

**EURASIA PARTNERSHIP
FOUNDATION**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT**

31 December 2024

YEREVAN 2025

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N 022527
30.06.2025



APPROVED

V. Gevorgyan

General Director
Baker Tilly Armenia CJSC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Eurasia Partnership Foundation

Opinion

We have audited the accompanying financial statements of Eurasia Partnership Foundation (the "Foundation"), which comprise the Statement of Financial Position as at 31 December 2024, the Statement of activities, the Statement of Changes in Net Assets, and the Statement of 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 give a true and fair view of the financial position of the Foundation as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Armenia, and we have fulfilled our 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

The Foundation's Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities 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.

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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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 Foundation 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.

Auditor

Sh. Tashchyan

30.06.2025



Members of the Board of Trustees as of 31 December 2024

Mary Sheehan (president)

International Organization for Migration (retired)

Michael Johnson (Chair of Finance and Audit Committee)

Director of Management and Operations for Peace Corps Armenia

Horton Beebe-Center

Former President of Eurasia Foundation

Anna Ohanyan

Chair of the Department of Political Science and International Studies at Stonehill College

Daniel Tarschys

Distinguished Professor of Political Science at Stockholm University

William Hanlon

Chief of Field Office of UNICEF, Odisha

Deana Arsenian

Carnegie Corporation of New York, Vice President

Laurens Ayvazian

Former Program Director (US-Russia Civil Society Partnership Program) at Eurasia Foundation

Naira Avetisyan

Chief of Child Protection Programme, UNICEF Ukraine

STATEMENT OF FINANCIAL POSITION

	Note	In thousand drams		In US dollars	
		As of 31 December 2024	As of 31 December 2023	As of 31 December 2024	As of 31 December 2023
Assets					
<i>Non-current assets</i>					
Property and equipment	4	212,602	216,989	536,116	536,053
		212,602	216,989	536,116	536,053
<i>Current assets</i>					
Accounts receivable	5	25,619	143,130	64,603	353,589
Term deposits	6	-	230,910	-	570,444
Bank balances	7	230,092	205,167	580,220	506,851
		255,711	579,207	644,823	1,430,884
Total assets		468,313	796,196	1,180,939	1,966,937
Liabilities and net assets					
<i>Non-current liabilities</i>					
Grants related to assets	8	24,283	24,365	61,234	60,192
		24,283	24,365	61,234	60,192
<i>Current liabilities</i>					
Accounts payable	9	32,645	48,887	82,320	120,774
Loans and borrowings		-	753	-	1,860
Deferred income	10	234,964	584,144	592,506	1,443,080
		267,609	633,784	674,826	1,565,714
Net assets					
Accumulated result (unrestricted)		(32,579)	(70,953)	(78,950)	(176,660)
Founder's contribution		209,000	209,000	399,931	399,931
Foreign currency translation reserve		-	-	123,898	117,760
		176,421	138,047	444,879	341,031
Total liabilities and net assets		468,313	796,196	1,180,939	1,966,937

Gevorg Ter-Gabrielyan

Chief Executive Officer

Marina Ayvazyan

Chief Financial Officer

30.06.2025



STATEMENT OF ACTIVITIES

	Note	In thousand drams		In US dollars	
		Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
Income from grants and contributions	11	861,333	544,886	2,193,166	1,388,351
Revenue from training and consulting services		10,426	11,777	26,547	30,008
Other income		1,424	3,796	3,626	9,672
Total income		873,183	560,459	2,223,339	1,428,031
Employee benefit expenses		(279,918)	(300,178)	(712,740)	(764,843)
Sub-grant expenses	12	(398,788)	(191,952)	(1,015,412)	(489,088)
Trip and representation expenses		(25,952)	(39,464)	(66,080)	(100,552)
Office expenses		(8,558)	(8,610)	(21,791)	(21,938)
Depreciation and amortization expenses		(8,475)	(9,852)	(21,579)	(25,101)
Audit and consulting expenses		(12,570)	(7,220)	(32,006)	(18,396)
Insurance expenses		(4,961)	(5,925)	(12,632)	(15,097)
Other expenses		(81,772)	(34,838)	(208,212)	(88,767)
Total expenses	13	(820,994)	(598,039)	(2,090,453)	(1,523,782)
Net gain/(loss) from exchange differences	14	(13,301)	20,855	(33,868)	53,137
Result before income tax		38,888	(16,725)	99,018	(42,614)
Income tax expense	15	(514)	(1,006)	(1,309)	(2,563)
Result for the year		38,374	(17,731)	97,710	(45,177)

