

HUMAN RIGHTS EDUCATION AND MONITORING CENTER (EMC)

INDEPENDENT AUDITOR'S REPORT

2017

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

**The Special Purpose Financial Statements
for the Year Ended 31 December, 2017
and
Independent Auditors' Report**

Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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, 2017 is approved by the management and signed on its behalf:



Tamta Mikeladze

Director

Human Rights Education and Monitoring Center



Medea 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

Opinion

We have audited the financial statements of Human Rights Education and Monitoring Center (the Organization), which comprise the statement of financial position, as at December 31, 2017, 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, 2017, 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 financial statements.

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 the basis of accounting policies described in note 2 to the financial statements, 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.

Misha Abaiadze / Certified Auditor / Partner

July 17, 2018
Tbilisi, Georgia




Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-2017	31-Dec-2016
ASSETS			
Current assets			
Cash and bank	3	257,054	229,082
Grants receivable	4	475,279	571,424
Advances paid		1,556	138
Inventory		4,768	3,638
Total current assets		738,657	804,282
Fixed assets			
Fixed assets	5	16,673	26,327
Intangible assets		13,144	19,618
Total non current assets		29,817	45,945
TOTAL ASSETS		768,474	850,227
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		8,353	8,252
Payable to donor		47,352	8,939
Deferred grant income	6; 7	669,097	750,083
Advances received		-	9,826
Total current liabilities		724,802	777,100
Net assets		43,672	73,127
TOTAL LIABILITIES AND NET ASSETS		768,474	850,227

The financial statements including the notes were approved and signed on July 17, 2018 by:



Tamta mikeladze

Director

Human Rights Education and Monitoring Center



Medea Zhghenti

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 2017

STATEMENT OF ACTIVITIES

	Year 2017	Year 2016
Changes in unrestricted net assets:		
Revenues		
RFSU-4401-040301-1801	193,788	123,683
HRI-OR2015-24387	174,265	114,958
FPOS-OR2016-29336	125,779	-
EWMI-PROLoG-G1247	94,631	117,858
HBS-EIDHR-2014-348-110	69,234	49,793
HBf-BMZ-12282044	56,863	31,629
EWMI-PROLoG-G1426	50,333	-
EWMI-PROLoG-G1402	41,503	-
OSGF-HR-06-17-20602	38,601	-
TI-24-05-17	31,933	31,940
OSGF-LDD-17-17-20558	26,330	-
OSGF-EINT-09-17-20645	5,207	-
EWMI-ACCESS-G1222	-	115,864
SN-AVT09-BZ95937A	-	94,579
SN-GDI-AVT09-BZ95937A	-	72,894
NED-2015-1181-1	-	64,558
COE-PO-513869	-	41,880
CFLI-2015-ANKRA-0038	-	36,946
Other income from UNFPA-29-06-2017	3,611	-
Income from donations	2,100	7,581
Total revenues	914,175	904,163
Expenses		
Administrative Expenses	(931,794)	(907,359)
Net result from foreign exchange difference	(11,836)	36,442
Total Expenses	(943,630)	(870,917)
(Increase) / Decrease in net assets	(29,455)	33,246
Net assets at the beginning of the year	73,127	39,881
Net assets at the end of the year	43,672	73,127
Temporarily Restricted Net assets	-	-
Unrestricted Net assets	43,672	73,127
Total Net Assets	43,672	73,127


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Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total net assets
Balance as at 31-Dec-2015	39,881	-	-	39,881
Grants and donations	904,163	-	-	904,163
Financing of expenses	(870,917)	-	-	(870,917)
Balance as at 31-Dec-2016	73,127	-	-	73,127
Grants and donations	914,175	-	-	914,175
Financing of expenses	(943,630)	-	-	(943,630)
Balance as at 31-Dec-2017	43,672	-	-	43,672



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Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF FUNCTIONAL EXPENSES

