 31 December 2019	70,196	21,816	92,012
Additions	2,050	9,200	11,250
Balance at 31 December 2020	72,246	31,016	103,262
Accumulated Depreciation			
Balance at 31 December 2019	35,942	18,232	54,174
Charge for the year	910	9,771	10,681
Balance at 31 December 2020	36,852	28,003	64,855
Net Book Value			
Balance at 31 December 2019	34,254	3,583	37,838
Balance at 31 December 2020	35,394	3,013	38,407

NOTE 6: DEFERRED GRANT INCOME

	31-Dec-2021	31-Dec-2020
OSGF 20771	737,431	-
RFSU-4401-040301-1801	582,454	558,351
DUTCH 2021	193,116	-
OSGF21245	87,554	-
BOELL002	82,769	-
EFG03049	55,176	-
OSGF21274	55,575	-
OSF- OR2018-45437	50,986	111,886
GDI	48,440	-
OSGF20961	25,543	98,045
PROLOG1909	7,702	-
IPHR	6,169	47,281
PROLoG1736	5,740	51,307
PROLOG1830	2,631	-
IDFI	1,796	34,392
UNW	382	-
OSGF21064	380	49,477
OSGF21140	-	202,334
CTC	-	25,971
PROLoG1696	-	48,861
SWISS	-	290,899
Total deferred grant income	1,943,844	1,518,803

NOTE 7: MOVEMENT IN DEFERRED GRANTS

	31-Dec-2021	31-Dec-2020
Opening balance of deferred grants	1,518,803	2,094,373
Add: Grant contracts signed in the period	2,252,360	1,456,650
Less: Deferred grants transferred to the period incomes	(1,827,320)	(2,032,220)
Closing balance of deferred grants	1,943,844	1,518,803

NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES

Legal proceeding

As of 31 December 2021, the Organization was not engaged in legal proceedings.

Tax legislation

The Georgian commercial and tax legislation contains provisions which sometimes imply more than one treatment for transactions. Moreover, the tax authorities may take arbitrary judgments as to business activities and transactions, including the arbitrary classification of the activities of the Organization when the regulatory basis for this decision is deemed insufficient. Thus, although management believes that it has adequately provided for tax liabilities in the financial statements, its judgment of the Organization activities and transaction may not coincide with the interpretation of the tax authorities.

Operating environment

Over recent years, Georgia has undergone substantial political and economic change. As an emerging market Georgia does not possess a well-developed commercial infrastructure that generally exists in more mature business markets. Laws and regulations effecting businesses operating within the country are subject to rapid change. In addition, continued economic stability is dependent to a large extent on the effectiveness of fiscal measures taken by the government, decisions of international lending organizations, and other actions beyond the Organization's control.

NOTE 9: EVENTS AFTER THE REPORTING DATE

On 24 February 2022, Russia began a military invasion of Ukraine, in a major escalation of the Russo-Ukrainian conflict that had begun in 2014. The war is still ongoing for the date of approval of the Company's financial statements. The invasion was widely condemned internationally. Many countries imposed new sanctions which have led to economic consequences for Russia and the world economy. The Organization does not consider the risks arising from the above-mentioned Russo-Ukrainian conflict as significant since the Organization or its owners and the Organization's main customers do not have any ties with either Russia or Ukraine.

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