



# FINANCIAL STATEMENTS & INDEPENDENT AUDITORS' REPORT

**GLOBAL COMPACT NETWORK GEORGIA**  
For the period from January 01, 2022 to December 31, 2022

AG International Consulting  
Member of Prime Global  
Audit & Business Advisory Services

**AGIC**

*certified member*

 **PrimeGlobal**





## TO THE BOARD OF NNLE GLOBAL COMPACT NETWORK GEORGIA

Regarding the responsibility of the management of financial statements prepared for the period ended on December 31, 2022.

Management of the audited entity is responsible for the preparation and fair presentation of these financial statements, which fairly reflects the Organization's financial performance as at December 31, 2022, and of its operations, cash flows and changes in net assets for the period then ended International Financial Reporting Standard for Small- and Medium-Sized Entities ("IFRS for SMEs").

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRS for SMEs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Organization will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Organization, and which enable them to ensure that the financial statements of the Organization comply with IFRS for SMEs;
- Maintaining accounting records in compliance with legislation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Organization; and
- Detecting and preventing fraud and other irregularities.

The financial statements for the period ended December 31, 2022, were authorized for issue on July 25, 2023.



Executive Director  
Salome Zurabishvili

July 25, 2023  
Tbilisi, Georgia

Financial Manager  
Temur Tkeshelashvili

July 25, 2023  
Tbilisi, Georgia

## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF NNLE GLOBAL COMPACT NETWORK GEORGIA

### *Opinion*

We have audited the financial statements of the NNLE Global Compact Network Georgia (hereinafter "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statement of financial performance, the statement of accumulated funds and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the organization present the financial position of the Organization as at December 31, 2022 and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small- and Medium-Sized Entities ("IFRS for SMEs").

### *Basis for 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matters*

The audit of previous year period was not conducted in accordance with IFRS for SMEs, relevantly we don't express an opinion whether financial statements ended as at December 31, 2021 were prepared in accordance with International Financial Reporting Standard for Small- and Medium-Sized Entities ("IFRS for SMEs").

However, we obtained sufficient and appropriate assurance at those opening balances which reflect at financial statements prepared as at December 31, 2022.

### **Responsibility of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, 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.



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies use and the reasonless of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concerns basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant on 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 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.

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.

*AG International Consulting*

*G. Mikabadze*

**Giorgi Mikabadze**  
**Managing Partner**

*T. Chagelishvili*

**Tamila Chagelishvili**  
**Certified Auditor**



**LLC AG International Consulting**  
Member of PrimeGlobal  
License #SARAS-F-344253  
Tbilisi, Georgia  
July 25, 2023 year

STATEMENT OF FINANCIAL POSITION

	Notes	December 31, 2022 Year	December 31, 2021 Year	January 01, 2021 Year
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	26,885	32,752	28,989
Intangible assets	5	12,329	14,731	2,620
<b>Total non-current assets</b>		<b>39,214</b>	<b>47,483</b>	<b>31,610</b>
<b>Current assets</b>				
Inventories		170	78	2,937
Grants receivable	6	565,026	746,332	515,215
Trade and other receivables	7	24,991	8,763	28,249
Prepayments		4,362	4,314	4,314
Cash and cash equivalents	8	1,226,971	1,456,042	1,065,780
<b>Total current assets</b>		<b>1,821,520</b>	<b>2,215,528</b>	<b>1,616,496</b>
<b>Total assets</b>		<b>1,860,734</b>	<b>2,263,011</b>	<b>1,648,105</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Accumulated funds		188,488	172,048	(131,516)
<b>Total equity</b>		<b>188,488</b>	<b>172,048</b>	<b>(131,516)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred income	9	1,589,102	2,088,934	1,767,115
<b>Total non-current liabilities</b>		<b>1,589,102</b>	<b>2,088,934</b>	<b>1,767,115</b>
<b>Current liabilities</b>				
Current tax liability		499	488	419
Advances received		76,772	656	-
Trade and other payables		5,874	885	12,087
<b>Total current liabilities</b>		<b>83,145</b>	<b>2,029</b>	<b>12,506</b>
<b>Total liabilities</b>		<b>1,672,247</b>	<b>2,090,963</b>	<b>1,779,621</b>
<b>Total equity and liabilities</b>		<b>1,860,734</b>	<b>2,263,011</b>	<b>1,648,105</b>