Description	Own funds	EWMIL-PROLO G-1247	HRI-OR2015-24387	RFSU-4401-040301-1801	HBS-EIDHR-2014-348-110	FPOS-OR2016-28336	HBF-BMZ-122820-44	TI-24-06-17	EWMIL-PROLO G-1402	OSGF-HR-08-17-20602	OSGF-LDD-17-17-20568	EWMIL-PROLO G-1426	OSGF-EINT-09-17-20645	Total Expenses 2017	Total Expenses 2016
Payroll	3,012	50,645	110,049	49,200	19,330	88,188	23,755	31,921	39,307	18,993	22,646	41,861	4,288	503,195	442,878
Services Rendered and Goods Purchase	-	7,509	2,109	63,315	9,727	8,584	22,085	-	-	16,576	36	2,339	-	132,290	142,334
Conference & Training	-	2,887	5,729	11,977	18,195	-	-	-	-	-	-	-	-	39,798	89,513
Office Rent	-	7,874	18,342	10,410	6,208	9,170	4,350	-	1,251	1,344	100	1,747	-	60,796	54,940
Translation	-	4,376	6,867	4,366	3,472	-	-	-	-	-	-	487	-	19,568	38,244
Publication expenses	-	-	6,884	10,590	-	-	3,540	-	-	-	-	-	-	21,014	27,967
Transportation	534	6,279	3,391	2,413	1,460	3,489	827	-	540	1,100	2,029	930	276	23,268	23,151
Hotel and Business Trips	-	7,022	6,266	10,436	4,681	4,220	1,470	-	-	-	502	249	-	34,846	22,587
Communication and utility	-	1,514	6,708	4,310	2,355	3,633	750	-	240	400	351	463	492	21,416	14,264
Depreciation	19,587	-	-	-	-	-	-	-	-	-	-	-	-	19,587	9,350
Stationary	-	2,223	3,494	1,297	480	85	-	-	24	120	-	166	-	7,889	7,592
Bank Fees	34	195	203	533	551	106	76	12	30	40	72	50	13	1,885	1,509
Other Expenses	162	4,127	4,223	24,941	1,775	8,104	-	-	111	27	594	2,040	138	46,242	33,030
Total expenses	23,329	94,631	174,265	193,788	69,234	125,779	56,863	31,933	41,503	38,600	26,330	50,332	5,207	931,794	907,359



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Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF CASH FLOWS

	Year 2017	Year 2016
Cash flows from operating activities		
Cash received from grants	945,288	879,086
Cash received from donations	2,100	7,582
Cash paid for salaries of employees	(415,805)	(354,255)
Cash paid for honorarium	(25,834)	(7,309)
Taxes paid	(152,998)	(135,572)
Cash paid for services rendered and goods purchased	(100,391)	(102,026)
Cash paid for Presentation, conferences and trainings	(46,191)	(89,263)
Cash paid for office expenses	(31,651)	(79,018)
Cash paid for rent expenses	(48,638)	(44,235)
Cash paid for books and publication	(21,794)	(26,179)
Cash paid for business trips	(14,455)	(21,208)
Cash paid for transportation	(14,590)	(19,779)
Bank expenses	(1,986)	(1,509)
Other expenses	(40,967)	(41,388)
Net cash provided by operating activities	32,088	(35,072)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,815)	(14,856)
Net cash used in investing activities	(2,815)	(14,856)
Net increase in cash and cash equivalents	29,273	(49,928)
Gain/Loss from exchange rate changes	(1,301)	20,815
Cash and cash equivalents at the beginnig of the year	229,082	258,195
Cash and cash equivalents at the end of the year	257,054	229,082



Tamta mikeladze

Director

Human Rights Education and Monitoring Center



Medea Zhghenti

Financial Manager

Human Rights Education and Monitoring Center

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:

- Critical Policy and Solidarity Platform;
- Equality Policy Program;
- Justice and Democracy Program;
- Social Policy 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 24 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 February 16, 2017 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's is from March 01, 2017 to December 31, 2017. The total amount of the grant for the period is 613,000 SEK. (RFSU-4401-040301-1801)

