

SOCIAL JUSTICE CENTRE

# Independent Auditors' Report

2023



# **SOCIAL JUSTICE CENTER**

The Financial Statements  
for the Year Ended December 31, 2023  
and  
Independent Auditors' Report

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**THE 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 the financial statement standard for non-entrepreneurial (non-profit) legal entities (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision).
- 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, 2023, is approved by the management and signed on its behalf:

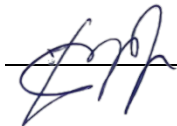


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**Tamta Mikeladze**

Director

Social Justice Center



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**Medea Zhghenti**

Financial Manager

Social Justice Center

## **INDEPENDENT AUDITORS' REPORT**

### **To the management of the 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, 2023, and the statements of activities, the statement of functional expenses and the statement of 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the financial statement standard for non-entrepreneurial (non-profit) legal entities (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision).

### **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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 2 (b) to the financial statements, which describes the conditions that indicate the existence of a material uncertainty that cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial statement standard for non-entrepreneurial (non-profit) legal entities (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision), 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.

**Sopho Abaiadze / Certified Auditor / Partner**

*Audit firm registration number: SARAS-F-320544*

*Auditor's registration number: SARAS-A-417263*

September 30, 2024

Tbilisi, Georgia



**SOCIAL JUSTICE CENTER  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

**THE STATEMENT OF FINANCIAL POSITION**

	Notes	31-Dec-2023	31-Dec-2022
<b>Current assets</b>			
Cash and bank	3	504,179	557,943
Grants receivable	4	2,141,950	2,782,147
Tax assets		1,889	-
Grants paid in advance		73,489	73,492
<b>Total current assets</b>		<b>2,721,507</b>	<b>3,413,582</b>
<b>Fixed assets</b>			
Fixed assets	5	83,732	71,584
Intangible assets		4,206	8,410
<b>Total non-current assets</b>		<b>87,938</b>	<b>79,994</b>
<b>Total assets</b>		<b>2,809,445</b>	<b>3,493,576</b>
<b>Liabilities and net assets</b>			
<b>Current liabilities</b>			
Accounts payable		8,189	8,565
Payable to donor		-	369
Deferred grant income	6,7	2,793,863	3,321,543
Taxes payable		-	2,266
<b>Total current liabilities</b>		<b>2,802,052</b>	<b>3,332,743</b>
Unrestricted net assets		564,116	498,044
Temporarily restricted net assets		(556,723)	(337,211)
<b>Total net assets</b>		<b>7,393</b>	<b>160,833</b>
<b>Total liabilities and net assets</b>		<b>2,809,445</b>	<b>3,493,576</b>

The financial statements including the notes were approved and signed on September 30, 2024, by:

