

Human Rights Education and Monitoring Center (EMC)

**Independent Auditor's Report**

2015



**Human Rights Education and Monitoring Center  
(EMC)**

The Special Purpose Financial Statements  
for the Year Ended 31 December, 2015  
and  
Independent Auditors' Report

**Human Rights Education and Monitoring Center (EMC)  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

The management of the Human Rights Education and Monitoring Center (referred to as "the Organization") is responsible for the preparation of the special purpose financial statements.

This responsibility includes:

- preparation of special purpose financial statements in accordance with fundamentals of Financial Reporting;
- 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 special purpose financial statement for the year ended December 31, 2015 is approved by the management and signed on its behalf:



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**Tamta Mikeladze**

Executive Director

Human Rights Education and Monitoring Center



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**Dea Zhghenti**

Financial Manager

Human Rights Education and Monitoring Center



**INDEPENDENT AUDITORS' REPORT**

Human Rights Education and Monitoring Center  
I. Abashidze St. #12 a  
Tbilisi, Georgia

**Identification of financial statements**

1. We have audited the accompanying special purpose financial statements of the Human Rights Education and Monitoring Center (the Organization), which comprise the statement of financial position as of December 31, 2015, and the statements of activities, statement of changes in net assets, statement of functional expenses and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

4. In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting policies described in note 2 to the special purpose financial statements.

**Other matter**

5. Without qualifying our opinion, we draw our attention to the fact that comparative information presented for the period ended December 31, 2014 was adjusted for the comparison with the special purpose financial statements of the current period and has not been audited. Accordingly, we express no opinion on it.

**Misha Abaiadze / Partner**

July 27, 2016  
Tbilisi, Georgia



**Human Rights Education and Monitoring Center (EMC)  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Note</b>	<b>31-Dec-2015</b>	<b>31-Dec-2014</b>
<b>Current assets</b>			
Cash and bank	3	258,195	93,220
Grants receivable	4	333,537	196,520
Advances paid		3,858	9,264
Inventory		857	-
<b>Total current assets</b>		<b>596,447</b>	<b>299,004</b>
Fixed assets	5	18,582	19,078
<b>TOTAL ASSETS</b>		<b>615,029</b>	<b>318,082</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable		1,342	-
Deferred grant income	6	565,825	292,476
Advances received		7,981	-
<b>Total current liabilities</b>		<b>575,148</b>	<b>292,476</b>
<b>Net assets</b>		<b>39,881</b>	<b>25,606</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>615,029</b>	<b>318,082</b>

The financial statements including the notes were approved and signed on July 27, 2016 by:

  
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**Tamta mikeladze**  
Executive Director  
Human Rights Education and Monitoring Center

  
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**Dea Zhgenti**  
Financial Manager  
Human Rights Education and Monitoring Center

**Human Rights Education and Monitoring Center (EMC)  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**STATEMENT OF ACTIVITIES**

<b>Changes in unrestricted net assets:</b>	<b>Year 2015</b>	<b>Year 2014</b>
<b>Revenues</b>		
BMZ - 03	53,824	-
HBS BMZ	30,263	-
DEATD-CANADA	4,632	-
The State of Netherlands	60,193	-
U.S Embassy	17,357	25,536
USAID (ACCESS)	40,742	-
NED 1153	51,682	12,253
RFSU	20,916	-
The State of Netherlands (DUTCH)	95,229	55,667
OSGF 19775	45,673	28,180
GIZ	16,431	14,180
NED 1181	5,334	-
U.S Embassy	-	24,333
COE	-	46,719
OSGF 19305	-	15,881
OSGF 19624	-	31,294
Taso Fund	-	1,690
Women's Fund	-	2,874
British Embassy Tbilisi	-	9,181
Eurasia Partnership Foundation	-	32,433
G-PAC	-	21,336
<b>Total revenues</b>	<b>442,278</b>	<b>321,557</b>
<b>Expenses</b>		
Administrative Expenses	(448,759)	(326,953)
Net result from foreign exchange difference	20,756	8,717
<b>Total Expenses</b>	<b>(428,003)</b>	<b>(318,236)</b>
(Increase)/ Decrease in net assets	14,275	3,321
Net assets at the beginning of the year	25,606	22,285
Net assets at the end of the year	<b>39,881</b>	<b>25,606</b>
Temporarily Restricted Net assets	-	-
Unrestricted Net assets	39,881	25,606
<b>Total Net Assets</b>	<b>39,881</b>	<b>25,606</b>