STATEMENT OF CHANGES IN NET ASSETS

	In thousand drams			Foreign currency translation reserve	In US dollars		
	Accumulated result (unrestricted)	Founder's contribution	Total		Accumulated result (unrestricted)	Founder's contribution	Total
As of 1 January, 2023	(53,222)	209,000	155,778	103,778	(107,902)	399,931	395,807
Result for the year	(17,731)	-	(17,731)	-	(45,177)	-	(45,177)
Foreign exchange difference from translation of financial statements	-	-	-	13,982	(23,581)	-	(9,599)
As of 31 December, 2023	(70,953)	209,000	138,047	117,760	(176,660)	399,931	341,031
Result for the year	38,374	-	38,374	-	97,710	-	97,710
Foreign exchange difference from translation of financial statements	-	-	-	6,138	-	-	6,138
As of 31 December, 2024	(32,579)	209,000	176,421	123,898	(78,950)	399,931	444,879

STATEMENT OF CASH FLOWS

	In thousand drams		In US dollars	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities				
Result for the year	38,374	(17,731)	97,710	(45,177)
<i>Adjustments for:</i>		-	-	
Depreciation	8,474	9,851	21,577	25,101
Income from grants	(861,333)	(544,886)	(2,193,166)	(1,388,351)
Income tax expense	514	1,006	1,309	2,563
Foreign exchange (gain)/loss	13,301	(20,855)	33,868	(53,137)
<i>Operating result before working capital changes</i>	(800,670)	(572,615)	(2,038,703)	(1,459,001)
Change in receivables	117,013	(63,675)	287,718	(151,544)
Change in payables	(15,991)	(7,981)	(37,814)	(23,720)
<i>Cash used in operations</i>	(699,648)	(644,271)	(1,788,799)	(1,634,265)
Grants received/(paid), net	512,071	689,039	1,303,859	1,755,648
Income tax paid	(514)	(4,479)	(1,309)	(11,412)
<i>Cash generated from/ (used in) operating activities</i>	(188,091)	40,289	(486,250)	109,971
Cash flows from investing activities				
Acquisition of property and equipment	(4,087)	(3,712)	(10,407)	(9,459)
Deposits (placed)/withdrawn net	58,085	37,510	143,494	99,398
<i>Net cash used in investing activities</i>	53,998	33,798	133,087	89,939
Cash from financing activities				
Loan received/(repaid) net	(753)	753	(1,917)	1,860
<i>Net cash flow from financing activities</i>	(753)	753	(1,917)	1,860
Net increase/(decrease) in cash and cash equivalents	(134,846)	74,840	(355,079)	201,770
Foreign exchange effect on cash	(13,054)	15,803	(33,239)	40,267
Foreign currency exchange difference	-	-	34,737	(38,345)
Cash and cash equivalents at the beginning of the year	377,992	287,349	933,801	730,109
Cash and cash equivalents at the end of the year	230,092	377,992	580,220	933,801

Notes to the financial statements

1 Nature of operations and general information

Eurasia Partnership Foundation (the “Foundation”) was established on September 20, 2007. The founder of the Foundation is Eurasia Foundation, which was established in the United States of America (USA), and was registered in accordance with the legislation of the USA Columbia administrative territory on April 29, 1992.