  
Tanta Mikeladze

Director

Social Justice Center

  
Medea Zhghenti

Financial Manager


Social Justice Center

**SOCIAL JUSTICE CENTER  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

**THE STATEMENT OF ACTIVITIES**

	Unrestricted net assets	Temporarily restricted net assets	Year 2023	Year 2022
<b>Changes in temporarily restricted net assets:</b>				
<b>Revenue</b>				
EU751	-	536,980	536,980	485,190
SWISS_2022	-	269,858	269,858	183,803
RFSU_4401	-	220,084	220,084	-
KVINNA	-	158,194	158,194	83,927
EU043	-	154,444	154,444	159,024
UNFA_2022	-	149,813	149,813	22,556
OSGF – 21391	-	146,431	146,431	10,156
CSEP	-	96,418	96,418	16,602
PROLoG_2039	-	85,309	85,309	38,718
IWPR 662.06	-	77,279	77,279	19,893
CR	-	71,358	71,358	-
OSGF - 21399	-	65,920	65,920	-
DUTCH_AVT16	-	60,131	60,131	-
OSGF_21335	-	54,840	54,840	91,551
PIN	-	51,784	51,784	-
DUTCH 2021	-	42,169	42,169	146,227
BOELL-054	-	40,428	40,428	-
EHRA	-	38,718	38,718	-
BOELL-018	-	37,871	37,871	-
PROLoG_2045	-	35,744	35,744	37,741
IWPR 662.05	-	23,339	23,339	-
FREMBASSY	-	20,843	20,843	-
UNDP_7796	-	18,120	18,120	-
OSGF_21490	-	14,873	14,873	-
EMB of Lithua	-	8,748	8,748	-
RFSU2019	-	-	-	291,977
OSGF21245	-	-	-	89,341
BOELL002	-	-	-	78,734
BOELL_SP_030	-	-	-	54,528
EF_G03049	-	-	-	47,176
GDI	-	-	-	32,815
OSGF21274	-	-	-	31,400
UNDP_00113905	-	-	-	27,661
SWISS	-	-	-	18,489
UNDP_2022_30	-	-	-	12,730
OSF_45437	-	-	-	11,588
Income from donations	66,072	-	66,072	254,859
<b>Total revenue</b>	<b>66,072</b>	<b>2,479,696</b>	<b>2,545,768</b>	<b>2,246,686</b>
<b>Expenses</b>				
Administrative and operational expenses	-	(2,499,442)	(2,499,442)	(2,128,465)
Net result from foreign exchange difference	-	(199,766)	(199,766)	(28,719)
<b>Total expenses</b>	<b>-</b>	<b>(2,699,208)</b>	<b>(2,699,208)</b>	<b>(2,157,184)</b>
(Increase) / decrease in net assets	66,072	(219,512)	(153,440)	89,502
Net assets at the beginning of the year	498,044	(337,211)	160,833	71,331
<b>Net assets at the end of the year</b>	<b>564,116</b>	<b>(556,723)</b>	<b>7,393</b>	<b>160,833</b>
Temporarily restricted net assets	-	(556,723)	(556,723)	(337,211)
Unrestricted net assets	564,116	-	564,116	498,044
<b>Total net assets</b>	<b>564,116</b>	<b>(556,723)</b>	<b>7,393</b>	<b>160,833</b>

The financial statements including the notes were approved and signed on September 30, 2024 by:

  
\_\_\_\_\_  
**Tamta Mikeladze**

Director  
Social Justice Center

  
\_\_\_\_\_  
**Medea Zngenti**

Financial Manager  
Social Justice Center



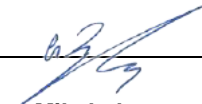
**SOCIAL JUSTICE CENTER  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

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**THE STATEMENT OF CHANGES IN NET ASSETS**

	<b>Unrestricted net assets</b>	<b>Temporarily restricted net assets</b>	<b>Total net assets</b>
<b>Balance as at 31-Dec-2021</b>	<b>243,185</b>	<b>(171,854)</b>	<b>71,331</b>
Grants	-	1,991,827	<b>1,991,827</b>
Donations	254,859	-	<b>254,859</b>
Financing of expenses	-	(2,157,184)	<b>(2,157,184)</b>
<b>Balance as at 31-Dec-2022</b>	<b>498,044</b>	<b>(337,211)</b>	<b>160,833</b>
Grants	-	2,479,696	<b>2,479,696</b>
Donations	66,072	-	<b>66,072</b>
Financing of expenses	-	(2,699,208)	<b>(2,699,208)</b>
<b>Balance as at 31-Dec-2023</b>	<b>564,116</b>	<b>(556,723)</b>	<b>7,393</b>

The financial statements including the notes were approved and signed on September 30, 2024 by:



