

**Non-entrepreneurial Non-commercial Legal Entity (NNLE)  
“Social Partnership”**

**Statement of Sources and Uses of Funds  
for the year ended 31 December 2014**

## **Contents**

Independent Auditors’ Report	3
Statement of Sources and Uses of Funds	5
Notes to the Statement of Sources and Uses of Funds	6



**KPMG Georgia LLC**  
4 Besiki Street  
Tbilisi, 0108,  
Georgia

Telephone	+995 (32) 2935695
Fax	+995 (32) 2935713
Internet	www.kpmg.ge

## **Independent Auditors' Report**

To the Founder of

Non-entrepreneurial Non-commercial Legal Entity “Social Partnership”

We have audited the accompanying Statement of Sources and Uses of Funds of Non-entrepreneurial Non-commercial Legal Entity “Social Partnership” (the “Organization”) for the year ended 31 December 2014, and notes, comprising a summary of significant accounting policies and other explanatory information (together “the Statement of Sources and Uses of Funds”). The Statement of Sources and Uses of Funds has been prepared by management using the cash receipts and disbursements basis of accounting described in Note 3 to the Statement of Sources and Uses of Funds.

### *Management’s Responsibility for the Statement of Sources and Uses of Funds*

Management is responsible for the preparation of this Statement of Sources and Uses of Funds in accordance with the cash receipts and disbursements basis of accounting described in Note 3 to the Statement of Sources and Uses of Funds, for determining the acceptability of this basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the Statement of Sources and Uses of Funds that is free from material misstatement, whether due to fraud or error.

### *Auditors’ Responsibility*

Our responsibility is to express an opinion on this Statement of Sources and Uses of Funds 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 about whether the Statement of Sources and Uses of Funds is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Sources and Uses of Funds. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement of Sources and Uses of Funds, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the Statement of Sources and Uses of Funds 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, if any, made by management, as well as evaluating the overall presentation of the Statement of Sources and Uses of Funds.

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

*Opinion*

In our opinion, the Statement of Sources and Uses of Funds of the Organization for the year ended 31 December 2014 is prepared, in all material respects, in accordance with the cash receipts and disbursements basis of accounting described in Note 3.

*Basis of Accounting and Restriction on Use*

Without modifying our opinion, we draw attention to Note 3 to the Statement of Sources and Uses of Funds, which describes the basis of accounting. This Statement of Sources and Uses of Funds is prepared to provide information on cash receipts and disbursements of the Organization to the current and potential donors of the Organization. As a result, the Statement of Sources and Uses of Funds may not be suitable for another purpose. Our report is intended solely for the Organization and for the current and potential donors of the Organization.

KPMG Georgia LLC

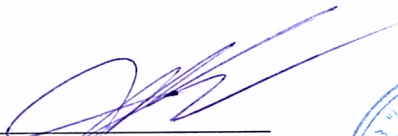
KPMG Georgia LLC  
14 March 2016



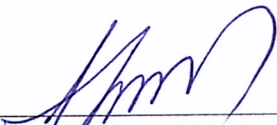
**NNLE "Social Partnership"**  
*Statement of Sources and Uses of Funds for the year ended 31 December 2014*

<b>GEL</b>	<b>Note</b>	<b>31 December 2014</b>
<b>Opening balance of cash and cash equivalents</b>		<b>9,198</b>
<b>Cash receipts</b>		
Contributions by legal entities	4	1,217,580
Direct contributions by individuals		7,405
Other		19,133
<b>Total cash receipts</b>		<b>1,244,118</b>
<b>Cash disbursements</b>		
Program of Home Care	5	573,190
Orphanage Program	6	262,465
Children Boarding House Program	7	92,278
Help For Large Families		74,800
Administrative expenses	8	236,917
<b>Total cash disbursements</b>		<b>1,239,650</b>
<b>Closing balance of cash and cash equivalents</b>		<b>13,666</b>

The special purpose financial statements as set out on pages 5 to 10 were approved by management on 14 March 2016 and were signed on its behalf by:

  
 Andrei Kurskyi  
 Director



  
 Ketevan Didberidze  
 Chief Accountant

Notes to the Statement of Sources and Uses of Funds for the year ended 31 December 2014 is to be read in conjunction with the notes to, and forming part of, the Statement of Sources and Uses of Funds set out on pages 6 to 10

## **1 Background**

Non-entrepreneurial Non-commercial Legal Entity “Social Partnership” (“the Fund” or “the Organization”) is a non-governmental organization providing help to socially vulnerable groups of people including the homeless, pensioners, disabled persons, multiple children families, orphans, etc.

The Organization was established on 12 April 2012 by a Georgian citizen, Giorgi Kvrivishvili with the purpose of aiding large families, orphans and old people who cannot get out of their beds. In March 2016 the Founder of the Fund became Andrei Kurskyi, an Ukrainian citizen.

The legal address of the Fund office is Vazisubani Str. № 36, Tbilisi, Georgia.

The Organization raises funds through contributions by donors and voluntary contributions by individuals and legal entities.

As at 31 December 2014, the number of the Organization's employees was 54, including 8 employees for administration work and 46 employees working on special programs.