Executive Director  
Salome Zurabishvili

July 25, 2023  
Tbilisi, Georgia

Financial Manager  
Temur Tkeshelashvili

July 25, 2023  
Tbilisi, Georgia

## STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2022Year	2021 Year
Income from fundraising	10	1,673,686	1,530,177
Other operating income	11	122,441	96,799
Revenue from commercial activities		-	300
<b>Total Incoming Resources</b>		<b>1,796,127</b>	<b>1,627,276</b>
Program and other Administrative Expenses	12	(1,818,025)	(1,603,365)
Depreciation Expenses		(17,311)	(11,247)
<b>Operating profit</b>		<b>(39,209)</b>	<b>12,665</b>
Finance income		1,055	2,513
Exchange Profit / (Loss)		48,060	275,542
Non-operating income	13	6,533	14,964
Non-operating expenses		-	(2,119)
<b>Profit before tax from continuing operations</b>		<b>16,440</b>	<b>303,564</b>
Income tax expense		-	-
<b>Profit for the year from continuing operations</b>		<b>16,440</b>	<b>303,564</b>



Executive Director  
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July 25, 2023  
Tbilisi, Georgia

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**THE STATEMENT OF CASH FLOWS**

	<b>December 31, 2022 Year</b>	<b>December 31, 2021 Year</b>
<b>Cash flows from operating activities</b>		
Profit for the year	16,440	303,564
<b>Adjustments for non-cash income and expenses:</b>		
Depreciation of property, plant and equipment	14,910	10,358
Amortization	2,401	889
Loss from write-off of fixed asset	-	5,082
Net foreign exchange differences	(48,060)	(275,542)
<b>Operation Cash Flows Before Working Capital Changes</b>	<b>(14,309)</b>	<b>44,352</b>
Decrease (Increase) in Inventories	(92)	2,859
Decrease (Increase) in Grants receivable	160,438	(232,751)
Decrease (Increase) in Trade and other receivables	(18,174)	19,696
Decrease (Increase) in Prepayments	(48)	-
Decrease (Increase) in Deferred income	(499,832)	686,893
Decrease (Increase) in Current tax liability	11	69
Decrease (Increase) in Advances received	338,263	656
Decrease (Increase) in Trade and other payables	5,885	(10,592)
<b>Cash flows from operating activities</b>	<b>(27,859)</b>	<b>511,181</b>
<b>Net cash flows from operating activities</b>	<b>(27,859)</b>	<b>511,181</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(9,043)	(19,203)
Purchase of Intangible assets	-	(13,000)
<b>Net cash flows used in investing activities</b>	<b>(9,043)</b>	<b>(32,203)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(36,902)</b>	<b>478,979</b>
Net foreign exchange difference	(192,170)	(88,717)
Cash and cash equivalents at beginning of year	1,456,042	1,065,780
<b>Cash and cash equivalents at end of year</b>	<b>1,226,971</b>	<b>1,456,042</b>

## STATEMENT OF CHANGES IN NET ASSETS

	Accumulated funds	Total
<b>As of January 1, 2021 Year</b>	<b>(131,516)</b>	<b>(131,516)</b>
Result for the year	303,564	303,564
<b>as of December 31, 2021 year</b>	<b>172,048</b>	<b>172,048</b>
Result for the year	16,440	16,440
<b>as of December 31, 2022 Year</b>	<b>188,488</b>	<b>188,488</b>



## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1: GENERAL INFORMATION**

#### **About Organization**

NNLE Global Compact Network Georgia is nonprofit organization, which was founded in August 13, 2002, the legal address is Georgia, Tbilisi, Vake district, I. Abashidze st. 34, Commercial Area A-3, Block 1, registered by the Rustavi court with tax payer code: 216395595. NNLE Global Compact Network Georgia is governed by board of members: Ekaterine Laliashvili (ID 60002004128) – Chairperson, Giorgi Chekhani (ID 01011055533) – Member, Valeri Chekheria (ID 01017011384) – Member, Sophio Chachanidze (ID 01011014589) – Member, Ekaterine Zhvania (ID 62001022149) – Member, Ketevan Jamarauli (ID 01017021037) – Member, Zurab Lalazashvili (ID 01010011839) – Member, Robert Michael Cowgill (ID 01008045616) – Member and Salome Zurabishvili (ID 01008041637) – Executive Director.

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption.

Organizations ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals (SDGs) through accountable companies and ecosystems that enable change. With the UN Global Compact, committed companies achieve sustainable value by delivering measurable impact to the world's most pressing challenges.

### **NOTE 2: BASIS OF PRESENTATION**

#### **Statement of Compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and with the requirements of Law of Georgia on Accounting, Reporting and Auditing.

This is the first financial statements of the company, which are prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) and IFRS 1 is used for the first time in accordance with International Financial Reporting Standards SMEs.

The financial statements have been prepared on a historical cost basis, unless disclosed otherwise.

The Organization maintains its records and prepares financial statements In Georgian Lari (GEL) in accordance with International Financial Reporting Standard for Small- and Medium-Sized Entities ("IFRS for SMEs") as required by Georgian legislation. The reporting period for the Organization is the calendar year from January 1 to December 31. Amounts in the financial statements are presented without rounding, unless otherwise stated.

Financial statements are prepared based on accounting maintained by accounting software Oris.

### **NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are set out below:

Financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) effective for the period as at 31 December, 2022.

Accounting policies used for financial statements are represented for each reporting period.

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Functional and presentation currency**

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Georgian Lari ("GEL"), which is the Organization's functional and presentation currency.

**(b) Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency is translated at the National Bank of Georgia rate of exchange at the given date (year end for the statements). According to official information from National Bank of Georgia the rate of Exchange of GEL to USD, EUR & GBP were:

	December 31, 2022 Year	December 31, 2021 Year	January 01, 2021 year
Gel/1 USD	2.7020	3.0976	3.2766
Gel/1 EUR	2.8844	3.5040	4.0233
Gel/1 SEK	3.2581	4.1737	4.4529

**(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Organization in the management of its short-term commitments.

**(d) Receivables**

Receivables are accounted on the accrual basis. Receivables consist of receivables from donors and other receivables.

**(e) Payables**

Trade and other payables are recorded with the amortized cost which represents the current market value of invoiced or not invoiced amount of future purchases of goods and services.

**(f) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Organization has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located;
- realized borrowing costs;



**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cost also includes transfers from net assets of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is realized in profit or loss.

**(h) Depreciation**

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the residual value basis over their estimated useful lives. Depreciation is generally realized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Organization will obtain ownership by the end of the lease term. Land is not depreciated.

Intangible assets, which are acquired by the Association and which have finite useful lives are stated at cost less accumulated amortization and impairment losses. Amortisation is charged to result for the period on a residual value basis over the estimated useful lives for the intangible assets, which is estimated at 7 years.

**(i) Revaluation**

An increase in the value of property, plant and equipment as a result of revaluation is reflected directly in the revaluation reserve, unless it offsets the revaluation loss for the previous period. In this case, it is recognized in the Statement of profit or loss. The reduction in the value of property, plant and equipment as a result of revaluation is reflected directly in profit or loss, unless it offsets the revaluation reserve for the previous period. In this case, it is recognized directly in the statement of comprehensive income.

**(j) Grants received**

Temporary restricted net assets comprise from funds received for future activities, and are imposed by donors or contractors for current year operations, or by other terms and conditions disclosed in the grant or service agreements, which have particular purposes and assigned budgets by activities.