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**Tamta Mikeladze**

Director

Social Justice Center



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**Medea Zhghenti**

Financial Manager

Social Justice Center

**SOCIAL JUSTICE CENTER  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

**STATEMENT OF FUNCTIONAL EXPENSES**

Description	IWPR 662.06	IWPR 662.05	OSGF - 21335	OSGF - 21391	OSGF - 21399	OSGF - 21490	UNFA - 2022	PROLoG - 2039	PROLoG - 2045	SWISS - 2022	EU751	EU043	CSEP	RFSU - 4401	DUTCH - 2021	DUTCH - AVT16	BOELL - 054	BOELL - 018	KVINNA	PIN	CR	EHRA	UNDP - 7796	EMB.of Lithua	Own funds	EF_G03 049	Total 2023	Total 2022
Payroll	27,534	-	26,043	95,226	24,982	13,767	55,751	59,488	3,034	22,813	120,923	64,453	54,434	104,750	23,611	39,624	22,150	17,787	95,624	33,279	20,696	16,500	4,002	568	44,194	-	991,233	975,998
Stationary	9,638	-	9,163	19,545	10,490	-	43,787	807	2,255	79,880	11,906	8,182	11,486	36,366	4,686	4,564	4,403	6,901	10,889	8,446	6,916	988	12,130	4,610	23,198	-	331,237	195,179
Sub-grants issued	8,661	18,934	-	-	-	-	-	-	-	67,759	186,903	-	-	-	-	-	-	-	-	-	-	3,382	-	-	-	-	285,639	278,137
Translation	1,288	-	79	6,511	-	-	7,516	1,993	2,976	14,612	7,467	4,822	4,799	20,719	2,119	3,367	5,345	2,407	8,618	-	11,843	2,339	4,242	1,081	255	114,401	79,865	
Research cost	-	-	1,701	-	2,560	-	-	-	-	3,684	4,112	11,292	25,478	13,418	6,378	5,833	-	-	-	7,015	-	23,962	-	-	-	5,740	111,172	81,895
Conference and training	125	271	2,832	2,711	4,422	-	5,208	-	6,736	16,368	7,700	5,164	3,149	365	2,891	1,600	1,375	281	4,132	371	4,174	3,500	-	-	10,095	83,469	41,845	
Transportation	1,553	-	2,426	2,875	1,110	210	8,792	4,537	1,913	23,141	10,103	2,049	2,086	3,258	-	999	816	720	4,890	1,720	510	889	425	-	2,800	77,824	64,542	
Office rent	2,919	-	3,079	2,795	-	377	3,659	6,019	-	4,423	7,958	7,319	7,347	12,010	-	3,793	-	-	5,790	4,712	750	-	-	-	-	174	72,950	73,350
Hotel service expenses	1,527	-	1,820	1,278	166	-	1,958	-	694	12,368	41,981	644	2,170	214	-	1,390	1,160	-	3,662	364	882	-	-	-	-	-	72,277	69,365
Legal expenses	-	-	36	-	-	-	-	-	768	9,826	-	5,124	24,607	-	2,458	-	-	-	1,961	510	-	-	-	-	-	1,243	46,531	2,155
Communication and utility	8,228	-	1,989	2,125	-	-	4,436	2,748	566	797	4,592	3,487	2,291	2,653	-	1,117	1,114	747	2,188	-	-	520	-	-	-	6,558	46,154	52,797
Office expenses	59	1,601	-	923	926	-	857	783	1,480	1,152	4,270	5,625	901	1,780	-	239	-	-	1,213	592	-	2,097	-	245	10,021	34,938	17,279	
Insurance expense	990	-	53	2,635	82	173	698	1,689	69	54	3,590	1,169	2,178	7,125	132	2,640	1,280	1,578	976	159	53	-	-	-	1,926	29,248	30,214	
Pension	620	-	2,405	2,255	550	275	1,371	2,401	69	1,328	2,375	1,523	1,526	2,540	715	844	612	406	2,282	696	920	413	148	87	418	26,779	25,482	
Marketing expenses	3,800	-	-	-	2,733	-	2,734	-	-	1,531	-	-	2,423	1,020	-	-	-	-	-	1,531	-	-	-	-	-	9,241	25,012	6,943
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,335	25,335	16,957	
Business trip	-	385	684	1,605	43	-	2,081	898	750	6,352	1,224	-	-	1,027	-	-	-	-	-	1,212	128	-	-	-	-	1,396	17,784	12,613
Treasure expenses	-	2,023	1,100	2,450	-	-	600	814	-	810	2,175	114	-	370	-	-	-	-	1,270	-	40	270	-	500	320	-	12,856	7,217
Utility expenses	1,238	-	619	1,332	-	-	1,168	644	95	-	1,060	992	1,073	344	-	71	1,184	999	390	-	-	-	-	-	-	-	11,212	10,497
Bank fees	43	65	97	211	1,746	18	432	312	25	870	503	207	341	463	21	102	99	106	422	92	94	34	23	12	204	6,539	2,974	
Computer expenses	-	40	-	247	-	-	115	160	-	204	259	286	-	208	-	198	-	-	-	122	164	-	-	-	-	1,542	3,545	11,450
Services rendered and goods purchased	-	20	431	112	-	-	220	180	43	-	385	121	139	210	-	-	-	-	-	-	-	-	-	-	-	-	1,860	-
Publication expense	-	-	-	-	-	-	-	-	-	-	-	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	-
Other expenses	6,361	-	11	1,927	12,262	-	3,790	240	1,267	12,709	4,734	1,490	2,614	12,991	1,500	518	-	908	648	160	1,142	3,379	-	-	5,899	(4,606)	69,943	71,712
<b>Total</b>	<b>74,582</b>	<b>23,339</b>	<b>54,567</b>	<b>146,764</b>	<b>62,072</b>	<b>14,820</b>	<b>145,171</b>	<b>84,480</b>	<b>35,482</b>	<b>271,283</b>	<b>436,525</b>	<b>159,230</b>	<b>112,375</b>	<b>217,248</b>	<b>41,509</b>	<b>61,066</b>	<b>39,537</b>	<b>36,070</b>	<b>152,116</b>	<b>50,924</b>	<b>72,213</b>	<b>34,042</b>	<b>20,969</b>	<b>7,104</b>	<b>150,559</b>	<b>(4,606)</b>	<b>2,499,442</b>	<b>2,128,465</b>

