



# FINANCIAL AUDIT REPORT





## State Audit Office of Georgia

*„Approved by“*

Head of Social Sector Audit Department

**Mariam Zaalishvili**

*მ. ჯააღიშვილი*

*30 January 2024 Year*  
*N 5136*

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Audit report of the consolidated  
financial statements of the Ministry of Internally  
Displaced Persons from the Occupied  
Territories, Labor, Health and Social Affairs of  
Georgia for the reporting period ending on  
December 31, 2022

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## Terms and Abbreviations

**Accounting Instructions** – Instructions authorized under the decree N108 issued by the Minister of Finance of Georgia on May 5, 2020, “Financial Reporting and Accounting Instruction for Public Sector Institutions in Accordance with International Public Sector Accounting Standards (IPSAS)”

**Agency For IDPs** – LEPL State Agency for Refugees, Eco-migrants, and Stateless Persons

**Inventory Regulations** – Instruction authorized under the decree N364 issued by the Minister of Finance of Georgia on December 31, 2021, “Inventory of Assets and Liabilities and Recognition in Financial Statement for Public Sector Institutions, in accordance with International Public Sector Accounting Standards (IPSAS)”

**Depreciation Instruction** – Instruction authorized under the decree N289 issued by the Minister of Finance of Georgia on December 2, 2020 on Recognition of Depreciation in Financial Accounting and Reporting for Public Sector Institutions

**Regulatory Agency** – LEPL State Agency for Regulation of Medical and Pharmasutical Activities

**Agency** – LEPL National Health Agency

**Emergency Situations Center** – LEPL Emergency Situation Coordination and Urgent Assistance Center

**Ministry** – Ministry of Internally Displaced Persons (IDPs) from the Occupied Territories, Labor, Health and Social Affairs of Georgia and its Legal Entities under Public Law (LEPL)

**IPSAS** – International Public Sector Accounting Standards

**Social Agency** – LEPL Social Service Agency

**Ministry of Economy** – Ministry of Economy and Sustainable Development of Georgia

**Property Agency** – LEPL National Agency of State Property

**Financial Reporting and Disclosure Instructions** – Instruction authorized under the decree N24 issued by the Minister of Finance of Georgia on February 4, 2021 on Financial Reporting and Disclosure for Public Sector Institutions

**Administrative Unit** – Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia without its LEPLs

**NCDC** – LEPL National Center for Disease Control and Public Health

**Holding** – NNLE Georgian Medical Holding

**ITA** – LEPL Information Technology Agency

## General information about the Auditee

The Ministry is the executive body<sup>1</sup> responsible for ensuring implementation of state governance and public policy in the sector of IDPs from the occupied territories, labor, health and social affairs, and using its authority through the Administrative Unit and its Legal Entities under Public Law.

The scope and tasks of the Ministry:

- Development, implementation and coordination of the State Policy in the field of Labor, Health and Social Affairs, as well as in the field of social affairs and accommodation of refugees, and eco-migrants (people with forced displacement due the natural disasters).
- In the field of refugees, eco-migrants and reintegration issues:
  - Considering political, socio-economic, and demographic conditions of the country, addressing the concerns of displaced individuals and eco-migrants;
  - Recording migration patterns resulting from emergency situations (such as natural disasters, epidemics, etc.);
  - Facilitating reintegration of the Georgian citizens returning to Georgia from emigration.
- In the Healthcare field:
  - Provision of individual medical services;
  - Provision of Public Healthcare services;
  - Regulation of Medical and Pharmasutical activities;
- In the field of Social Affairs:
  - Providing targeted social assistance to the population
  - Ensuring timely distribution of applicable financial support to the social groups defined by the legislation;
  - Childcare and related matters;
  - Advocating for the formulation and execution of policies to combat domestic violence and safeguard victims of such violence.
- In the field of labor and employment:
  - Promotion of labor relations and social partnerships;
  - Regulating of Labor migration;
  - Encouraging job opportunities, coordinating non-military, and addressing alternative labor recruitment matters;
  - Promoting implementation of safety measures for labor protection in organizations and institutions and addressing instances of labor discrimination;
  - In line with the Labor Safety Law of Georgia, state supervision of the observance of labor safety norms on high-risk, heavy, harmful and hazardous works and implementation of other powers granted to the supervisory body by the same law.
- Regarding the integration of individuals with international protection, foreigners with legal status in Georgia, and stateless persons with recognized status in Georgia – through cooperation with the relevant competent state authorities, development and implementation of local integration programs.

Approved budget, adjusted Budget and Cash expenditure of the Ministry for the year of 2022 is given below<sup>2</sup>:

**Table N1.** Approved budget, adjusted Budget and Actual expenditure (GEL)

Title	Approved	Adjusted	Actual expenditure	%
	1	2	3	3/2
Sum	6,332,275,800	6,333,555,270	6,361,827,251	100%
Expenses	6,169,306,800	6,280,674,979	6,306,926,949	100%

Growth of non-financial Assets	162,969,000	52,880,291	54,900,302	104%
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Under state control of the Ministry were 14 institutions, through them Ministry where implementing Programs<sup>3</sup>.

**Table N2.** Distribution of funds received from Budget

Balance Unit	Amount	%
Sum:	6,361,827,251	100%
LEPL Social Service Agency	4,127,555,309	64.88%
LEPL National Health Agency	1,545,045,244	24.29%
LEPL National Center for Disease Control and Public Health	158,973,825	2.5%
LEPL Emergency Situation Coordination and Urgent Assistance Center	146,127,889	2.3%
LEPL State Agency for Refugees, Eco-migrants, and Stateless Persons	123,122,203	1.94%
Administrative Unit	97,633,668	1.53%
LEPL Agency For State Care And Assistance For the (Statutory) Victims of Human trafficking	68,570,443	1.08%
NNLE Georgian Solidarity Fund	38,296,761	0.6%
NNLE Georgian Medical Holding	30,486,878	0.48%
LEPL Information Technology Agency	7,882,037	0.12%
LEPL State Employment Support Agency	7,032,998	0.11%
LEPL State Agency for Regulation of Medical and Pharmasutical Activities	5,610,168	0.09%
LEPL Labor Inspection Office	5,489,828	0.09%

<sup>1</sup> Resolution No. 473 of the Government of Georgia dated September 14, 2018 on approval of regulations of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia.

<sup>2</sup> Tables N1 and N2 do not include profits obtained from the economic activities. The indicator showing completion by 100% in Tables N1 and N3, is achieved through targeted grants.