During 2014, the Organization's activities included the following lines/programs:

- *Program of Homecare* - The beneficiary groups include bedridden patients and people who need outside care, patients with chronic diseases (mostly elderly people) and patients in recovery period. Qualified nurses and their assistants provide necessary medical and psycho-social assistance to the bedridden and home confined patients in their homes. The Fund provides them with the necessary medications, food hygiene means and diapers on a daily basis. Participating in the implementation of the project are medical doctors, a neurologist, an oncologist, nurses, nurse assistants, recreation therapists and social workers.
- *Orphanage program* - On 28 May 2013 the Fund opened a family type orphanage in Tbilisi. During 2014 it hosted 10 children from Tbilisi and other regions of Georgia, who were deprived of care and custody. The children are given 24-hour care including education. The children are fully supplied with clothes, shoes and school supplies. The children also participate in dancing, singing, gymnastics and painting lessons.
- *Children Boarding House Program* - On 23 November 2014 the Fund opened the Children Boarding House in Kobuleti, Georgia. During 2014 it hosted 10 children from extremely poor families from different regions of Georgia. The children are given 24-hour care including education. The children are visited by parents whenever needed. The Children Boarding House can accommodate 50 children. The Fund obtains the necessary equipment and techniques for education and development of the children. The children are fully supplied with clothes, shoes and school supplies. The children also participate in football and music lessons.
- *Help for Large families* - The Fund was patronizing 18 poverty-stricken large families, in which there are 7 or more children. The Fund, on a monthly basis, transfers a certain amount to each family's bank account and monitors their well-being.

Notes to the Statement of Sources and Uses of Funds for the year ended 31 December 2014 is to be read in conjunction with the notes to, and forming part of, the Statement of Sources and Uses of Funds set out on pages 6 to 10

## **2 Georgian economic and business environment**

The Fund’s operations are located in Georgia. Consequently, the Fund is exposed to the economic and financial markets of Georgia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Georgia. The Statement of Sources and Uses of Funds reflects management’s assessment of the impact of the Georgian business environment on the operations of the Fund. The future business environment may differ from management’s assessment.

## **3 Basis of preparation of the Statement of Sources and Uses of Funds**

This Statement of Sources and Uses of Funds is prepared to provide information on cash receipts and disbursements of the Organization to the current and potential donors of the Organization and prepared on the accounting basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in Georgia. On this basis, revenue is recognized when received rather than when earned, and expenditures are recognized when paid rather than when incurred. For expenditures that are not project specific the Fund applies employee based allocation between the program and administrative activities. No comparatives are presented.

Accounting information used in preparing the Statement of Sources and Uses of Funds was derived from Organization's accounting records maintained for the Georgian Revenue Service reporting purposes.

All financial information is presented in Georgian Lari, unless otherwise is stated.

## **4 Contributions by legal entities**

Contributions by legal entities:

<b>GEL</b>	<b>2014</b>
Lugamino Holding Limited	1,132,404
Tbilisi City Hall	50,000
Social Service Agency	35,176
<b>Total</b>	<b>1,217,580</b>

## **5 Program of Homecare**

Cash disbursements on the program of Homecare are as follows:

<b>GEL</b>	<b>2014</b>
Salary	332,367
Hygiene materials	68,527
Medicines	53,241
Rent	37,448
Food products	24,204
Utilities	19,176
Security services	11,023
Office supplies	6,339
Furniture, Fixtures & Equipment	5,787
Other	15,078
<b>Total</b>	<b>573,190</b>



## 6 Orphanage program

Cash disbursements on the Orphanage program are as follows:

<b>GEL</b>	<b>2014</b>
Salary	91,455
Rent	53,914
Food products	34,550
Clothes	14,352
Entertaining activities	12,390
Utilities	12,066
Health insurance	11,159
Furniture, fixtures & equipment	6,303
Maintenance	5,123
Educational/sport classes	3,540
Medical assistance	2,961
Security services	2,468
Medicines	1,132
Other	11,052
<b>Total</b>	<b>262,465</b>

## 7 Children Boarding House Program

Cash disbursements on the Children Boarding House program are as follows:

<b>GEL</b>	<b>2014</b>
Entertaining activities	27,855
Rent*	19,853
Furniture, fixtures & equipment	14,754
Salary	5,363
Household equipment	5,103
Business trips	4,000
Maintenance	3,434
Food products	3,337
Health Insurance	2,691
Stationary	2,094
Other	3,794
<b>Total</b>	<b>92,278</b>

\* Due to pre-program works the Fund has incurred the rent expenses several months earlier than the Children Boarding House Program opened in November 2014. In addition, in December 2014 the Fund made rent payments for two months in advance.

## 8 Administrative expenses

<b>GEL</b>	<b>2014</b>
Salary	144,393
Marketing	39,541
Furniture, fixtures & equipment	12,976
Rent	9,962
Audit service	5,500
Utilities	5,145
Security services	2,962
Other	16,438
<b>Total</b>	<b>236,917</b>

During 2014, the Fund paid GEL 46,301 to the management of the Fund as salary expenses.

## 9 Transactions with related parties

The Fund performs transactions with related parties in the ordinary course of its activities. 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 when making financial and operational decisions. Related parties comprise the individuals (and their close family members)/legal entities that has control or significant influence over the Fund.

During 2014, the Fund received GEL 1,132,404 of charity contributions from Lugamino Holding Limited. The donations were made by the family of Leonid Chernovetskyi, a citizen of Ukraine.