The financial statements including the notes were approved and signed on September 30, 2024 by:

Tamta Mikeladze

Director

Social Justice Center

Medet Zhghenti

Financial Manager

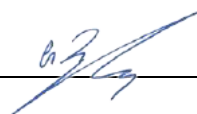
Social Justice Center

**SOCIAL JUSTICE CENTER**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

**STATEMENT OF CASH FLOWS**

	Year 2023	Year 2022
<b>Cash flows from operating activities</b>		
Cash received from grants	2,167,860	1,726,858
Cash received from donations	65,175	254,864
Cash paid to co-implementing partners	-	(343,029)
Advances to sub-contractors	-	-
Cash paid for salaries of employees	(799,149)	(807,861)
Cash paid for services rendered and goods purchased	(471,438)	(286,642)
Taxes paid	(326,710)	(282,440)
Cash paid for honorarium	(247,586)	(33,003)
Cash paid for business trips	(92,220)	(63,277)
Cash paid for office expenses	(77,233)	(82,776)
Cash paid for transportation	(74,682)	(48,577)
Cash paid for rent expenses	(59,456)	(58,680)
Cash paid for pension	(59,419)	(50,183)
Cash paid for presentations, conferences and trainings	(24,178)	(32,700)
Cash paid for books and publication	(17,732)	(10,679)
Bank expenses	(6,236)	(2,962)
Other expenses	(31,334)	(31,371)
<b>Net cash provided by operating activities</b>	<b>(54,338)</b>	<b>(152,458)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(15,730)	(26,412)
<b>Net cash used in investing activities</b>	<b>(15,730)</b>	<b>(26,412)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(70,068)</b>	<b>(178,870)</b>
Gain/(Loss) from exchange rate changes	16,304	(106,369)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>557,943</b>	<b>843,182</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>504,179</b>	<b>557,943</b>