<sup>3</sup> One LEPL operates within Georgia's uncontrolled territory, while in 2021, the Ministry gained full ownership (100% of shares) of the LLC "Infectious Pathology, AIDS, and Clinical Immunology Scientific-Practical Center" directly, without any compensation.

**State Audit Office Opinion to the Management of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia**  
**Opinion on Financial Statement**

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**Opinion****Qualified Opinion on Financial Statement**

The State Audit Office of Georgia conducted an audit of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia and units under its control (together - group) consolidated financial statements which comprise consolidated the statement of financial position as at December 31, 2022, and consolidated the statement of financial results, consolidated statement of changes in net assets/equity, consolidated statement of the comparison of budget and actual amounts and notes to the financial statements, including a summary of significant accounting policies, except Universal health care program.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, consolidated financial statements of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia taking into account all essential aspects, have been prepared in accordance with the proper principles of accounting production and preparation and presentation of financial statements established by the legislation of Georgia for budgetary organizations.

## 1. Basis of Qualified Opinion

### 1.1 Short-term receivables

The Primary Component of the Ministry's short-term assets are the receivables derived from the fines imposed on medical institutions and the advance payments made to service-providing organizations, recorded in the Agency and other affiliated Institutions of the Ministry.

#### 1.1.1 Reduced short-term receivables

The consolidated financial Statement doesn't include amount of 10,909,013 GEL to be returned by medical institution and financial penalty in amount of 2,461,957 GEL, as a result of revision and control, conducted by the **Regulatory Agency**.

Financial Statement of **Administrative Unit** includes Accounts Receivables in amount of 216,000,760 GEL, of which 110,571,772 represents "Short-term (current) receivables of budgetary organizations to the treasury". In 2022, the inventory process was not conducted, the Acts of Comparison were not signed, and the measures to study the actuality, limitation period, and probability of collection of receivables were not undertaken.

#### 1.1.2 Not verified account Receivables

The Final Balance of "Other Short-term (current) assets" of Administrative Unit indicates:

- Within the framework of the "New Corona Virus Disease COVID-19 Management Program"<sup>4</sup> accounts receivables in amount of 20,547,605 GEL to LLC "Academic N. Kipshidze Central University Clinic". of which 11,498,839 GEL has been presented by the clinic based on the request of the Ministry in 2024, and at this stage the mentioned documentation is being submitted. According to the Ministry, the remaining unutilized amount of 9,048,766 GEL is subject to return or change of purpose.
- The receivables in amount of 3,393,478 GEL are reflected in the account "Short-term (current) receivables with advance payments" to "GNL" LLC, arising from the tripartite agreement<sup>5</sup> signed in accordance with the Decree of the Government of Georgia<sup>6</sup> on organizing the lottery<sup>7</sup>. Despite the efforts of the Ministry, the act of mutual comparison between the parties has not been signed.
- Accounts receivable amounting to 31,914,593 GEL accrued between 2019 and 2021 from the Georgian representative office of the Danish Council for Refugees. This sum corresponds to the funds disbursed by the donor under the grant project (KFW), with its portion being accounted for in 2021 budget execution report<sup>8</sup>. The Ministry doesn't possess the documents that validate stated amount. As per the explanation provided by the responsible party, the above mentioned receivables will be covered through the act of mutual comparison, which will be signed based on the works actually performed. Representatives from the Ministry, the Ministry of Finance, and the project representatives are collaborating on these works.
- Receivables amounting to 12,366,380 GEL, accrued between 2011 and 2018 due to a court decision. The organization has not furnished details on the execution of these debts, and the likelihood of their recovery has not been evaluated.
- Depletion of non-financial assets resulting from inventories during 2007-2019, totaling 1,015,734 GEL. The Ministry was unable to provide documentation verifying the actions taken to address the deficit, specifically the materials

<sup>4</sup> Resolution of the Government of Georgia No. 674 dated December 31, 2019.

<sup>5</sup> Parties involved in the agreement: Ministry of Finance, funder - Ministry of Health, lottery organizer - LLC "GNL"

<sup>6</sup> Resolution of the Government of Georgia No. 1627 dated September 9, 2021.

<sup>7</sup> The aforementioned matter was also highlighted in the financial audit report from the prior period.

<sup>8</sup> In the accounts of "Non-financial assets" and "Other current expenses."



submitted to law enforcement agencies and the information detailing the response status to these submissions.<sup>9</sup>

Significant portion of the Agency's receivables have been generated from the fines imposed over the supervision of state programs, on the date of which the receivables have been recognized in accounting. Organizations transfer the amount to the Treasury's unified account.

In case of appeal of the act/decision by the medical institution, the receivables remain in the balance account until the final decision of the Court. As a result of the inventory<sup>10</sup> conducted by the Agency, it is clear that it was not possible to identify the receivables of 2,656,976 GEL arising in 2011-2017 according to the initial documents. It was also discovered that the penalties amounting to 4,345,987 GEL, imposed on medical institutions from 2011 to 2017 under the various state healthcare programs, have not been collected.

Consolidated financial statements reflect receivables totaling 24,539,988 GEL to 1,461 individuals<sup>11</sup> within the referral service program<sup>12</sup> from 2006 to 2022, which is generated by transferring the of medical services expenses outside of Georgia. As per the Ministry's clarification, receivables are recognized upon the transfer of the amount, and the justification for the write-off is substantiated by documentation, confirming the medical services, provided by the beneficiary and/or their authorized representative. No inventory took place in the **Administrative Unit** and the **Solidarity Fund**<sup>13</sup>, and debts were not assessed in compliance with the regulations approved by the Minister of Finance of Georgia<sup>14</sup>. According to the Ministry, within the framework of the 2023 inventory, based on the documentation submitted by the medical institutions, the receivables were reduced by approximately 11 million GEL, and there was also a change in the rules for transferring the expenses of medical services outside of Georgia. On the basis of the guarantee letter issued by the **Solidarity Fund**, the cost of medical services/medicines provided outside of Georgia is subject to reimbursement upon presentation of documents confirming the work performed by the medical institution or the applicant/representative.

In the "Other short-term (current) assets" account of **NCDC**, is reflected receivables totaling 4,944,561 GEL to the United Nations International Children's Emergency Fund (UNICEF), for the purpose of which a confirmation letter has been sent. The reply letter states the amount in foreign currency – in USD. Since the debtor was not able to provide detailed information about the corresponding entries of the receivables balance, the Accuracy and Completeness of these receivables cannot be confirmed by the audit team.