The principle activities of the Foundation are to:

- promote civil society development;
- promote dialogue and tolerance;
- promote human rights and judicial reform;
- support local self-government reforms;
- support community development;
- increase the role of youth in the society;
- contribute to good governance;
- support the independent media sustainability and promote the development of multi-opinion society;
- promote reforms in fields of public policy and management;
- promote the private business development.

The legal address of the Foundation is 1/21 Azatutyan Avenue, Apt. 23, Yerevan 0037, Republic of Armenia.

The average number of employees of the Foundation during 2024 was 18 employees (2023: 18 employees).

Business environment

The conflict in Ukraine caused thousands of Russians and Ukrainians to relocate to the Republic of Armenia. This included not only individuals but also businesses that were established and operated in those countries. This resulted in increased inflows of foreign currency into the Armenian market, which led to a significant appreciation of the Armenian dram relative to US dollar and Euro.

On the other hand, the Central Bank of Armenia did not take any measures to weaken the Armenian national currency. This event had a significant impact on entities that were involved in exporting goods and services, including those operating in the Information and Communication Technologies (ITC) sector.

Management does not expect that there will be any further appreciation of the Armenian dram relative to US dollar and Euro. However, the continuing conflict in Ukraine may result in inflows of still more foreign currency into Armenia, which may have a negative impact on the financial sustainability of the EPF.

These financial statements do not include the possible effects of the above.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). They have been prepared under the assumption that the Foundation operates on a going concern basis.

Currently, IFRSs do not contain specific guidance for non-profit organizations and non-governmental organizations concerning the accounting treatment and presentation of financial statements. Where IFRSs do not give guidance on how to treat transactions specific to not for profit sector, accounting policies have been based on the general principles of IFRSs, as detailed in the IASB *The Conceptual Framework for Financial Reporting*.

The statement of activities is presented by nature and in note 13 project and other expenses are presented by sources, since management believes that is more useful for the users of these financial statements.

2.2 Basis of measurement

The financial statements have been prepared on an accrual's basis under the historical cost convention.

2.3 Functional and presentation currency

The national currency of Armenia is the Armenian dram (“dram”), which is the Foundation’s functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Foundation.

These financial statements are presented in Armenian drams and US dollars, since management believes that these currencies are more useful for the users of these financial statements. All financial information presented in Armenian drams has been rounded to the nearest thousand.

Some narrative information in the notes is presented only in dram. In these cases, the users should follow note 3.1 to obtain the relevant information in US dollars.

The accounting policy for translation of the dram denominated financial statements into US dollar is explained in note 3.1.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 16 to the financial statements.

2.5 Adoption of new and revised standards

In the current year the Foundation has adopted all of the new and revised Standards and Interpretations issued by the IASB and International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024.

The nature and the effect of these changes are disclosed below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2024

Standard	Title of Standard or Interpretation
<i>Various</i>	<i>Amendments to IFRS 17, IAS 12, IAS 8, IAS 1, IFRS for SMEs</i>

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Foundation

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Foundation.

Management anticipates that all of the relevant pronouncements will be adopted in the Foundation’s accounting policies for the first period beginning on or after the effective date of the pronouncement.

Management does not anticipate a material impact on the Foundation’s financial statements from these Standards and Amendments, they are presented below:

Standard	Title of Standard or Interpretation	Effective for reporting periods beginning on or after
<i>IAS 1</i>	<i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i>	<i>1 January 2024</i>
<i>IFRS 16</i>	<i>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</i>	<i>1 January 2024</i>
<i>IAS 1</i>	<i>Non-current Liabilities with Covenants (Amendments to IAS 1)</i>	<i>1 January 2024</i>
<i>IAS 7 and IFRS 7</i>	<i>Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</i>	<i>1 January 2024</i>
<i>IAS 21</i>	<i>Lack of Exchangeability (Amendments to IAS 21)</i>	<i>1 January 2025</i>

3 Significant accounting policies

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date, which is 396.56 drams for 1 US dollar and 413,89 drams for 1 euro as of 31 December 2024 (31 December 2023: 404.79 drams for 1 US dollar, 447,90 drams for 1 euro). Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

Translation of financial statements into another currency

The assets and liabilities of the Foundation are translated from dram into US dollars at the exchange rate at the end of the reporting period. Revenues and expenses are translated into US dollar using average rate for the period, whereas equity accounts are translated using historic rates, ruling at the dates of the transactions. The resulting exchange difference is recorded in statement of activities and credited to equity in the foreign currency translation reserve.