The financial statements including the notes were approved and signed on September 30, 2024, 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 civil and human rights activists; everyone who shares the declared values of the Social Justice Center has the 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 November 18, 2021, grant agreement was signed between "European Union", "CRRC Georgia", "Georgian Young Lawyers' Association (GYLA)" and Social Justice Center for the implementation of the project "Supporting accountable and human rights-oriented security sector through research, advocacy and inclusive dialogue". The period of the project is from January 1, 2022, to January 1, 2025. The overall budget of the project is 625,000 EUR. (The EU finances 80%). **(ENI/2021/428-751) (EU751)**

On November 30, 2021, grant agreement was signed between "European Union", "Open Society Georgia Foundation (OSGF)", "Alternative Georgia", "Association Public Union Bemoni", Union "Step to Future", "Young Psychologists and Doctors Association XENON", "Georgian Family Medicine Association" and Social Justice Center for the implementation of the project "Empowering civil society and professional organizations to ensure safe, secure and accountable society in Georgia". The period of the project is from November 30, 2022, to November 30, 2024. The overall budget of the project is 1,786,000.00 EUR. (The EU finances 75.59%). **(ENI/2021/429-043; EU043)**

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. Based on Amendment #3 signed on November 28, 2022 the project was extended until December 31, 2023. The total amount of the extended period is 920,000 SEK. **(RFSU-4401-040301-1801).**

On April 1, 2022, grant agreement was signed between "Swiss Federal Department of Foreign Affairs (FDFA)" and Social Justice Center for the implementation of the project "Promoting equality, solidarity and social peace in Georgia". The period of the project is from April 1, 2022, to March 31, 2024. The overall budget of the project is 191,392.57 EUR (80% of the total project budget). **(SWISS 2022; N81073465)**

On July 1, 2021 partnership agreement was signed between The State of the Netherlands and Social Justice Center for the implementation of the project "Supporting the independent and fair judiciary". Duration of the project is from July 1, 2021 to January 01, 2023. The amount of Social Justice Center's grant is 290,822 GEL **(DUTCH-2021).**

On February 11, 2023 partnership agreement was signed between The State of the Netherlands and Social Justice Center for the implementation of the project "Promoting the Rule of Law in Georgia through Monitoring, Research ". Duration of the project is from July 1, 2023 to December 31, 2024. The amount of Social Justice Center's grant is 290,822 GEL **(DUTCH-AVT16).**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1: BACKGROUND (CONTINUED)**

On April 27, 2022, grant agreement was signed between “Open Society Foundation of Georgia” and Social Justice Center for the implementation of the project “Advocating for Fair Remuneration and Affordable housing”. The period of the project is from April 27, 2022, to April 27, 2023. The overall budget of the project is 50,000 USD (**LDD/02/22 – 21335; OSGF 21335**).

On November 9, 2022 grant agreement was signed between “Open Society Foundation of Georgia” and Social Justice Center for the implementation of the project “Promoting protection of labor rights and evaluation of employment promotion programs in Georgia”. The period of the project is from November 9, 2022 to November 9, 2023. The overall budget of the project is 60,000 USD (**OSGF21391**).

On December 22, 2022 grant agreement was signed between “Open Society Foundation of Georgia” and Social Justice Center for the implementation of the project “Faced by non-dominant ethnic groups in the education system of Georgia reducing inequalities by creating and advocating positive practices”. The period of the project is from December 22, 2022 to October 22, 2023. The overall budget of the project is 25,000 USD (**OSGF21339**).

On September 7, 2023 grant agreement was signed between “Open Society Foundation of Georgia” and Social Justice Center for the implementation of the project “Promoting the improvement of labor security system and labor justice”. The period of the project is from September 7, 2023 to May 7, 2024. The overall budget of the project is 14,500 USD (**OSGF21490**).