**As a result, in the financial statement submitted as of December 31, 2022, the accounts "Short-term (current) receivables", "Revenues from sanctions, fines and charges" and "Current transfers and other unclassified incomes from non-exchange operations" have been reduced by 13,365,970 GEL. Also, we were unable to gain assurance on the**

<sup>9</sup> Inventory rule, article 13, Clause 2.

<sup>10</sup> The inventory, conducted as of September 30, 2022, had its results approved on April 5, 2023. Consequently, the inventory results could not be considered in the preparation of the financial statements.

<sup>11</sup> In the Administrative Unit in 2006-2010 - 82 individuals, with the amount - 2,024,026 GEL, and in the Solidarity Fund in 2010-2021 - 1,379 individuals, with the amount - 22,515,961 GEL.

<sup>12</sup> Before 2010, the Administrative Unit was the executor, followed by the social agency and NCDC until 2020. Starting from June 2022, the Solidarity Fund took on this role.

<sup>13</sup> In accordance with the Government of Georgia Resolution No. 473 dated September 14, 2018, the responsibility for executing the referral service of the National Health Agency was delegated to the Solidarity Fund of Georgia under the supervision of the Ministry.

<sup>14</sup> Inventory rule, article 2 and 11.

correctness of the final balance of 73,810,709 GEL reflected in the accounts of "Short-term (current) receivables" and "Other short-term (current) assets".

## 1.2 Inventory

In the consolidated financial statement, the inventory balance as of December 31, 2022, amounts to 167,060,466 GEL, with a significant portion comprised 45,380,068 GEL from the Agency and 99,617,761 GEL from the NCDC inventory.

In 2022, the NCDC conducted a stock inventory, and in certain instances, an actual stock inventory<sup>15</sup> was performed. However, the outcomes have not been reflected in the registers provided, indicating a variance between the actual and accounting data.

The documents submitted by NCDC to the audit group for the write-off of stocks, used for internal consumption, are incomplete in certain cases. Specifically, a portion of the provided initial accounting documents fails to meet the requirements outlined in the accounting instructions. Notably, these documents lack information on the dates of the economic event and document preparation, as well as the signatures of the responsible individuals.

During the reporting year, the **Administrative Unit** did not conduct a stock inventory. Over the years, a substantial portion of the stocks, with an immovable balance of 1,836,284 GEL, is stored in the warehouse of Mukhrani village. According to the explanation provided by the person in charge, the stocks housed in this warehouse are deemed unusable. To facilitate further disposal, there are plans to gradually transfer the property to the Property agency, with one stage of this process already completed by the Ministry in 2022. Inventory for the remaining stocks is being conducted in 2023, and the stock balance will be determined based on the decision of the inventory commission.

**Consequently, we were unable to obtain assurance regarding the existence and accuracy of the assets amounting to 35,444,648 GEL reported in the Inventory account of the consolidated financial statements as of December 31, 2022.**

## 1.3 Long-term Assets

The primary portion of the Ministry's long-term assets comprises non-residential buildings outlined in the financial statements of the Administrative Unit and affiliated Institutions (LEPLs). Additionally, it includes assets allocated for transfer to other units and land. Current residential Buildings for establishing social and living conditions for the relocation of internally displaced persons, along with 20-year loans<sup>16</sup> disbursed in 2014 by the Administrative Unit to fund essential initiatives for the effective operation of 85 medical institutions.

### 1.3.1 Long-term Financial Assets

The Ministry initiated legal proceedings against three clinics between 2018 and 2021, seeking a penalty for breaching loan repayment conditions and contractual terms<sup>17</sup>. Among these, two clinics have successfully settled both the loan principal and the associated fine<sup>18</sup>. However, the financial records indicate the repayment of the loan principal by only one clinic, namely "Als" LLC. The third clinic, "Tbilisi First Clinical Hospital" LLC, was mandated by a court decision in 2018 to pay 70,415 GEL<sup>19</sup>. Despite ongoing compulsory enforcement proceedings, as of today, the decision has not been

<sup>15</sup> 31,384,870 GEL inventory, including: Guria-23,373 GEL, Imereti-16,703,318 GEL, Telavi 188,401 GEL, Racha-Lechkhumi-17,641 GEL, Samegrelo-Zemo Svaneti 23,133 GEL, Samtskhe-Javakheti-44,682 GEL, Fo 18,331 GEL, chemical laboratory- 51,729 GEL, Shida Kartli 21,745 GEL, Tbilisi - 13,643,508 GEL, Adjara 649,012 GEL.

<sup>16</sup> Resolution of the Government of Georgia No. 309 dated February 20, 2014.

<sup>17</sup> "ALSS" LLC, "Tbilisi First Clinical Hospital" LLC and "Medical Center Neoclinica" LLC, which changed its brand name to "Neo Group" LLC on September 14, 2018.

<sup>18</sup> "ALSS" LLC and "Neo Group" LLC.

<sup>19</sup> The amount of loan - 56,332 GEL, Fine fee - 14,083 GEL.

enforced. The fine imposed on the hospital has not been recorded in the accounting registers of the Ministry and is not reflected in the financial statement as well.

Consequently, there was an increase of 11,267 GEL in "long-term financial assets," accompanied by a decrease of 9,083 GEL in "short-term (current) receivables" in the financial statements.<sup>20</sup>

In response to the audit group's inquiry to validate the amount of received loans, the Ministry issued confirmation letters to the loan-receiving organizations. Only 49 of these organizations confirmed the presence of the specified loans.

Apart from the three aforementioned court cases, the audit team faced challenges to acquire information regarding the existence of defined monitoring procedures for managing the issued loan and the associated enforcement process. There is also uncertainty about the measures undertaken by the Ministry over the years to ascertain whether the loan-receiving organizations complied with the conditions outlined in the agreement. Specifically, the Ministry could not provide the following information:

- The criteria for the uninterrupted and continuous provision of medical services to organizations receiving loans, with violations subject to fines;
- Whether or not the Ministry received information from the bankruptcy administrator of the insurance company "Archimede Global Georgia" regarding the repayment of credit by the borrowers? This communication occurred only during the ongoing audit period, as per the audit team's request.
- Quarterly updates on the medical institution obtained from the state health care program administration system or audit findings every six months.
- Details and appropriate documentation regarding the utilization of the granted loans.

Between 2020 and 2021, in accordance with the decrees of the Government of Georgia<sup>21</sup>, six medical institutions were transferred to the **Holding** for their entire duration. This transfer occurred at a nominal price of 1 (one) GEL, granting the right to manage them through the direct transfer<sup>22</sup>.