3.2 Property and equipment

Property and equipment are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property and equipment.

Properties donated by the Founder are recognized at the fair market value under the property and equipment of the Foundation in one side, and directly in the net assets on the other side.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of activities.

Depreciation is charged to the result for the year or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

Apartments and improvements	- 50 years
Computer equipment	- 1 year
Fixture and fittings	- 5 years

3.3 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Foundation becomes a part to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through statement of activities (FVOCI).

The classification is determined by both:

- the Foundation's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss represented within finance costs, finance income or other financial items. A summary of the Foundation's financial assets by category is given in note 17.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Foundation's cash and cash equivalents, term deposits, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the “expected credit loss (ECL) model”. Instruments within the scope of IFRS 9 requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Foundation first identifying a credit loss event. Instead, the Foundation considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month expected credit losses” are recognized for the first category while “lifetime expected credit losses” are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and grant receivables

The Foundation makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Foundation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Foundation's financial liabilities include accounts payable. A summary of the Foundation's financial liabilities by category is given in note 17.

3.4 Grants

Grants are not recognized until there is reasonable assurance that the Foundation will comply with the conditions attaching to them and the grants will be received.

Grants with a primary condition to purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to the result on a systematic and rational basis over the useful lives of the related assets.

Grants received unconditionally from the donors as a financial support or as a compensation for expenses and losses already incurred, are recognized in the result of the year, when they become receivable.

Cash collected by the Foundation is not recognized as income, when the project or grant is not realized or controlled by the Foundation. These amounts are not included in the financial statements of the Foundation.

Grants received from donors, which as of a reporting date have not been used, are recognized in the statement of financial position of the Foundation as deferred income (current liability) and are systematically transferred to the result of the year, along with the grants usage.

All grant income is recognized in the statement of financial position as deferred income, when it becomes receivable. Deferred income is transferred to the statement of activities in line with the realization of the grant commitments. However, if the amount of deferred income turns out to be more than is required by the Foundation to meet its commitments, the surplus amount is deducted from the balance of the deferred income and the respective receivables from donors. The amount of this adjustment is not reflected in the statement of activities.

If the amount of the grant recognized exceeds the expenses of the Foundation, which are necessary for the implementation of the whole grant, the exceeded part is reduced from the amount of the recognized deferred income and the accounts receivable on grants.

Grants that are receivable as compensation for expenses or losses already incurred are recognized as income in the period in which they become receivable.

3.5 Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.6 Employee benefits

Short-term employee benefits are benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and include:

- (a) wages, salaries and bonuses;
- (b) paid annual leaves and paid disability leaves;

Paid absences

The expected cost of short-term employee benefits in the form of paid absences is recognized as follows:

- (c) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.
- (a) in the case of non-accumulating paid absences, when the absences occur.

Bonuses

The expected cost of bonus payments is recognized when and only when the Foundation has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

3.7 Income

Income arises mainly from the rendering of services and income from grants.

To determine whether to recognize revenue, the Foundation follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Income is recognized either at a point in time or over time, when (or as) the Foundation satisfies performance obligations by transferring the promised goods or services to its customers.

Rendering of services

Revenue from rendered services incurred from researches, analysis and tests performed by the Foundation. It is recognized as of the reporting date in line with the stage to complete the service.

Income from grants

Income recognition policy is presented in note 3.4.