On February 2, 2023, grant agreement was signed between “The Kvinna till Kvinna” and Social Justice Center for the implementation of the project “Promote conflict transformation by critical rethinking of conflict-related history and reinforcing women’s perspectives”. The period of the project is from January 1, 2023 to August 31, 2024. The overall budget of the project is 700,000 SEK (**KVINNA**).

On January 13, 2023 Heinrich-Boll-Stiftung and Social Justice Center signed the grant contract for the project “Advocate transformative peace policy ideas and changes to improve the human rights and social situation of conflict-affected communities in Georgia” for the period from January 13, 2023 to December 15, 2023. The total amount of the project costs funded by the Heinrich-Boll-Stiftung is 42,000 GEL (**12572054; BOELL054**).

On January 13, 2023 Heinrich-Boll-Stiftung and Social Justice Center signed the grant contract for the project “Towards Accountable, Fair and Human Rights-centered Mining Sector in Georgia” for the period from April 25, 2023 to December 25, 2023. The total amount of the project costs funded by the Heinrich-Boll-Stiftung is 42,000 GEL. (**12571018; BOELL018**).

On July 1, 2022 grant agreement was signed between “United States Agency for International Development (USAID)” and Social Justice Center for the implementation of the project “Improving Access to Justice for Georgia’s Ethnic and Religious Minorities”. The period of the project is from July 1, 2022 to February 29, 2024. The overall budget of the project is 89,500.40 USD (**PROLoG\_2039**).

On July 11, 2022 grant agreement was signed between “United States Agency for International Development (USAID)” and Social Justice Center for the implementation of the project “Supporting Comprehensive Reforms of Georgian Judiciary”. The period of the project is from July 11, 2022 to January 10, 2024. The overall budget of the project is 27,198.64 USD (**PROLoG\_2045**).

On September 15, 2022 grant agreement was signed between “United Nations Association of Georgia” and Social Justice Center for the implementation of the project “Unity in Diversity”. The period of the project is from September 1, 2022 to September 30, 2023. The overall budget of the project is 58,382 USD (**UNFA\_2022**).

On October 21, 2022 grant agreement was signed between “United States Agency for International Development” and Social Justice Center for the implementation of the project “Analysis of Georgia’s Targeted Social Assistance”. The period of the project is from September 26, 2022 to July 26, 2024. The overall budget of the project is 99,500 USD (**CSEP**).

On October 5, 2022 grant agreement was signed between “Institute of war & Peace Reporting in UK” and Social Justice Center for the implementation of the project “Building Resilience in the Eastern Neighborhood”. The period of the project is from September 26, 2022 to February 28, 2023. The overall budget of the project is 35,000 GBP (**IWPR 662.06**).

On July 19, 2023 grant agreement was signed between “Institute of war & Peace Reporting in UK” and Social Justice Center for the implementation of the project “Supporting non-state actors to improve societal resilience against the context of a heightened range of threats in the Eastern Neighborhood”. The period of the project is from July 15, 2023 to January 15, 2024. The overall budget of the project is 50,000 GBP (**IWPR 662.05**).

On May 15, 2023, grant agreement was signed between “People in need (PIN)” and Social Justice Center for the implementation of the project “Peace and development program in south Caucasus - project enhancing peacebuilding communication and dialogue through digital innovations”. The period of the project is from May 15, 2023, to January 15, 2024. The overall budget of the project is 35,348 GEL (**PIN**).

On May 15, 2020 the grant agreement was signed between Social Justice Center and Conciliation Resources (“CR”) of Burghley Yard. The period of this grant is from April 1, 2023 to October 31, 2023. Total amount of the grant is 25,000 EUR (**CSF - CAUCS04; CR**).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1: BACKGROUND (CONTINUED)**

On July 1, 2023 "The Eurasian Harm Reduction Association (EHRA)" and Social Justice Center signed the grant contract for the project "SUSTAINABILITY of SERVICES for key population in EECA". The period of the grant is from July 1, 2023 to December 31, 2023. The amount of the project represents 13,616 EUR (**04-09-2023-SG-SOS-GEO; EHRA**).

