



სერიალ-ცენტრი შპს

*Serious Business Partner*

A U D I T - C E N T E R Ltd

## Independent Auditor's Report # 22/4/1

*Welfare Foundation*

*Covering the Period from*

*January, 1<sup>st</sup>, 2017 as at December, 31<sup>st</sup>, 2017*

Tbilisi  
2018

V Floor, #2, 26 May Square, 0171 Tbilisi, Georgia

☎ 94-16-03



V Floor, #2, 26 May Square

0171, Tbilisi, Georgia

Tel: (995 32) 94-16-03, Fax: (995 32) 33-33-40

E-mail: [auditcenter\\_ltd@yahoo.com](mailto:auditcenter_ltd@yahoo.com)

N 22/4/1 " 13 " June 2018

AUDIT-CENTER

## INDEPENDENT AUDITOR'S REPORT

### On Financial Statements as of 2017 of Welfare Foundation

To: the Management of Welfare Foundation

We certified auditors and experts of "Audit-Center", Vaja Lalebashvili and Teimuraz Memanishvili have audited the Annual Balance Sheet and financial reports of **Welfare Foundation** (hereinafter referred to as a Customer) for the year ended 31 December 2017. The Customer is responsible for completeness and authenticity of financial statements. We have responsibility upon the report drawn up by us on the basis of the mentioned documents.

Our audit has been conducted in accordance with International Accounting Standards (ISA) drawn up by International Federation of Accountants (IFAC) and effective Georgian legislation to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Organization's financial position and the results of their operations and their cash flows.

Based on the results of the audit conducted by us, we have identified the following: According to the article 29 of the Georgian Civil Code **Welfare Foundation** is a non-entrepreneurial (non-commercial) legal person, registered by the Ministry of Georgia on 25.09.2001, registration Number 5/4-498.

The Organization is registered by Tbilisi Vake-Saburtalo Regional Court. Identification Number 204970326. The representative office has no branch offices within the territory of Georgia.

All the activities of Welfare Foundation are carried out within the framework of The Georgian Law "On Grants". "European Union" and "World Diabetes Foundation" are its major donors.

"Welfare Foundation" is a non-entrepreneurial (non-commercial) legal entity, and according to the Tax Code of Georgia it is subject to Income Tax only, thus, the liability of the organization to the State budget arises only in the process of payment of salaries and upon rendering services by physical persons. According to the effective Georgian Legislation 20% is the income tax rate applicable to salaries paid by organizations financed by grants. The abovementioned tax is treated as a part of a salary.

Calculation and distribution of salaries within the organization is carried out properly and in timely manner, the relevant information concerning the amounts deducted from salaries and transferred to the budget is presented to the tax authorities in due time as well.

The financial statements presented by the Customer give a true and fair view of the state of financial affairs and as of 31 December 2017 and of the results, changes in equity and cash flow movement, purposeful spending, suggesting strong evidence of the reconciliation between the amounts received from the donors and amounts disbursed rationally, fully in compliance with the Georgian legislation and International Accounting Standards.

The report is drawn up on 4 (four) pages.

**"Audit-Center" Ltd.**  
Director, Certified Auditor

**"Audit-Center" Ltd.**  
Expert



Vazha  
Lalebashvili

Teimuraz  
Memanishvili

**Balance Sheet**

For the Year Ended 31 December 2017

/GEL/

Company Name: Welfare foundation  
 Identification Code: 204970326  
 Address: Tevdore mghvdli Avenue #13 Tbilisi  
 Tel: +995-32-291-26-99

	Opening Balance	Closing Balance
<b>Assets</b>		
<b>Long-term assets</b>		
Fixed assets	98225	78580
Goodwill		
License		
Investments in associates		
Other financial assets	3725	550
<b>Current assets</b>		
Inventories		
Receivables from Donors (from allocated grants)		
Other receivables		
Cash and cash equivalents	57895	59400
Accumulative costs of current projects		
<b>Total assets</b>	159845	138530
<b>Owner's Equity and Liabilities</b>		
<b>Capital and reserves</b>		
Issued capital		
Reserves		
Purposeful financing (grants)	159845	138530
<b>Long-term Liabilities</b>		
Interest-bearing loan		
Deferred taxes		
Retirement benefit obligation		
<b>Short-term Liabilities</b>		
Liabilities/Payables		
Short-term loans		
Current portion of interest-bearing loans		
Guarantee provisions		
Deferred income		
Other Liabilities		
<b>Total Equity and Liabilities</b>	159845	138530

**Cash Flow Statement**

For the Year Ended 31 December 2017

/GEL/

Company Name: Welfare foundation  
 Identification Code: 204970326  
 Address: Tevdore mghvdlis Avenue #13 Tbilisi  
 Tel: +995-32-291-26-99

1	Cash flow from purposeful financing	395526
	<i>Including:</i>	
1.1	"European Union"	320370
1.2	"World Diabetes Foundation"	75156
2	Cash flow from operating activities	
3	<b>Total cash flow from operating activities</b>	395526
4	Cash paid to suppliers	41471
5	Cash generated for operations	352550
6	Purchase of fixed assets	
7	<b>Total cash used in finance activities</b>	394021
8	<b>Net increase in cash and cash equivalents</b>	1505
9	<b>Cash and cash equivalents at the beginning of the year</b>	57895
10	<b>Cash and cash equivalents at the end of the year</b>	59400