Similarly, in accordance with the decree of the Government of Georgia<sup>23</sup> and as part of the purchase agreement, 100% ownership of the shares of the mentioned organization and LLCs were transferred to the Holding through a direct sale, at a nominal price of 1 GEL.

In accordance with the 2021 decree<sup>24</sup> issued by the Chairman of the Government of the Autonomous Republic of Adjara, the holding, as the designated manager, obtained 100% ownership of two additional hospitals<sup>25</sup>. This transfer includes the right to manage them without any fees for the entire duration of their existence.

Additionally, in 2021, through the Government of Georgia's decree<sup>26</sup>, 100% of the state-owned shares of JSC "Scientific-Practical Center of Infectious Pathology, AIDS, and Clinical Immunology" were transferred at no cost through the direct transfer, allowing holding to manage them for the entire duration of their existence.

<sup>20</sup> Reduced by 14,083 GEL and increased by 5,000 GEL.

<sup>21</sup> Resolution N222 of February 6, 2020 and Resolution N349 of March 11, 2021.

<sup>22</sup> Tbilisi Children's Infectious Clinical Hospital LLC, Academic Nikoloz Kipshidze Central University Clinic LLC, Universal Medical Center LLC, Regional Health Center LLC, Mental Health and Drug Addiction Prevention Center LLC, National Tuberculosis and Lung Diseases LLC Center".

<sup>23</sup> Resolution N1471 of August 25, 2021.

<sup>24</sup> Decree N1973 of September 9, 2021.

<sup>25</sup> LLC "Batumi Republican Clinical Hospital" (245428880) and "Batumi Republican Clinical Hospital" LLC (2454235514).

<sup>26</sup> Resolution No. 1436 of August 16, 2021.

In accordance with the accounting instructions,<sup>27</sup> the equity method<sup>28</sup> is employed to account for shares in commercial entities of the public sector, a practice not adopted by the Holding.<sup>29</sup>

The recommendation from the previous financial audit period was only partially heeded by the Administrative Unit. In 2022, the Administrative Unit acknowledged the share of JSC "Scientific-Practical Center of Infectious Pathology, AIDS, and Clinical Immunology" in the share capital, but the share was not adjusted based on the financial results of 2022.

In accordance with accounting instructions,<sup>30</sup> the criteria for deviating from the mandatory requirements of the IPSAS are established. However, if compliance with a mandatory requirement is not feasible, the entity is obligated to consider this circumstance when formulating the accounting policy. Additionally, the entity must disclose such information in the explanatory notes to the financial statements, providing an explanation for the pertinent deviation.

The Ministry does not have a formulated accounting policy in line with the accounting instruction, which would provide explanations for deviations from standard requirements. Furthermore, the explanatory notes in the consolidated financial statements permit exceptions or deviations from mandatory standards,<sup>31</sup> which is not properly justified.

**Consequently, we were unable to obtain assurance on the completeness and accuracy of the final balance of "long-term financial assets" amounting to 9,088,487 GEL, in the consolidated financial statements submitted as of December 31, 2022.**

### 1.3.2 Fixed and intangible assets

NCDC did not furnish the audit team with a comprehensive register of fixed assets, encompassing intangible assets, information technology, computer and telecommunication equipment, furniture, equipment, and the primary portion of transport equipment. The register should have included the following details for each asset: initial historical cost and accumulated depreciation. The provided register does not align with the explanatory notes presented in the financial statements.

**The Emergency Situations center** was unable to furnish a comprehensive register<sup>32</sup> of fixed and intangible assets. As explained by the responsible individual, this limitation arises from specific challenges inherent to the organization. Despite conducting an inventory in 2022, the conclusive results could not be incorporated into the 2022 financial statements, as ongoing research is being conducted on the identified outcomes.

Since January 1, 2020, the **Emergency Situations center** has been utilizing land plots and buildings that were transferred under usufruct during the period of existence to the Emergency Medical Assistance Center of Tbilisi Municipality, with the legal succession now held by the Emergency Situations center. However, in the financial statement, the corresponding entries do not account for assets located in 19 different districts of Tbilisi, encompassing 4,200 square meters of land and 4,352 square meters of buildings.<sup>33</sup> As per the responsible party, the process of determining and assessing the value of these assets

<sup>27</sup> Article 10, paragraph 46.

<sup>28</sup> IPSAS 36, Article 8.

<sup>29</sup> The aforementioned matter was also highlighted in the financial audit report from the prior period.

<sup>30</sup> Article 3, paragraph 1.

<sup>31</sup> IPSAS 3, Article 29.

<sup>32</sup> Register produced by the Logistics Department.

<sup>33</sup> The aforementioned matter was also highlighted in the financial audit report from the prior period.



in use commenced in 2022. The evaluation of these assets is being conducted progressively throughout 2023 and will be appropriately reflected in the 2023 financial statements.

Fixed assets with a historical value of 379,414<sup>34</sup> GEL, as recorded on the Statement of financial position of the **Administrative Unit and the Social Agency**, were fully depreciated in 2022. According to IPSAS 17 and IPSAS 31,<sup>35</sup> it is mandated to review the residual value and useful life of an asset at the end of each financial year. If the expected outcomes differ from previous estimates, any changes should be reflected as a modification in the accounting estimate.<sup>36</sup> However, this process has not been carried out. According to the Ministry, in 2023, the **Social Agency** evaluated the value of fully depreciated assets and assets listed on the statement of financial position through an external audit and determined the useful lives.

On December 1, 2022, the **Administrative Unit** recorded the "Rukhi multi-profile clinic" in the village of Rukhi with a value of 41,261,979 GEL, based on the act of acceptance signed between the Ministry and "State Construction Company" LLC. As outlined in the act of acceptance, "State Construction Company" LLC will transfer the facility, and the Ministry, within the scope its authority, and will assume ownership of the assets obtained as a result of construction works within the approved project for the construction of a "multi-profile university clinic" in the village of Rukhi. This encompasses buildings N 1, N2, N3, N4, N5, N6, N7, N8, and N9. To finance these works, the Ministry allocated 41,261,979 GEL to the construction company from 2014 to 2020, that was fully reflected in the company's charter capital.

It should be noted that in 2020, based on the resolution of the Government of Georgia, a free usufruct agreement was signed between the Academic Nikoloz Kipshidze Central University Clinic LLC and the Ministry, according to which the clinic takes advantage of the plot of land (43.10.42.174), the building located on it with buildings. In addition, the right of ownership has been registered in the National Agency of the Public Registry as of October 6, 2022.