4 Property and equipment

	In thousand drams				In US dollar			
	Apartments and improvements	Computer equipment	Fixture and fittings	Total	Apartments and improvements	Computer equipment	Fixture and fittings	Total
<i>Cost</i>								
As of 1 January, 2023	225,476	51,389	36,006	312,871	572,900	130,570	91,486	794,956
Additions	2,700	1,012	-	3,712	6,880	2,579	-	9,459
Disposals and write-offs	-	(810)	(40)	(850)	-	(2,064)	(102)	(2,166)
Foreign currency translation difference	-	-	-	-	(16,083)	(3,636)	(2,538)	(22,257)
As of 31 December, 2023	228,176	51,591	35,966	315,733	563,697	127,449	88,846	779,992
Additions	-	3,897	190	4,087	-	9,923	484	10,407
Disposals and write-offs	-	(6,392)	(600)	(6,992)	-	(16,276)	(1,528)	(17,803)
Foreign currency translation difference	-	-	-	-	11,691	2,709	1,859	16,259
As of 31 December, 2024	228,176	49,096	35,556	312,828	575,388	123,805	89,661	788,854
<i>Accumulated depreciation</i>								
As of 1 January, 2023	12,421	44,668	32,654	89,743	31,560	113,494	83,970	228,024
Charge for the year	4,521	3,981	1,350	9,852	11,520	10,144	3,440	25,104
Eliminated on disposal and write-offs	-	(810)	(41)	(851)	-	(2,064)	(104)	(2,168)
Foreign currency translation difference	-	-	-	-	(1,227)	(3,391)	(2,402)	(7,020)
As of 31 December, 2023	16,942	47,839	33,963	98,744	41,853	118,183	83,903	243,939
Charge for the year	4,572	2,643	1,259	8,474	11,641	6,730	3,206	21,577
Eliminated on disposal and write-offs	-	(6,392)	(600)	(6,992)	-	(16,276)	(1,528)	(17,803)
Foreign currency translation difference	-	-	-	-	757	2,544	1,725	5,026
As of 31 December, 2024	21,514	44,090	34,622	100,226	54,252	111,181	87,306	252,739
<i>Carrying amount</i>								
As of 31 December, 2023	211,234	3,752	2,003	216,989	521,844	9,266	4,943	536,053
As of 31 December, 2024	206,662	5,006	934	212,602	521,137	12,624	2,355	536,116

5 Accounts receivable

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December, 2023	As of 31 December, 2024	As of 31 December, 2023
Advances to sub-grantees	18,887	122,754	47,627	303,252
Other advances	6,732	20,376	16,976	50,337
	25,619	143,130	64,603	353,589

6 Term deposits

As at 31 December 2024, the Foundation held no term deposits (2023: AMD 230,910 thousand). During the year, all previously held term deposits matured and the related funds were either reclassified to bank balances, or utilized for operational purposes.

7 Bank balances

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December, 2023	As of 31 December, 2024	As of 31 December, 2023
Bank balances in local currencies	51,138	46,933	128,954	115,946
Bank balances in foreign currencies	178,954	158,234	451,266	390,905
	230,092	205,167	580,220	506,851

8 Grants related to assets

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December, 2023	As of 31 December, 2024	As of 31 December, 2023
Balance at the beginning of year	24,365	25,718	60,192	65,345
Additions	4,087	3,712	10,407	9,458
Realized to income (refer to note 10)	(4,169)	(5,065)	(10,615)	(12,905)
Foreign currency translation difference	-	-	1,251	(1,706)
Balance at the end of year	24,283	24,365	61,234	60,192

9 Accounts payable

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December, 2023	As of 31 December, 2024	As of 31 December, 2023
Accounts payable to sub-grantees	10,701	1,500	26,985	3,706
Employee benefits payables	15,300	31,839	38,582	78,659
Taxes and liabilities payable	5,563	11,950	14,028	29,521
Other	1,081	3,598	2,726	8,888
	32,645	48,887	82,320	120,774