**(k) Grants issued**

Grants issued are recorded on the balance sheet as advance upon transfer of funds to grantees by the organization. Upon receipt of appropriate sufficient evidence of work performed and expenditures incurred by grantees, the issued grants are recorded as grants closed in proportion of work performed and documentation received in the statement of revenue and expenses.

**(l) Provisions**

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

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Taxation**

Activities of the Organization in part of fundraising are not subject to profit tax value; value added tax and property tax. The Organization has obligation to withhold and remit to the Government the personal income tax of employees in compliance with Tax Code of Georgia. From January 01, 2019 Organization is obliged to pay 2% pension fund tax for staff salaries and reimbursed services for individuals.

**(n) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

**(o) Unrestricted funds**

Unrestricted funds comprise grant funds retained after grant's implementing (fixed assets), earnings incurred by due to the grants activities in past periods and current year income from VAT reimbursements remained from fundraising and donations.

**NOTE 4 - PROPERTY AND EQUIPMENT**

	Computer & Office equipment	Furniture & Equipment	Library	Total
<b>Beginning Balance</b>				
Balance 2021, January 01	30,198	8,887	-	39,085
Additions	18,574	-	629	19,203
Write-Offs	(5,626)	(4,447)	-	(10,073)
Balance 2021, December 31	43,145	4,440	629	48,214
Additions	7,540	1,250	253	9,043
Write-Offs	(3,940)	(300)	-	(4,240)
Balance 2022, December 31	46,745	5,390	882	53,017
<b>Accumulated Depreciation</b>				
Balance 2021, January 01	(7,472)	(2,623)	-	(10,095)
Depreciation charge	(8,999)	(1,359)	-	(10,358)
Write-Offs	3,001	1,990	-	4,991
Balance 2021, December 31	(13,470)	(1,992)	-	(15,462)
Depreciation charge	(13,766)	(1,144)	-	(14,910)
Write-Offs	3,940	300	-	4,240
Balance 2022, December 31	(23,296)	(2,836)	-	(26,132)
<b>Residual Value</b>				
Balance as at January 01, 2021	22,725	6,264	-	28,989
Balance as at December 31, 2021	29,676	2,448	629	32,752
Balance as at December 31, 2022	23,449	2,554	882	26,885



**NOTE 5 - INTANGIBLE ASSETS**

	<b>Wep Page</b>	<b>Accounting Program</b>	<b>Total Intangible Assets</b>
<b>Beginning Balance</b>			
Balance 2021, January 01	1,500	1,508	3,008
Additions	13,000		13,000
Write-Offs			-
Balance 2021, December 31	14,500	1,508	16,008
Additions	-	-	-
Write-Offs	-	-	-
Balance 2022, December 31	14,500	1,508	16,008
			-
<b>Accumulated Depreciation</b>			
Balance 2021, January 01	(162)	(226)	(388)
Depreciation charge	(663)	(226)	(889)
Write-Offs			-
Balance 2021, December 31	(825)	(453)	(1,278)
Depreciation charge	(2,175)	(226)	(2,401)
Write-Offs			-
Balance 2022, December 31	(3,000)	(679)	(3,679)
			-
<b>Residual Value</b>			
<b>Balance as at January 01, 2021</b>	<b>1,338</b>	<b>1,282</b>	<b>2,620</b>
<b>Balance as at December 31, 2021</b>	<b>13,675</b>	<b>1,056</b>	<b>14,731</b>
<b>Balance as at December 31, 2022</b>	<b>11,500</b>	<b>830</b>	<b>12,329</b>

**NOTE 6 - GRANTS RECEIVABLE**

	<b>December 31, 2022 Year</b>	<b>December 31, 2021 Year</b>	<b>January 01, 2021 Year</b>
East-West Management Institute	326,161	405,997	104,163
Deloitte Consulting LLP	174,692	266,767	-
United Nations Environment Programme	64,173	73,568	311,277
The Swedish International Development Cooperation Agency	-	-	99,775
<b>Total Grants receivable</b>	<b>565,026</b>	<b>746,332</b>	<b>515,215</b>