As a result, in the 2022 financial statements, the abovementioned asset should be recorded as a adjustment of capital instead of income of the reporting period.

The ending balance of fixed assets of the **Emergency Situations center** shows:

- 41 tablet computers worth GEL 147,494 and 41 "Piaggio MP3 500 Hpe Sport Advance motorcycle with DVR" worth GEL 2,029,108, which were received by the Ministry on January 28 and March 25, 2022,<sup>37</sup> and transferred to the Emergency Situations Center. The value of the assets includes the costs of training and warranty service for GEL 19,597 and GEL 88,513, respectively. As a result, in the consolidated report, the carrying value of assets is overstated by GEL 88,793<sup>38</sup>, depreciation expenses - by GEL 19,320, warranty expenses are understated by GEL 44,985, and short-term receivables - by GEL 43,528.
- Assets of various denominations<sup>39</sup> received by the Ministry for transfer to the Emergency Situations Center during the period from December 2020 to August 2021, by the agreement concluded between Motorola Solutions Germany GmbH

<sup>34</sup> Including: social agency assets totaling 196,932 GEL at historical value, and a Administrative Unit valued at 182,481 GEL.

<sup>35</sup> IPSAS 17, Article 67 and IPSAS 11, Article 103.

<sup>36</sup> IPSAS 3 - Accounting policies, changes in accounting estimates and errors.

<sup>37</sup> Acceptance certificates dated January 28 and March 25, 2022.

<sup>38</sup> 1 year warranty for tablet computers - 12,425 GEL and 2 year warranty for motorcycles - 78,576 GEL.

<sup>39</sup> Portable, touch and car radios, base station with software package, remote control device, statistical converter, switch with power system and battery.

and the Ministry on November 6, 2020<sup>40</sup>. These assets were accompanied by a license, a one-year warranty service and training. The acceptance certificate indicates April 23, 2021, as the date of final receipt of assets; their installation in the Emergency Situations center is dated June 28, 2021. The total value of assets amounted to GEL 8,378,195, including the value of assets - GEL 7,268,938, license - GEL 845,050, training - GEL 143,025 and warranty service - GEL 121,181.

The transfer of the specified property to the **Emergency Situations Center** worth GEL 8,378,195 was registered into the accounting registers on July 19, 2022, with a delay of one year, and accordingly, depreciation of the Assets began later.

For the reporting period of 2022, depreciation costs were understated by GEL 462,573<sup>41</sup>, and the cost of warranty service was understated by GEL 70,689. The total book value of fixed assets in 2022 is overstated by GEL 1,064,863, and intangible assets by GEL 84,505.

- 10 units of artificial lung ventilation devices worth GEL 461,766, which the Ministry received from LLC M-D-S on July 7 and 14, 2020<sup>42</sup> for delivery to the Emergency Situations center. The transfer of the specified property to the Emergency Situations center was reflected in the accounting registers on December 7, 2022.

According to the accounting instructions<sup>43</sup>, the Emergency Situations center should have accepted these properties for accounting as fixed assets in 2020 and began depreciating them. As a result, in the consolidated financial statements for 2022, the depreciation expenses of these assets were understated by GEL 46,177, and the cost of the fixed asset was overstated by GEL 111,593<sup>44</sup>.

Statement of Financial position of the **Emergency Situations Center** records 198,115 GEL of buildings and structures<sup>45</sup> that are no longer in actual use, the right to use has been terminated by the beginning of 2021; Also on Statement of Financial position of the organization are taken into account land plots and buildings attached to them carrying value GEL 863,182 as of December 2021, for which the value of the building and the land plot is not divided.

In the case of **Social Service Agency** and **NCDC**<sup>46</sup>, when inventorying assets, the useful lives of fixed and intangible assets are not revised. In the **Administrative Unit** in 2022, an inventory of fixed assets and tangible assets was not carried out at all, and the final results of the inventory in the **Emergency Situations center** were not reflected in the financial statements for 2022, accordingly, the useful life of the fixed assets was not revised.

According to IPSAS 31<sup>47</sup>, the useful service periods of intangible assets should be estimated; In particular, it should be determined whether the useful life is definite or indefinite because assets with indefinite useful lives are not depreciated, but annual impairment testing is required<sup>48</sup>.

<sup>40</sup> Acceptance Certificate dated May 11, 2021 and Acceptance Certificate dated August 16 N10 07/14/2020 (Agreement OVID19/G/DC-26).

<sup>41</sup> Depreciation expenses for assets – GEL 413,278, depreciation expenses for intelligible assets – GEL 49,295, training costs are fully expenses of 2021

<sup>42</sup> Acceptance certificate N1 and N2 dated July 7 and 14, 2020 (contract COVID19/G/DC-03).

<sup>43</sup> Accounting instruction, Article 7.

<sup>44</sup> 29 months of depreciation expense.

<sup>45</sup> Buildings in the cities of Sighnaghi, Lagodekhi, Shuakhevsky district, Tsnorsky district, Marneuli, Gori and Kharagauli region.

<sup>46</sup> Except for assets under the Global Fund grant agreement.

<sup>47</sup> IPSAS 31 - intangible assets, article 87.

<sup>48</sup> IPSAS 21, Article 26.

In the reporting year, the above-mentioned instruction of IPSAS 31 has not been applied in the **Administrative Unit**; There is no justification<sup>49</sup> for determining the useful service periods of intangible assets, and a 10% depreciation rate is charged on all assets.

**As a result, in the consolidated financial statements submitted as of December 31, 2022, the final balance of "fixed assets" has been overstated by 42,725,343 GEL. Also, we could not get assurance about the completeness and correctness of the final balance of "fixed assets" and "intangible assets" of 97,495,542 and 857,966 GEL respectively.**

### 1.3.3 Other long-term non-financial assets

The ending balance of "other long-term non-financial assets" of the **Administrative Unit** reflects:

- Construction work projects worth GEL 1,724,970 acquired in 2010-2013 on the account of unfinished assets, which, according to the person in charge, are not identifiable, and without an inventory the discussion of the further use of the facility cannot be carried out. According to the accounting instruction<sup>50</sup>, the standard provides information about impairment indicators, but the organization did not consider the existence of impairment indicators in 2022. Accordingly, we could not be confident that the criteria for their recognition as an asset<sup>51</sup> were met.
- Memory module, hard drive and support service worth GEL 1,056,221, 68,552, and 148,056 respectively, which were received by the Technology Agency on November 30 based on a tripartite acceptance certificate signed<sup>52</sup> on December 15, 2022.