10 Deferred income

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December, 2023	As of 31 December, 2024	As of 31 December, 2023
Balance at the beginning of year	584,144	420,735	1,443,080	1,069,022
Additions	512,071	706,942	1,303,859	1,801,264
Reclassification to grants related to assets	(4,087)	(3,712)	(10,407)	(9,458)
Realized to income (refer to note 11)	(857,164)	(539,821)	(2,182,551)	(1,375,446)
Foreign currency translation difference	-	-	38,524	(42,302)
Balance at the end of year	234,964	584,144	592,506	1,443,080

11 Income from grants and contributions

	In thousand drams		In US dollar	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
Income from deferred income (refer to note 10)	857,164	539,821	2,182,551	1,375,446
Income from grants related to assets (refer to note 8)	4,169	5,065	10,615	12,905
	861,333	544,886	2,193,166	1,388,351

12 Sub-grant expenses

Sub-grant expenses relate to the expenses made by sub-grantees in the framework of projects funded by the following donors:

	In thousand drams		In US dollar	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
The Swedish international Development Cooperation Agency, SIDA	61,578	30,779	156,793	78,424
European Union	-	60	-	153
EU4Peace: Capacity Enhancement, Civic Engagement and Crisis Response	-	42,509	-	108,312
PeaCE 2023	173,742	17,496	442,390	44,580
Caucasus Research Resources Center-Armenia Foundation	-	37,932	-	96,649
OxYGen Foundation for Protection of Youth and Women Rights	-	9,767	-	24,886
Other	163,468	53,409	416,230	136,084
	398,788	191,952	1,015,412	489,088

13 Project and other expenses

Project expenses by sources is presented below:

	In thousand drams		In US dollar	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
The Swedish international Development Cooperation Agency, SIDA	162,059	90,296	412,642	230,071
European Union EU4Peace: Capacity Enhancement, Civic Engagement and Crisis Response	-	330	-	841
PeaCE 2023	278,978	119,108	710,347	303,483
Embassy of the Kingdom of the Netherlands ATNP 3	-	5,738	-	14,621
EU4YOUTH	164,669	52,206	419,288	133,019
Hrant Dink Foundation	11,966	79,478	30,468	202,507
Goris Press Club NGO - USAID	7,295	6,878	18,575	17,525
CRRC	113,164	27,875	288,143	71,025
OxYGen Foundation for Protection of Youth and Women Rights	27	52,097	69	132,741
Other	-	19,281	-	49,127
	74,362	19,020	189,344	48,461
	812,520	588,187	2,068,876	1,498,679
Depreciation expense	8,474	9,852	21,577	25,103
	820,994	598,039	2,090,453	1,523,782

14 Net gain/(loss) from exchange differences

	In thousand drams		In US dollar	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
<i>Gain/(loss) from exchange differences on:</i>				
Financial assets measured at amortized cost				
Accounts receivable	(498)	5,075	(1,268)	12,930
Bank balances	(13,054)	15,803	(33,239)	40,267
Financial liabilities measured at amortized cost	251	(23)	639	(60)
Net position	(13,301)	20,855	(33,868)	53,137

15 Income tax expense

	In thousand drams		In US dollar	
	Year ended	Year ended	Year ended	Year ended
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
Current tax	514	1,309	1,006	2,563
	514	1,309	1,006	2,563

Reconciliation of effective tax rate is as follows:

	In thousand drams		Effective tax rate (%)	In thousand drams		Effective tax rate (%)
	Year ended	In US dollar		Year ended	In US dollar	
	31	Year ended	31	Year ended	31	
	December	December	December	December	December	
	2024	2024	2023	2023	2023	
Result before taxation (under IFRS)	38,888	99,018	(16,725)	(42,614)		
Tax calculated at a tax rate of 18% (2023: 18%)	7,000	17,823	18.00	(3,011)	(7,671)	18.00
(Non-taxable)/non-deductible items, net	(6,486)	(16,514)	(16.68)	4,017	10,234	(24.02)
Income tax expense	514	1,309	1.32	1,006	2,563	(6.02)

16 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

16.1 Critical accounting estimates

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates may be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property and equipment

Management has estimated useful lives of the property and equipment. Management believes that estimated useful lives of the property and equipment are not materially different from economical lives of those assets. If actual useful lives of property and equipment are different from estimations, financial statements may be materially different.