On August 21 2015, the grant agreement was signed between the "Society Institute Budapest" and EMC for the implementation of the project „Individual Freedoms and Rights in Policing and Criminal Justice System". The period of the grant is from February 01, 2016 to February 28, 2018. Total amount of the grant is 160,000 USD. (HRI-OR2015-24387)

On November 24, 2016, the grant agreement was signed between the "Foundation to Promote Open Society" and EMC for the implementation of the project „Advocate for Relevant Changes in State Policy Toward the Social and political Integration of Muslims and the Prevention of Radicalization in Georgia". The period of the grant is from January 01, 2017 to June 30, 2018. Total amount of the grant is 97,978 USD. (FPOS-OR2016-29336)

On July 25 2016, the grant agreement was signed between the USAID and EMC for the implementation of the project „Increasing Access to Justice for Programs Overseas". The Period of the project is January 01, 2016 to July 31, 2017. The total amount of the grant is 92,819 USD. (EWMI-PROLoG-G1247)

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. (HBS-EIDHR-2014-348-110)

On January 16, 2017 the grant agreement was signed between Heinrich-Böll-Stiftung e.V. South Caucasus Regional office (HBF) and EMC for the implementation of the project „Social Protests: Experience and Perspectives" The period of the grant is from January 16, 2017 to November 30, 2017. Total amount of the grant is 56,164 GEL. (HBF-BMZ-12282044)

On June 01, 2017 the grant Agreement was signed between "USAID" and EMC for implementation the project „Improving Human Rights Conditions for Marginalized Groups through Strategic litigation", with the total grant amount of 115,344 USD. The period of the grant is from August 01, 2017 to January 31, 2019. (EWMI-PROLoG-G1426)

On June 01, 2017 the grant Agreement was signed between "USAID" and EMC for implementation the project „Reforming the Criminal Investigation for Creating fair and Effective Criminal Justice System", with the total grant amount of 31,450 USD. The period of the grant is from June 01, 2017 to March 31, 2018. (EWMI-PROLoG-G1402)

Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: BACKGROUND (Continued)

On June 01, 2017 the grant Agreement was signed between "Open Society Georgia" and EMC for implementation the project „Monitoring Human Rights Action Plan for 2016-2017 with Respect to Women, Children, and People with Disabilities", with the total grant amount of 48,401.25 USD. The period of the grant is from June 01, 2017 to August 15, 2018. (OSGF-HR-06-17-20602)

On May 24, 2017 the sub-grant Agreement was signed between "Transparency International Georgia" and EMC for implementation the project „Advocating the Creation of Modern Model of the Security Sector", with the total grant amount of 17,290 USD. The period of the grant is from May 24, 2017 to March 31, 2018. (TI-24-05-17)

On June 01, 2017 the grant Agreement was signed between "Open Society Georgia" and EMC for implementation the project „Supporting the Right to Adequate Housing Through Actualizing Problematics of Homeless People and Changing the State Policy", with the total grant amount of 24,961 USD. The period of the grant is from July 04, 2017 to April 04, 2018. (OSGF-LDD-17-17-20558)

On June 01, 2017 the grant Agreement was signed between "Open Society Georgia" and EMC for implementation the project „Supporting the Equality of the Vulnerable Groups in the Labor and Employment Field", with the total grant amount of 16,226.5 USD. The period of the grant is from September 22, 2017 to March 22, 2018. (OSGF-EINT-09-17-20645)

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. (EWWI-ACCESS-G1222)

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. (SN-AVT09-BZ95937A)

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. (SN-GDI-AVT09-BZ95937A)

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. (NED-2015-1181-1)

On July 25 2016, the grant agreement was signed between the "The Council of Europe" and EMC for the implementation of the project „Incorporation of Gender Issues in Political Parties Agents through Strengthening of Women Candi-dates in Georgia for the Parliamentary Elections 2016". Duration of the project is from July 25, 2016 to November 30, 2016. The total amount of the grant is 16,050 EUR. (COE-PO-513869)

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. (CFLI-2015-ANKRA-0038)

On June 29, 2017 UNDP awarded a grant to EMC with the amount of 1,500 USD in order to conduct the legal research on parental leave, within frameworks of UN Joint Programme for Gender Equality. (UNFPA-29-06-2017)

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, 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, 2017 the principal rate of exchange used for translating foreign currency balances was:

	December 31, 2017	December 31, 2016
GEL / 1 USD	2.5922	2.6468
GEL / 1 EUR	3.1044	2.7940
GEL / 10 SEK	3.1571	2.9158

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

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.