**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**STATEMENT OF CHANGES IN NET ASSETS**

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total net assets
<b>Balance as at 1-Jan-2014</b>	<b>22,285</b>	-	-	<b>22,285</b>
Grants and donations	321,557	-	-	<b>321,557</b>
Financing of expenses	(318,236)	-	-	<b>(318,236)</b>
<b>Balance as at 31-Dec-2014</b>	<b>25,606</b>	-	-	<b>25,606</b>
Grants and donations	442,278	-	-	<b>442,278</b>
Financing of expenses	(428,003)	-	-	<b>(428,003)</b>
<b>Balance as at 31-Dec-2015</b>	<b>39,881</b>	-	-	<b>39,881</b>



**Human Rights Education and Monitoring Center (EMC)  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**STATEMENT OF FUNCTIONAL EXPENSES**

Description	HBS BMZ	USAID (ACCESS)	BMZ - 03	The State of Netherlands	NED 1181	DEATD- CANADA	RFSU	GIZ	OSGF 19775	U.S Embassy	NED 1153	The State of Netherlands (DUTCH)	Own funds	Total Expenses 2015
Payroll	24,345	32,500	19,150	41,195	4,242	4,631	15,440	7,893	20,760	6,038	15,819	76,476	-	268,490
Services Rendered and Goods Purchase	1,000	2,002	16,374	2,189	378	-	462	1,845	16,261	1,373	24,518	2,553	-	68,955
Office Rent	3,051	4,613	700	1,776	592	-	3,300	-	3,262	3,040	2,940	3,906	-	27,180
Office Expenses	1,807	1,238	2,277	1,812	77	-	1,444	1,318	1,905	2,443	3,409	4,378	-	22,108
Hotel and Business Trips	-	-	8,592	340	-	-	-	4,185	400	2,174	470	4,536	-	20,697
Conference & Training	-	-	-	11,820	-	-	-	1,191	2,342	-	-	-	-	15,353
Transportation	-	318	4,201	952	20	-	224	-	283	2,137	2,653	2,722	-	13,510
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	5,862	5,862
Bank Fees	60	28	113	82	13	1	29	-	197	52	165	133	-	873
Other Expenses	-	43	2,417	27	12	-	17	-	263	100	1,709	525	619	5,732
<b>Total</b>	<b>30,263</b>	<b>40,742</b>	<b>53,824</b>	<b>60,193</b>	<b>5,334</b>	<b>4,632</b>	<b>20,916</b>	<b>16,432</b>	<b>45,673</b>	<b>17,357</b>	<b>51,683</b>	<b>95,229</b>	<b>6,481</b>	<b>448,759</b>

**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**STATEMENT OF CASH FLOWS**

	<b>Year 2015</b>	<b>Year 2014</b>
<b>Cash flows from operating activities</b>		
Cash received from grants	612,614	367,843
Cash paid for salaries of employees	(208,040)	(138,622)
Cash paid for honorarium	(6,638)	(11,850)
Taxes paid	(72,152)	(47,873)
Cash paid for services rendered and goods purchased	(63,490)	(20,245)
Cash paid for office expenses	(20,674)	(11,277)
Cash paid for business trips	(20,812)	(25,956)
Cash paid for rent expenses	(19,936)	(21,477)
Cash paid for transportation	(14,246)	(19,789)
Cash paid for Presentation	(6,157)	-
Cash paid for books	(5,757)	(6,791)
Cash paid for Lectures	(2,476)	-
Bank expenses	(1,088)	(589)
Other expenses	(4,987)	(9,579)
<b>Net cash provided by operating activities</b>	<b>166,161</b>	<b>53,795</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,386)	(10,401)
<b>Net cash used in investing activities</b>	<b>(5,386)</b>	<b>(10,401)</b>
<b>Net increase in cash and cash equivalents</b>	<b>160,775</b>	<b>43,394</b>
Gain/Loss from exchange rate changes	4,200	11,361
<b>Cash and cash equivalents at the beginning of the year</b>	<b>93,220</b>	<b>38,465</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>258,195</b>	<b>93,220</b>

**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: BACKGROUND**

Human Rights Education and Monitoring Center (EMC) 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 EMC has a possibility to use this sort of resource.

Since its establishment on 28 November 2012, EMC 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, EMC uses research, monitoring, advocacy and raising awareness.

EMC work encompasses four main directions implemented by:

- Civic and Political Rights Program;
- Social Rights Program;
- Institutional Reform Support Program;
- Activism Program.

EMC 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 EMC team by consensus.

In addition, one of the prioritized directions of EMC'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, EMC brings together 19 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 EMC's declared goals.

On December 20, 2014 the grant agreement was signed between South Caucasus Regional Office of Heinrich Böll Stiftung and EMC for the project "Strengthening the activist groups for the Protection of the Environment and the Labor Rights". The period of the project is from January 01, 2015 to November 10, 2015. The amount of the grant represents GEL 53,815.

On July 10, 2014 the grant agreement was signed between Open Society Georgia Foundation (OSGF) and EMC for the project "Institutional reform of the law enforcement system in Georgia: Countering the politicized system". The period of the project is from July 10, 2014 to September 10, 2015. The amount of the grant represents 39,968.85 USD.