On May 14, 2023 "United Nations established by the General Assembly of the United Nations (UNDP)" and Social Justice Center signed the grant contract for the project "Enhancing youth participation in building peaceful and inclusive societies in the South Caucasus". The period of the grant is from May 15, 2023 to November 15, 2023. The amount of the project represents 10,000 USD (**UNDP1**).

On December 15, 2023 "United Nations established by the General Assembly of the United Nations (UNDP)" and Social Justice Center signed the grant contract for the project "Strengthening Voices of Underserved Communities through Research, Advocacy, and Capacity Building". The period of the grant is from December 15, 2023 to February 14, 2025. The amount of the project represents 333,197.5 GEL (**00128099/00147528; UNDP2**).

On October 18 2023 "The Embassy of the Republic of Lithuania in Georgia" and Social Justice Center signed the grant contract for the project "Protection of human rights in Occupied Territories of Georgia". The period of the grant is from May 15, 2023 to November 15, 2023. The amount of the project represents 10,000 USD (**DPR38-16; EMB.of Lithua**).

**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 (order №-9 approved by the head of the Service for Accounting, Reporting and Auditing Supervision).

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. Going concern**

In preparing the financial statements, management assesses the Organization's ability to continue as a going concern and uses 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.

On May 28, 2024, the Parliament of Georgia adopted the Law "On Transparency of Foreign Influence". Under the conditions of the law, there may be changes in the activities of the Organization. In the conditions of maintaining the law in this form, the Organization may have to review the legal form and activity strategies, although this process will start after 2024.

At the end of the reporting period, management reviews the issues related to the going concern of the entity to ensure that the financial statements are presented fairly on a going concern basis

**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).

**NOTE 2: ACCOUNTING POLICIES (CONTINUED)**

**c. Reporting currency of the Organization's financial statements (CONTINUED)**

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.

**d. Foreign currency translation**

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, 2023 the principal rate of exchange used for translating foreign currency balances was:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
GEL / 1 USD	2.6894	2.7020
GEL / 1 EUR	2.9753	2.8844
GEL / 10 SEK	2.6868	2.5920

**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.

**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.

**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 straight line method over the following estimated useful lives:

<b>Asset group</b>	<b>Useful life</b>
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.

**NOTE 2: ACCOUNTING POLICIES (CONTINUED)**

**i. Net asset classification**

The net assets are reported in 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.

**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**

	<u>31-Dec-2023</u>	<u>31-Dec-2022</u>
Georgian Lari (GEL)	166,249	281,965
EURO (EUR)	336,059	268,408
US Dollars (USD)	1,871	7,570
<b>Total cash and bank</b>	<b>504,179</b>	<b>557,943</b>

**NOTE 4: GRANTS RECEIVABLE**

	<u>31-Dec-2023</u>	<u>31-Dec-2022</u>
EU751	441,241	839,671
EU043	348,542	439,543
UNDP_7796	260,744	-
RFSU-4401-040301-1801	228,478	224,274
SWISS_2022	215,101	426,642
CSEP	151,004	241,829
IWPR 662.05	102,684	-
PROLoG_2039	100,544	185,090
UNFA_2022	83,000	120,298
DUTCH_AVT16	61,250	-
SWISS	60,314	58,472
PIN	31,291	-
OSFG_21490	24,070	-
EPD_918	11,340	11,340
PROLoG1696	6,301	6,330
CR	5,611	-
KVINNA	4,538	-
CTC	4,071	4,090
OSGF_21064	1,070	1,070
OSGF21140	756	760
OSGF - 21391	-	81,060
IWPR 662.06	-	68,420
OSGF 21339	-	66,615
DUTCH_2021	-	6,643
<b>Total grants receivable</b>	<b>2,141,950</b>	<b>2,782,147</b>