These assets<sup>53</sup> met the definition of fixed assets<sup>54</sup>, were depreciable assets, and were subject to depreciation<sup>55</sup> in December 2022. As a result, instead of "other long-term non-financial assets" in the consolidated financial statements of the Ministry, the above assets should be reflected as fixed assets - with a carrying amount of GEL 1,106,026 in 2022, i.e. expenses of the current period are GEL 22,859<sup>56</sup>, and receivables arising within the framework of warranty services are GEL 143,944<sup>57</sup>.

In the financial statements of the **Administrative Unit**, the account "other long-term non-financial assets" indicates GEL 276,944 of the flats and common use area (corridors, staircases) of a residential building for Internally Displaced Persons, which the **Ministry** does not own, and the ownership is registered in the state register for both IDP families and for the state. There is no division of property rights between the individuals and the state.

As for buildings worth GEL 587,305 acquired in 1999-2011 and located in the regions of Georgia, for which for many years it was not possible to establish a cadastral code and primary documentation confirming the purchase was not found, as part of the recommendation made based on the audit report for the previous year, a working group created following the order<sup>58</sup> of the director of the Agency for Internally Displaced Persons made a research work, identified

<sup>49</sup> IPSAS 21, Article 26 and IPSAS 26, Article 25.

<sup>50</sup> IPSAS 21, Article 27 and IPSAS 26, Article 25.

<sup>51</sup> IPSAS 1, Article 7.

<sup>52</sup> Signed between representatives of the manufacturer - Green Service LLC, the buyer - the Ministry and the beneficiary - the Technology Agency.

<sup>53</sup> Memory module, hard drive.

<sup>54</sup> IPSAS 17, Article 13.

<sup>55</sup> Instructions for calculating depreciation, article 4, paragraphs: 1, 3, 4, 41.

<sup>56</sup> Among them, depreciation cost - 18,746 GEL, warranty service cost - 4,113 GEL.

<sup>57</sup> Including short-term (current) receivables - 49,352 GEL and other long-term receivables and non-monetary claims - 94,591 GEL.

<sup>58</sup> Order No. IDP 6 23 00000611 06/05/2023.

and clarified information<sup>59</sup> about the property. As a result of the analysis of this information of 2022, 57 residential buildings worth GEL 252,206 have already been transferred to eco-grantees.

**As a result, in the consolidated financial statements presented as of December 31, 2022, the closing balance of “other long-term non-financial assets” is overstated by GEL 1,525,035 . We were also unable to obtain confirmation of the existence and correctness of assets of GEL 2,001,914.**

#### 1.4 Liabilities and Current Provisions

A significant portion of the Ministry's liabilities is recorded in the Centre, the Agency, and the **Administrative Unit**, as well as under Health care programs, while debts are generated under sub-programs related to the management of the COVID pandemic.

The financial statements of the **Administrative Unit** as of December 31, 2022, recorded a liability in the amount GEL 130,785,982, of which GEL 110,161,234 was incurred during the budget year, with the amount of the funds registered by the organizations within the framework financing of the European Investment Bank, the Asian Development Bank, and the World Bank.

In the liability account there are reflected uncertain debts of GEL 8,405,808, recognized in previous years and arising before 2010, documentation confirming their origin could not be provided to the audit team and is not identifiable at the level of specific creditors. No confirmation letters have been sent to the organizations selected from the creditors' register to confirm the debt balances due to the expiration of the statute of limitations for accounts payable (statute-barred debts). The creditor debts amounted to GEL 12,055,447, which arose in the years 2003-2019, no comparison acts were signed at the end of the year 2022, and no inventory was carried out.

The bulk of the **Agency's** short-term liabilities represents the cost of work performed by medical institutions under various health care programs.

**The Agency's** financial statements reflect “current provisions”, which are based on the cost of work performed in 2022, submitted by medical institutions registered as suppliers under government programs for which final acceptance certificates have not been signed at the date of presentation of the financial statements and/or the process of completing the relevant documentation was in progress. Information about the works performed by medical institutions within

<sup>59</sup> purchased houses in 1999 - 32, in 2002 - 35 and in 2004 - 101.



the framework of a certain component is not transmitted to the electronic reporting module, it is developed using the “Hesperus” program, so the supplier provides the implementer with reporting documentation in printed form and on a CD- in electronic form. At the stage of preparing the report, work continued to prepare documentation of the work performed in 2022, which was presented in material form. Accordingly, the financial statements do not fully reflect the cost of “current provisions” incurred in 2022.

**As a result, we were unable to obtain assurance as to the completeness of the closing balances of “current provisions” of GEL 46,620,971 and “liabilities” of GEL 12,055,447 presented in the consolidated financial results of operations as of December 31, 2022.**

## 1.5 Expenses

As part of the Government/state program for universal health care of the population in 2022, the **Agency** erroneously recognized GEL 3,374,859 as “current provisions” to 2 medical institutions under acceptance certificates that had already been signed in June 2022.

The statement of the financial results of the **Solidarity Fund** does not reflect expenses of GEL 29,021,901 related to the period 2022 within the framework of the state program of referral services, and GEL 4,639,084 paid in advance to clinics in foreign countries from works performed from medical institutions.

In the financial results report of the **NCDC**, the item “medical expenses” has been overstated by GEL 3,757,375. This represents the cost of work performed by the medical institutions during the 2021 reporting period, which should be recognized as a capital account adjustment instead of 2022 medical expenses.

In the financial statements of the **Administrative Unit**, from the account of “other long-term non-financial assets”, residential buildings worth GEL 369,436 transferred to IDPs in previous years are written off as item “transfers and other unclassified expenses” instead of the capital adjustment.

**As a result, in the consolidated income/financial results statement presented as of December 31, 2022, the account “Expenses” is understated by GEL 21,520,231.**

## 1.6 Explanatory Notes

**Information on explanatory notes is not disclosed in the consolidated financial statements of the Ministry.** Information determined following the IPSAS, provided by the accounting instruction<sup>60</sup> is not presented, namely:

### 1.6.1 Categories Administered on Behalf of the State

No information has been disclosed on categories administered on behalf of the state as of December 31, 2022<sup>61</sup>.

### 1.6.2 On Related Parties

The explanatory notes to the consolidated financial statements as of 31 December 2022 do not provide information following the requirements of IPAS 20 Explanatory Notes on Related Parties.

Explanatory notes do not provide details of transactions with related parties and other information required by the standard is not provided<sup>62</sup>.