On March 1, 2015 HSB (Heinrich Böll Stiftung) awarded EMC the grant for the project, Solidarity Network for LGBT in Armenia and Georgia". The period of the project is from March 01, 2015 to October 31, 2017. The total amount of the grant represents 58,506 EUR.

On June 10, 2014 Public Affairs section U.S. Embassy funded EMC the grant for the project "Supporting freedom of religion and strengthening the capacities of religious minority groups in Georgia". Implementation period is from July 15, 2014 to June 30, 2015. The amount of the grant represents 23,894 USD.

On February 7, 2015 the grant agreement was signed between USAID and EMC for the project "Advancing CSO Capacities and Engaging Society for Sustainability (ACCESS)". The period of the project is from July 01, 2015 to October 31, 2016. The total amount of the grant is 79,178 USD.

On June 29, 2015 the Minister of Foreign Affairs of the State of the Netherlands and EMC signed the grant contract for the project "Protection of Police Political Neutrality". The period of the grant is from July 20, 2015 to July 20, 2016. The total amount of the grant is 66,390 EUR.

On September 28, 2015 National Endowment for Democracy (NED) and EMC signed the grant contract for the project "Promoting Activism Among Youth". The period of the grant is from November 01, 2015 to July 31, 2016. The amount of the project represents 31,850 USD.

On September 16, 2014 the grant agreement was signed between EMC and National Endowment for Democracy (NED) for the project „Promoting Activism Among Youth". The project Implementation period is from October 01, 2014 to September 30, 2015. The total amount of the grant is 31,123 USD.

**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**NOTE 1: BACKGROUND (Continued)**

On November 27, 2015 the grant agreement was signed between EMC and the Minister of Foreign Affairs of Canada for the project "Promote the protection of the rights of marginalized groups by strengthening civic education and public discussion". Duration of the project is from December 04, 2015 to March 11, 2016. The amount of the grant is 23,870 CAD.

On June 05, 2014 partnership agreement was signed between Georgian Democracy Initiative (GDI), EMC and Tolerance and Diversity Institute (TDI) for the implementation of the project "Advancing Tolerance, Religious Freedom and Human Rights in Georgia". Duration of the project is from June 01, 2014 to June 01, 2016. The amount of EMC's grant is 94,435 EUR.

On June 29, 2015 RFSU awarded EMC the grant for the project "Strengthening SRHR-based approach in the human rights framework of EMC through tailored capacity building and advocacy activities". The period of the project is from September 01, 2015 to December 31, 2015. The total amount of the grant is 128,604 SEK.

On July 11, 2013 Public Affairs Section, U.S. Embassy awarded EMC the grant for the project „Free Legal Aid for Religious Minorities". The period of the project is from August 01, 2013 to July 30, 2014. The total amount of the grant is 22,320 USD.

On May 5, 2014 the grant agreement was signed between the Council of Europe and EMC for the project "Capacity Development of Female Woman Candidates and Elected Officials in Georgia-2014 Local Elections". The period of the project is from May 01, 2014 to October 01, 2014. The total amount of the grant represents 30,316.58 EUR (including VAT).

On November 26, 2013 the grant agreement was signed between G-PAC and EMC for the project „Protect the rights of homeless people" for the period from November 15, 2013 to May 15, 2014. The total amount of the grant is 14,458 USD.

On June 10, 2014 GIZ awarded EMC the grant for „Printing, Imposing and Distributing Juridical Literature". The period of the project is from June 15, 2014 to January 20, 2015. The total amount of the grant is GEL 33,520.

On July 19, 2013 EMC was funded by OSGF for the project „United Nations Convention on the Rights of Persons with Disabilities promotion in Georgia". The project implementation period is from July 19, 2013 to April 19, 2014. The total amount of the grant is 26,410 USD.

On December 12, 2013 OSGF awarded EMC the grant for the project "Influence of Weapons and Drug Related Offences on Criminal Justice". The project period is from December 12, 2013 to June 12, 2014. The total amount of the grant is 21,961 USD.

On April 14, 2014 Fund TASO awarded EMC the grant for the project "At the Edge of Double Oppression". The project period is from April 14, 2014 to September 14, 2014. The total amount of the grant represents GEL 1,750.

On April 04, 2014 grant contract was signed between Women Fund Georgia and EMC for the project „At the Edge of Double Oppression ". The project period is from April 04, 2014 to August 04, 2014. The total amount of the grant represents 1,000 GBP.

On August 1, 2013 the grant contract was signed between British Embassy and EMC for the project „Supporting and Enabling Secular and Tolerant Environment in Public Schools". Duration of the project is from August 01, 2013 to January 30, 2014. The amount of the grant represents 6,000 GBP.