**NOTE 7 - TRADE AND OTHER RECEIVABLES**

	<b>December 31, 2022 Year</b>	<b>December 31, 2021 Year</b>	<b>January 01, 2021 Year</b>
Receivable from suppliers	24,590	7,338	17,373
Receivable from members of the GCNG Network	-	697	10,076
Receivable from personnel	-	328	-
Other receivable	402	400	800
<b>Total Trade and other receivables</b>	<b>24,991</b>	<b>8,763</b>	<b>28,249</b>

**NOTE 8 - BANK BALANCES**

	December 31, 2022 Year	December 31, 2021 Year	January 01, 2021 Year
Cash at Bank in EUR	1,114,107	1,342,801	1,001,923
Cash at Bank in GEL	80,342	37,091	63,857
Cash at Bank in USD	32,520	76,150	-
Cash at Bank in GBP	2	-	-
<b>Total Cash at Bank</b>	<b>1,226,971</b>	<b>1,456,042</b>	<b>1,065,780</b>
Cash on hand (Petty Cash)	-	-	-
<b>Total Cash and cash equivalents</b>	<b>1,226,971</b>	<b>1,456,042</b>	<b>1,065,780</b>

**NOTE 9 - DEFERRED INCOME**

	December 31, 2020 Year	December 31, 2019 Year	December 31, 2018 Year
The Swedish International Development Cooperation Agency	1,035,635	1,269,732	1,296,478
East-West Management Institute	330,570	432,988	124,359
Deloitte Consulting LLP	182,718	267,510	-
United Nations Environment Programme	31,201	109,727	310,573
The United Nations Development Programme	8,978	8,978	8,978
European Commission	-	-	26,728
<b>Total Deferred income</b>	<b>1,589,102</b>	<b>2,088,934</b>	<b>1,767,115</b>

**NOTE 10 - INCOME FROM FUNDRAISING**

	2022 Year	2021 Year
Income from grants related to income	1,673,686	1,530,177
<b>Total Income from grants</b>	<b>1,673,686</b>	<b>1,530,177</b>

*Expenses incurred by the Organisation were financed from the following grant sources:*

in Georgian Lari	2022 Year	2021 Year
The Swedish International Development Cooperation Agency	1,142,648	1,206,287
East-West Management Institute	360,269	126,800
Deloitte Consulting LLP	84,791	13,210
United Nations Environment Programme	64,512	183,880
Center for International Private Enterprise (CIPE)	21,466	-
<b>Total Income from fundraising</b>	<b>1,673,686</b>	<b>1,530,177</b>

**NOTE 11 - OTHER OPERATING INCOME**

	2022 Year	2021 Year
Income from membership fee	75,945	86,815
Income from training course	46,496	9,984
<b>Total Other operating income</b>	<b>122,441</b>	<b>96,799</b>



**NOTE 12 - PROGRAM AND OTHER ADMINISTRATIVE EXPENSES**

	<b>2022 Year</b>	<b>2021 Year</b>
Salary expenses	748,877	643,837
Cost of hotel and conference space services	226,130	148,653
Business trip expenses	157,397	49,790
Contractual fees	109,804	233,749
TV-Media costs	79,260	-
Fringe Benefits	63,240	57,458
Printing expenses	59,554	94,020
Marketing expenses	50,101	38,312
Research expenses	49,470	-
Rent expenses	48,000	48,500
Translation expenses	40,228	43,298
Cost of photo/video service	30,225	42,729
Academy expenses	28,610	-
Fuel and transportation expenses	22,532	11,578
Consulting expense	21,735	91,647
Employee pension fee	21,031	20,543
Designer service cost	14,406	34,018
Event expenses	11,353	5,148
Representation expense	8,678	2,111
Stationery expenses	6,106	5,484
Membership fee	4,792	3,870
Audit expenses	3,700	18,678
Insurance expense	3,387	-
Other expenses	9,407	9,941
<b>Total Program and other Administrative Expenses</b>	<b>1,818,025</b>	<b>1,603,365</b>