NOTE 2: ACCOUNTING POLICIES (Continued)

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.

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.

Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3: CASH IN BANK

Cash in Bank by currency

	Year 2017	Year 2016
Georgian Lari (GEL)	80,357	17,128
US Dollars (USD)	134,747	160,280
EURO (EUR)	41,950	51,672
Total	257,054	229,082

NOTE 4: GRANTS RECEIVABLE

	Year 2017	Year 2016
EWMI-PROLoG-G1426	240,940	-
FPOS-OR2016-29336	84,660	172,886
OSGF-HR-06-17-20602	66,690	-
EWMI-PROLoG-G1402	36,237	-
OSGF-LDD-17-17-20558	36,164	-
OSGF-EINT-09-17-20645	10,588	-
HRI-OR2015-24387	-	211,917
EWMI-PROLoG-G1247	-	105,930
HBS-EIDHR-2014-348-110	-	67,238
COE-PO-513869	-	13,453
Total grants receivable	475,279	571,424

NOTE 5: FIXED ASSETS

Year 2017

	Computers and Techniques	Other fixed assets	Total
Gross Book Value			
Balance at 31 December 2016	40,832	4,555	45,387
Additions	644	2,815	3,459
Balance at 31 December 2017	41,476	7,370	48,846
Accumulated Depreciation			
Balance at 31 December 2016	15,851	3,209	19,060
Charge for the year	11,703	1,410	13,113
Balance at 31 December 2017	27,554	4,619	32,173
Net Book Value			
Balance at 31 December 2016	24,981	1,346	26,327
Balance at 31 December 2017	13,922	2,751	16,673

Human Rights Education and Monitoring Center (EMC)
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 5: FIXED ASSETS (Continued)

Year 2016

	Computers and Techniques	Other fixed assets	Total
Gross Book Value			
Balance at 31 December 2015	24,850	4,205	29,055
Additions	15,982	350	16,332
Balance at 31 December 2016	40,832	4,555	45,387
Accumulated Depreciation			
Balance at 31 December 2015	7,957	2,516	10,473
Charge for the year	7,894	693	8,587
Balance at 31 December 2016	15,851	3,209	19,060
Net Book Value			
Balance at 31 December 2015	16,893	1,689	18,582
Balance at 31 December 2016	24,981	1,346	26,327

NOTE 6: DEFERRED GRANT INCOME

	Year 2017	Year 2016
EWMI-PROLoG-G1426	245,058	-
FPOS-OR2016-29336	121,506	259,328
HRI-OR2015-24387	97,070	285,773
OSGF-HR-06-17-20602	83,766	-
EWMI-PROLoG-G1402	38,357	-
OSGF-EINT-09-17-20645	36,969	-
OSGF-LDD-17-17-20558	36,258	-
TI-24-05-17	10,113	-
EWMI-PROLoG-G1247	-	107,214
HBS-EIDHR-2014-348-110	-	71,887
RFSU-4401-040301-1801	-	25,881
Total deferred grant income	669,097	750,083

NOTE 7: MOVEMENT IN DEFERRED GRANTS

	Year 2017	Year 2016
Opening balance of deferred grants	750,082	565,825
Add: Grant contracts signed in the period	827,479	1,080,839
Less: Deferred grants transferred to the period incomes	(908,464)	(896,581)
Closing balance of deferred grants	669,097	750,083

NOTE 8: COMMITMENTS AND CONTINGENT LIABILITIES

Legal proceeding

As of 31 December 2017, 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.

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