On November 22, 2013 the grant agreement was signed between Eurasia Partnership Foundation and EMC for the project „Advocating for high standards of independence in Georgian Judicial System". Duration of the project is from December 01, 2013 to July 31, 2014. The amount of the grant represents GEL 39,410.

**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**NOTE 2: ACCOUNTING POLICIES**

**a. Basis of accounting**

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, GBP, SEK or USD and some financial reports sent to donors are prepared in EUR, GBP, SEK 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, 2015 the principal rate of exchange used for translating foreign currency balances was:

**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 on hand and cash in bank.

**g. Taxes**

EMC, 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.

**h. Fixed Assets**

Fixed 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:

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.

**Human Rights Education and Monitoring Center (EMC)  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**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.

**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 CASH EQUIVALENTS**

**3.1 Cash and bank**

	<u>Year 2015</u>	<u>Year 2014</u>
Cash on hand	-	-
Cash in bank	258,195	93,220
<b>Total</b>	<b>258,195</b>	<b>93,220</b>

**3.2 Cash in Bank by currency**

	<u>Year 2015</u>	<u>Year 2014</u>
Georgian Lari (GEL)	93,349	93,125
US Dollars (USD)	68,456	-
EURO (EUR)	96,390	95
<b>Total</b>	<b>258,195</b>	<b>93,220</b>

**NOTE 4: GRANTS RECEIVABLE**

	<u>Year 2015</u>	<u>Year 2014</u>
USAID (ACCESS)	124,317	-
HBS BMZ	120,420	-
NED 1181	35,924	-
The State of Netherlands	35,048	-
The State of Netherlands (DUTCH)	14,401	116,701
DEATD-CANADA	3,427	-
GIZ	-	8,520
OSGF 19775	-	34,027
NED 1153	-	37,272
<b>Total</b>	<b>333,537</b>	<b>196,520</b>

**Human Rights Education and Monitoring Center (EMC)  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**NOTE 5: FIXED ASSETS**

**Year 2015**

	Computers and techniques	Other fixed assets	<b>Total</b>
<b>Gross Book Value</b>			
Balance at 31 December 2014	20,239	3,451	23,690
Additions	4,611	754	5,366
<b>Balance at 31 December 2015</b>	<b>24,850</b>	<b>4,205</b>	<b>29,056</b>
<b>Accumulated Depreciation</b>			
Balance at 31 December 2014	3,454	1,157	4,611
Charge for the year	4,503	1,359	5,862
<b>Balance at 31 December 2015</b>	<b>7,957</b>	<b>2,516</b>	<b>10,473</b>
<b>Net Book Value</b>			
Balance at 31 December 2014	16,785	2,294	16,785
<b>Balance at 31 December 2015</b>	<b>16,893</b>	<b>1,689</b>	<b>18,582</b>

**Year 2014**

	Computers and techniques	Other fixed assets	<b>Total</b>
<b>Gross Book Value</b>			
Balance at 31 December 2013	10,751	2,637	13,389
Additions	9,488	814	10,301
<b>Balance at 31 December 2014</b>	<b>20,239</b>	<b>3,451</b>	<b>23,690</b>
<b>Accumulated Depreciation</b>			
Balance at 31 December 2013	721	80	801
Charge for the year	2,733	1,077	3,810
<b>Balance at 31 December 2014</b>	<b>3,454</b>	<b>1,157</b>	<b>4,611</b>
<b>Net Book Value</b>			
Balance at 31 December 2013	10,030	2,557	12,588
<b>Balance at 31 December 2014</b>	<b>16,785</b>	<b>2,294</b>	<b>19,078</b>

**Human Rights Education and Monitoring Center (EMC)**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**NOTE 6: DEFERRED GRANT INCOME**

	<u>Year 2015</u>	<u>Year 2014</u>
USAID (ACCESS)	144,582	-
HBS BMZ	117,719	-
The State of Netherlands	108,824	-
The State of Netherlands (DUTCH)	74,598	172,233
NED 1181	70,771	-
DEATD-CANADA	36,710	-
RFSU	12,621	-
OSGF 19775	-	42,566
NED 1153	-	41,777
GIZ	-	19,340
U.S Embassy		16,560
<b>Total</b>	<b>565,825</b>	<b>292,476</b>

**NOTE 7: MOVEMENT IN DEFERRED GRANTS**

	<u>Year 2015</u>	<u>Year 2014</u>
Opening balance of deferred grants	292,476	106,796
Add: Grant contracts signed in the period	715,627	507,237
Less: Deferred grants transferred to the period incomes	(442,278)	(321,557)
<b>Closing balance of deferred grants</b>	<b>565,825</b>	<b>292,476</b>

**NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES**

**Legal proceeding**

As of 31 December 2015, 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.