Fair value of properties

The sales comparison and income approaches were applied to value the properties contributed by the founder, that is, the final value of the total weighted sum of values, derived through each of those approaches. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Grants recognition

As disclosed in note 3.4, grants are not recognized until there is reasonable assurance that the Foundation will comply with the conditions attaching to them and the grants will be received. For each grant agreement management estimates the probability that it will satisfy the conditions attached to the grant, and that the grant will be received. In doing so, management relies on the previous experience with the donor, as well as the capabilities of the Foundation to completely implement the grant. If management estimates that the Foundation will be able to satisfy the conditions attached to the grant, and that the donor is ready to completely transfer the grant amounts, such grants are immediately recognized in the financial statements (as grants receivable and deferred income). However, if the

management is mistaken in its estimates, the financial statements may be adjusted, and those adjustments may be significant to the financial statements for the Foundation.

Relationships with sub-grantees

The Foundation has signed grant agreements, according to which the grants should be realized with other parties (sub-grantees). For this purpose, the Foundation signs sub-grant agreements with those parties. In the framework of such agreements the Foundation receives grants from the donors and distributes them to sub-grantees, according to the approved budget. Management of the Foundation uses judgments in deciding if grants income and expenses should be completely recognized in the financial statements of the Foundation.

Those judgments are based on the following factors:

- whether the Foundation selects the sub-grantees or not;
- whether the Foundation has the right to control sub-grantee's expenses and require documents supporting those expenses or not;
- whether the Foundation is responsible for the result provided by sub-grantees or not;
- whether the Foundation is responsible to the donor for sub-grantees, who have not duly realized the grant or have otherwise behaved bad or not;
- whether other such factors, which may certify whether the Foundation may be brought to responsibility instead of sub-grantees or not.

If the management of the Foundation concludes that the Foundation acts as an agent in the relationships with sub-grantees, it does not recognize any income or expense provided or incurred by sub-grantee.

17 Financial instruments

17.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.3.

17.2 Categories of financial instruments

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December 2023	As of 31 December, 2024	As of 31 December 2023
<i>Amortized cost</i>				
Term deposits	-	230,910	-	570,444
Bank balances	230,092	205,167	580,220	506,851
Total financial assets	230,092	436,077	580,220	1,077,295

Financial liabilities

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December 2023	As of 31 December, 2024	As of 31 December 2023
<i>Amortized cost</i>				
Accounts payable	12,303	36,937	31,024	91,253
Loans and borrowings	-	753	-	1,860
Total financial liabilities	12,303	37,690	31,024	93,113

18 Financial risk management and risk management framework

Risk management framework

The Board of Trustees has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Board has established an Audit and Finance Committee, which is responsible for developing and monitoring the Foundation's risk management policies. The committee reports regularly to the Board of Trustees on its activities.

The Foundation's risk management policies are established to identify and analyze the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Foundation's Audit and Finance Committee oversees how management monitors compliance with the Foundation's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Foundation. The Foundation's Audit and Finance Committee is assisted in its oversight role by Internal Audit as needed. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Finance Committee.

Financial risk factors

a) *Market risk*

The Foundation is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency risk

The Foundation undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Most of the Foundation's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Foundation's bank balances, which are primarily denominated in US dollars and Euro.

Foreign currency denominated financial assets and liabilities which expose the Foundation to currency risk are disclosed below. The amounts shown are those reported to key management translated into Armenian drams at the closing rate:

As of 31 December, 2024	US dollar	Euro
<i>Financial assets</i>		
Bank balances	107,729	71,224
	107,729	71,224
<i>Financial liabilities</i>		
Accounts payable	2,704	-
	2,704	-
Net position	105,025	71,224

As of 31 December, 2023	US dollar	Euro
<i>Financial assets</i>		
Term deposits	79,611	134,777
Bank balances	35,575	122,659
	115,186	257,436
<i>Financial liabilities</i>		
Accounts payable	4,524	-
	4,524	-
Net position	110,662	257,436

The following table details the Foundation's sensitivity to a 10% (2023: 10%) increase and decrease in dram against US dollar. 10% (2023: 10%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2023: 10%) change in foreign currency rates.