**NOTE 13 - NON-OPERATING INCOME**

	<b>2022 Year</b>	<b>2021 Year</b>
Revenue from advertising services	6,500	5,500
Other non-operating income	33	-
Donation	-	8,672
Non-operating income from events	-	792
<b>Total Non-operating income</b>	<b>6,533</b>	<b>14,964</b>

**NOTE 14 - CONTINGENCIES AND COMMITMENTS**

***Legal disputes***

From time to time and in the normal course of business, claims may be brought against the company. Based on its own assessment as well as internal and external professional consultation, management believes that no material loss will be caused by any litigation. Therefore, no provision was made for possible penalties in these financial statements. In addition, the Company has ongoing legal disputes on the claims listed below:

***Current litigation:***

Plaintiff - NNLE Global Compact Network Georgia  
 Defendant - Control P. Ltd  
 Body reviewing the dispute - Tbilisi City Court

#### NOTE 14 - CONTINGENCIES AND COMMITMENTS (continued)

Brief overview of the essence of the dispute - NNLE Global Compact Network Georgia mistakenly transferred an amount of 6,336 Georgian Lari (GEL) to Control P. Ltd through a bank operation. There was no existing service or goods purchase agreement, nor any formal cooperation agreement between the Plaintiff and the Defendant. Consequently, the Plaintiff has requested the return of the aforementioned transferred amount.

The amount of the dispute – 6,336 GEL

Probable Outcome - The Tbilisi City Court has already issued a favorable decision in favor of NNLE Global Compact Network Georgia, granting the Plaintiff's claim. Nevertheless, it is essential to emphasize that enforcement of the court's decision has not yet been initiated..

#### NOTE 15 - RELATED PARTY TRANSACTIONS

**Key management personnel are:**

- a. All directors or members of the governing body of the entity; and
- b. Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity. Where they meet this requirement key management personnel include:
  - a. Where there is a member of the governing body of the whole-of-government entity who has the authority and responsibility for planning, directing and controlling the activities of the reporting entity, That member,
  - b. Any key advisors of that member, and
  - c. Unless already included in (a), the senior management group of the reporting entity, including the chief executive or permanent head of the reporting entity.

**Oversight** – means the supervision of the activities of an entity, with the authority and responsibility to control, or exercise significant influence over, the financial and operating decisions of the entity.

**Related party-** parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. According to IAS 24 "Related party Disclosures" related parties include:

- a) Entities that directly, or indirectly through one or more intermediaries, control or are controlled by the reporting entity;
- b) Associates, in which an investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
- c) Individual owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- d) Key management personnel, and close members of the family of key management personnel; and
- e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

**Related party transaction** - is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.

**Remuneration of key management personnel** is any consideration or benefit derived directly or indirectly by key management personnel from the reporting entity for services provided in their capacity as members of the governing body or otherwise as employees of the reporting entity.

**Significant influence** (for the purpose of this standard) is the power to participate in the financial and operating policy decisions of an entity, but not control those policies. Significant influence may be exercised in several ways, usually by representation on the board of directors or equivalent governing body but also by, for example, participation in the policy making process, material transactions between entities within an economic entity,



**NOTE 15 - RELATED PARTY TRANSACTIONS (continued)**

interchange of managerial personnel or dependence on technical information. Significant influence may be gained by an ownership interest statute or agreement.

<b>Salary Expense</b>	<b>2022 Year</b>	<b>2021 Year</b>
<i>Executive Management</i>	156,067	168,952
<b>Total Salary Expenses</b>	<b>156,067</b>	<b>168,952</b>

**NOTE 16 - EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

The organization has no subsequent events after the reporting period.

**NOTE 17 - GOING CONCERN**

At the end of the reporting period, management discusses business continuity issues to ensure that the presentation of special purpose financial statements based on the going concern principle is fair.

**NOTE 18 - APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Management of the Organization on July 25, 2023.