### 1.6.3 Litigation Claims

Based on the principle of reliability/fair presentation of financial reporting<sup>63</sup>, it is advisable to present information about legal disputes in explanatory notes to the financial statements or, if necessary, record them in the appropriate account<sup>64</sup>. The **Ministry** has not developed a policy regarding litigation, their expected results are not assessed and are not reflected in the relevant items of the financial statements.

<sup>60</sup> Instructions for the preparation and submission of financial statements, Article 17.

<sup>61</sup> Instructions for the preparation and submission of financial statements, Article 2.

<sup>62</sup> IPSAS 1, Articles 20, 27, and 41.

<sup>63</sup> IPSAS 1, Article 27.

<sup>64</sup> IPSAS 1, Article 19.

Explanatory notes and reference reports to the consolidated financial statements presented in the reporting year do not contain information about cases considered in court, as well as issues of accounting for contingent assets and contingent liabilities, namely:

The reference reports provided by the **Administrative Unit** do not fully reflect information about the ongoing litigation. In the opinion of the responsible person, this accounting deficiency is because cases are based on estimates requiring appropriate competence, and at the same time the organization was unable to identify the exact amount of money in some cases.

In the case of acts of control and inspection by the **Agency**, when the medical institution appeals the act/decision, the request remains on the balance account until the final decision of the court; If the imposed sanction is canceled or reduced by a court decision that has entered into legal force, the corresponding act is written off from the balance sheet as a loss arising from the possession of assets.

#### 1.6.4 Short-term/Current Liabilities

In the financial statements of the **Agency**, services provided by medical organizations under health care programs for which, after the date of preparation of the report, but before its submission, final act of acceptance were indicated and signed, are recognized under the item “liabilities”, as well as amounts arising on the basis those medical services for which the electronic reporting module contained information about the funds requested by medical institutions, but the process of verifying the submitted documentation had not yet been completed, this was reflected in the financial statements under the item “current provisions”.

Despite the above-mentioned circumstances, in 2022, the **Agency** recognized as the current period “medical expenses” - the cost of work performed by medical institutions in 2021 of GEL 421,418,722, which was not recognized in the financial statements of the previous year neither in the corresponding accounts “medical expenses”, nor in the accounts “current provisions”.

Accordingly, the expenses reflected in the financial statements for 2022 include part of the expenses incurred for services provided in the previous reporting period of 2021, information about which is not disclosed in the explanatory notes.

#### 1.7 Financial Statements

Form N1 and Form N2 of the financial statements submitted by the **Holding** for consolidation do not correspond to the information reflected in the accounting register submitted to the audit team. The responsible person was unable to provide explanations for these differences, and the audit team could not determine the reasons for the distinction.

**As a result, we could not obtain assurance about the completeness of the amounts reflected in the financial statements presented by the Holding Company as of December 31, 2021.**

*We conducted our audit in accordance with the International Standards of Supreme Auditing Institutions (ISSAIs). The responsibilities that these standards impose on us are described in detail in the section of our report titled – “Auditor’s Responsibility for Financial Reporting”. We are independent of the auditee in accordance with the requirements of the INTOSAI and have fulfilled other ethical obligations imposed by INTOSAI. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified opinion.*

## 2. Empasis of matter

Our opinion is not modified concerning the following issues:

2.1 Fixed Assets	
	The consolidated financial statements reflect the buildings and structures worth GEL 148,213, registered on the balance sheet of the “Akhalgori Children's Educational Institution”, which is under the state control of the Ministry, and which are located in the non-controlled territory of Georgia.

### 3. Other matter

3.1 Deficiency of Control	<p>The <b>NCDC</b> uses an electronic inventory management and accounting system – a warehouse and logistics module. The specified system is not integrated with the corresponding accounting registers and, in addition, the specified system does not take into account the inventories of all structural divisions.</p>
3.2 Inventory	<p>Inventory is a control mechanism to identify deficits, surpluses, and damaged and/or unusable property, as well as to identify assets that do not bring economic benefit to the organization, and also verify the reality of the requirements and obligations on the Balance Sheet. Accordingly, conducting an inventory ensures the assurance of the existence and completeness of all items reflected in the financial statements. Inventory also increases the ability to effectively manage assets.</p> <p>In the <b>Administrative Unit</b> in 2022, the mandatory inventory required by law was not carried out, and the final results of the inventory in the <b>Emergency Situations center</b> were not reflected in the financial statements for 2022 .</p>
3.3 Accounting Policy	<p>The Ministry has not developed and implemented a uniform accounting policy corresponding to the specifics of its activity, the development, implementation, and use of which is one of the main prerequisites for the consistency of accounting in the organization and is required by the accounting instruction.</p> <p>The accounting policy may include instructions and rules on the accounting of the following issues: requirements/liabilities arising from cases appealed to the court, obligations, obsolete material assets, incomes from sanctions and fines, as well as other issues arising from the specifics of the Ministry's activities.</p> <p>Due to the lack of accounting policies, in several cases, subordinate organizations use different methods/principles of recognition about the same items (for example, the <b>Social Agency</b> recognizes claims for litigation cases in the balance sheet of accounts receivable, and some subordinate organizations in the reference account - as a “contingent asset.” In all cases, income accrued from sanctions and fines is not recognized as income in the report, etc.).</p> <p>None of the consolidated units of the Ministry has an accounting policy developed and approved following the instructions. In 2021, the Agency developed the document “Approaches and policies for accounting for the Agency’s significant activities”, for identification of problematic issues of a significant nature. Additionally, as a result of an analysis of specific circumstances and their impact on the agency's financial data, recommendations were developed that provide guidelines for the correct and complete accounting of economic events, so that the data reflected in the financial statements is fair and accurate.</p> <p>According to the ministry, it is planned to develop an accounting policy.</p>
3.4 Fixed assets	<p>Part of the real estate listed on the balance sheet of the <b>Administrative Unit</b> is not registered in the state register. Their historical cost as of December 31, 2022, is GEL 1,024,235, and their carrying amount is GEL 489,251. It is also impossible to identify the asset with a total carrying value of 221,110 GEL recorded in the "Other machinery and equipment" account.</p>
3.5 Consolidation of the Solidarity Fund NNLE	<p>According to the Decree of the Government of Georgia N682 of April 15, 2022, all powers of the founder provided for by the charter of the fund and the legislation of Georgia were transferred to the Ministry. At the same time, according to the Decree of the Government of Georgia N319 of June 14, 2022, an amendment was made to the resolution approving</p>



the regulations of the Ministry. At the same time, according to Decree of the Government of Georgia N319 of June 14, 2022, an amendment was made to the resolution approving the regulations of the ministry, according to which the provision of referral services carried out by the National Health Service, which was under The Ministry's control, was assigned to the Georgian Solidarity Fund. This last one was also designated as the successor of the Ministry and the National Health Agency. After the mentioned change, the Solidarity Fund was allocated a budget code - 27 03 03 08 01 - referral service. The 2022 consolidated financial statements reflect only transactions and balances within the budget code indicated.