**SOCIAL JUSTICE CENTER  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE 5: FIXED ASSETS**

**Year 2023**

	Computers and Techniques	Other fixed assets	Total
<b>Gross Book Value</b>			
Balance at 31 December 2022	137,134	33,895	171,029
Additions	28,735	7,027	35,762
<b>Balance at 31 December 2023</b>	<b>165,869</b>	<b>40,922</b>	<b>206,791</b>
<b>Accumulated Depreciation</b>			
Balance at 31 December 2022	65,828	33,617	99,445
Charge for the year	22,184	1,430	23,614
<b>Balance at 31 December 2023</b>	<b>88,012</b>	<b>35,047</b>	<b>123,059</b>
<b>Net Book Value</b>			
<b>Balance at 31 December 2022</b>	<b>71,306</b>	<b>278</b>	<b>71,584</b>
<b>Balance at 31 December 2023</b>	<b>77,857</b>	<b>5,875</b>	<b>83,732</b>

**NOTE 6: DEFERRED GRANT INCOME**

	31-Dec-2023	31-Dec-2022
EU751	560,045	977,320
EU043	355,496	505,240
UNDP2	333,198	-
RFSU-4401-040301-1801	251,788	197,719
SWISS_2022	235,192	505,050
DUTCH2023	189,869	-
CSEP	156,302	252,720
IWPR05	146,995	-
PROLoG_2039	127,522	204,673
EED EED/2421	119,012	-
UNFA_2022	110,667	135,613
PIN	36,982	-
OSF45437	33,250	33,250
KVINNA	26,521	-
OSGF21490	24,355	-
OSGF20961	22,281	22,281
OSGF21274	19,965	19,965
IWPR 662.06	19,964	92,682
IPHR	6,169	6,169
PROLoG1736	5,740	5,740
UNDP_00113905	5,257	5,257
DUTCH 2021	3,380	45,931
IDFI	1,796	1,796
PROLoG_2045	1,153	36,897
UNW	382	-
OSGF21064	380	380
PROLOG1909	202	201
OSGF - 21391	-	152,287
OSGF_21339	-	66,615
EFG03049	-	4,600
EHRA	-	-
OSGF_21335	-	49,157
<b>Total deferred grant income</b>	<b>2,793,863</b>	<b>3,321,543</b>

**NOTE 7: MOVEMENT IN DEFERRED GRANTS**

**Movement in Deferred Grants**

	<b>Year 2023</b>	<b>Year 2022</b>
Opening balance of deferred grants	3,321,543	3,014,323
Add: Grant contracts signed in the period	2,332,832	2,351,072
Less: Deferred grants transferred to the period incomes	(2,860,512)	(2,043,852)
<b>Closing balance of deferred grants</b>	<b>2,793,863</b>	<b>3,321,543</b>

**NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES**

**Legal proceeding**

As of 31 December 2023, 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 affecting 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 10: EVENTS AFTER THE REPORTING DATE**

On May 28, 2024, the Parliament of Georgia adopted the Law "On Transparency of Foreign Influence". According to "Article 2. Organization pursuing the interest of a foreign influence " of this law, it is determined according to what the Organization will be considered as pursuing the interests of a foreign influence.

For the purposes of this Law, an organization pursuing the interest of a foreign power is:

a) a non-entrepreneurial (non-commercial) legal entity not established by an administrative body, that is not the National Sports Federation of Georgia as provided for by the Law of Georgia on Sports or a blood institution, as provided for by the Law of Georgia on the Quality and Safety of Human Blood and Blood Components; and whose source of more than 20% of the total income received during the calendar year is from a foreign power.

There have been no events after the reporting period end which would require adjustments to the figures presented in these financial statements or any additional disclosures.

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