If the Armenian dram had strengthened against US dollar and Euro by 10% (2023: 10%) then this would have had the following impact:

In thousand drams	US dollar impact		Euro impact	
	2024	2023	2024	2023
Result	10,503	11,066	7,122	25,743
	10,503	11,066	7,122	25,743

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Foundation's exposure to currency risk.

b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation is exposed to credit risk from financial assets, including cash and cash equivalents held at banks, term deposits and another receivable.

The credit risk is managed on a collective basis based on the Foundation's credit risk management policies and procedures.

The credit risk in respect of bank balances is negligible, since the counterparty is a major reputable financial institution.

c) Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to meet its obligations.

The Foundation's policy is to run a prudent liquidity management policy by means of holding sufficient bank balances, as well as highly liquid assets for making all operational and debt service related payments when those become due.

The Foundation considers expected cash flows (including grants from donors) from financial assets in assessing and managing liquidity risk, particularly its cash resources. The Foundation's cash resources exceed the current cash outflow requirements.

19 Fair value measurement

The Company provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19.1 Fair value measurement of non-financial assets

Apartments and improvements (Level 2)

Items in the “Apartments and improvements” class of property and equipment of the Foundation are stated at fair market value. The estimated fair value of properties is categorized within Level 2 of the fair value hierarchy. The fair value of those assets is estimated based on appraisals performed by independent, professionally-qualified property values who hold necessary licenses.

The valuation was carried out using a sales comparison and income approaches that reflects weighted average value for appraised real estate of using two approaches (refer to note 17.1).

20 Contingencies

20.1 Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia (such as coverage in respect of environmental damage, arising from accidents on the property).

20.2 Taxes

The taxation system in Armenia is characterized by frequently changing legislation, which sometimes needs interpretations. Often differing interpretations exist among various taxation authorities and jurisdictions. Taxes are subject to review and investigations by tax authorities, which are enabled by law to impose fines and penalties.

On 1 January 2022, the chapter on the regulation of transfer pricing of the Tax Code of the Republic of Armenia came into force, which defines the peculiarities of transactions between related parties, defines the procedure for considering those transactions as controlled by the tax authority, as well as the procedure for submitting notification and documentation. The purpose of the mentioned regulations is to determine whether the financial performance of transactions between related parties is consistent with the arm's length principle, and in the event of inconsistency, the adjustment procedure for tax base computation purpose is established. The application of these regulations is subject to separate inspection by the tax authority, and the absence of required documentation or improper submission can result in significant consequences.

These facts may create tax risks in Armenia substantially more than in other developed countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

21 Cash and cash equivalent

For the purpose of the statement of cash flows, cash and cash equivalents include bank balances and short-term investments with a maturity period of less than 3 months. Cash and bank balances at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position, as follows:

	In thousand drams		In US dollar	
	As of 31 December, 2024	As of 31 December 2023	As of 31 December, 2024	As of 31 December 2023
Bank balances	230,092	205,167	580,220	506,851
Short-term deposits	-	172,825	-	426,950
	<u>230,092</u>	<u>377,992</u>	<u>580,220</u>	<u>933,801</u>

22 Related parties

The Foundation's related parties include the Eurasia Foundation (the Founder), Foundation Board of Trustees and Executive Director.

22.1 Transactions with management

The table below summarizes the remuneration received by the chief executive officer and associate country director during the reporting year, which is included in employee benefits.

	In thousand drams		In US dollar	
	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
Salaries and bonuses	<u>71,353</u>	<u>72,019</u>	<u>181,682</u>	<u>183,501</u>