According to the accounting instruction, the grounds for deviation from the application of the mandatory requirements of the IPSAS are defined, however, if it is impossible to comply with the mandatory requirement, the entity must take this fact into account when developing the accounting policy and disclose it in the explanatory notes to the financial statements, explaining the reason for the relevant deviation.

The Ministry has not developed a unified accounting policy following the accounting instructions, which would explain the reasons for deviations from the requirements of the standard, and it is not disclosed in the explanatory notes to the consolidated financial statements.

### 3.6 Management of Fixed Assets

The **Social Agency** transferred to the Real Estate Agency the property listed on its balance sheet and reference accounts with a residual book value of GEL 44,207. Including vehicles, which according to relevant documents were depreciated and/or unused/unusable for further consumption.

Having studied the documents of 10 of the transferred cars, it turned out that, in addition to damage, they were missing important auto parts. These deficits are not identified as a result of inventory and therefore are not taken into account as "short-term (current) non-monetary claims with a deficit of non-financial assets."

A review of the documentation revealed that the transfer of these vehicles relates to depreciation expenses and not to "capital subsidies issued in the form of goods to government units at the same level," as reflected in the accounting records of the social agency.

### 3.7 Human Capital program

On March 30, 2022, an agreement was signed between the Government of Georgia and the international bank for reconstruction and development (hereafter bank), for the proposed loan of "Georgia Human Capital Program," (hereafter Program), which was ratified by the Parliament of Georgia on June 17, 2022. On November 15, 2022, a framework agreement was signed between the French Development Agency and Georgia on the allocation of credit resources, which became effective on April 4, 2023. As stipulated in the Additional Instructions: Disbursement and Financial Information Letter, in article II: Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than twelve (12) months after the end of such period. Management of the Ministry is responsible for the information in Appendix #1. In the mentioned appendix, the expenses incurred within the program in 2022 are presented according to the cash basis.

We do not express any form of opinion regarding other information related to the Program expenditures<sup>65</sup>, We express opinion on the consolidated financial statements of the Ministry for the reporting period ending on December 31, 2022.

<sup>65</sup> Appendix N1.

Within the framework of the consolidated financial audit, the audit team have studied the expenditures incurred within the program. In particular, sufficient and appropriate evidence has been obtained through the following audit procedures: documentary inspection and examination, Enquiry and confirmation, analysis and observation. As a result, no significant inaccuracies have been detected in the program expenditures in relation to the consolidated financial statements.

## 4 Management's and Auditor's Responsibility

### Management's Responsibilities for Financial Reporting/Statement

Management is responsible for the preparation and fair presentation of the attached Consolidated Financial Statements in accordance with the instructions approved by the Minister of Finance of Georgia of May 5, 2020 No. 108 "On the production of financial accounting and reporting by public sector organizations based on international accounting standards of the public sector" and the instructions approved by the Minister of Finance of Georgia "On the procedure for preparation and submission of financial statements of budgetary organizations" approved by O-rder No. 24 of February 4, 2021, and for such internal control as management determines is necessary to enable the preparation of the Consolidated Financial Statements that is free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the entity's ability to continue to provide public services as a going concern and, where necessary, disclosing all significant going concern issues and applying that accounting principle unless the government decides to liquidate the entity or termination of activity. Management is responsible for overseeing the preparation of the consolidated financial statements.

### Auditor's Responsibility for Financial Reporting/Statement

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements contains a material misstatement, whether due to fraud or error and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement. Misstatements may result 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 of the cost statements. As part of an audit conducted in accordance with ISSAI requirements, we use professional judgment and maintain professional skepticism during the audit. In addition:

We identify and assess the risks of material misstatement of the Consolidated Financial Statement, whether due to fraud or error, determine and perform appropriate audit procedures for those risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk that a material misstatement caused by fraud will not be detected is higher than that caused by error because fraud may involve collusion, forgery, intentional omission, misrepresentation, or disregard of established internal controls;

We study the functioning of internal control to develop such audit procedures that are appropriate to the existing circumstances, and not to express an opinion on the effective operation of internal control;

We evaluate the appropriateness of the accounting policy and the reasonableness of the accounting estimates and explanations provided by the management;

We conclude, based on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained - whether there is material uncertainty related to these events and conditions that would cast significant doubt on the Ministry's or/and subordinate units' (units under its control) ability to continue operating. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to appropriate disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained as of the date of the audit report; However, future events or conditions may call into question the viability of the Ministry and/or its subordinate entities

We evaluate the presentation of the Consolidated Financial Statements as a whole, its structure and content, as well as whether the Consolidated Financial Statements provides the criteria for the fair presentation of operations and events

Obtain sufficient appropriate audit evidence on the financial information of organizations subordinate to the Ministry, to be able to express an opinion on the Consolidated Financial Statement. We are responsible for leading, supervising, and implementing the audit process. We are also fully responsible for our audit report; Among other things, we provide the management with information about the scope and terms of the audit, as well as important results raised during the audit process, including important deficiencies identified in the internal control system.

#### Auditors

#### Signature

**Tamar Babunashvili**

Senior Auditor



**Tamta Melkadze**

Senior Auditor



**Naia Khoperia**

Senior Auditor



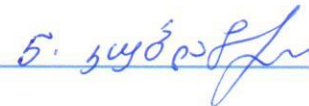
**Goderdzi Kiladze**

Auditor



**Nino Kublashvili**

Auditor





## **Financial Statements forms and notes**

- Statement of Financial position
- Statement of Financial Results
- Statement of Changes in Net Assets/Equity
- Statement of Comparison of Budget and Actual Amounts
- Notes to Financial statement



Annex N1

1	Accountable entity (changes from the previous reporting period, if any)	The Ministry of Internally Displaced Persons from the Occupied Territories, Health, Labour and Social Affairs of Georgia
2	Contact information of the accountable entity (address, phone, e-mail)	№144 Tsereteli Ave., Tbilisi
3	Identification number (changes with respect to the previous reporting period, if any)	202486559
	Organizational form	State
	Source of funding	State Budget
6	Report type	Consolidated Financial Statement
7	Reporting period	Annual
8	Reporting date and period	Date :31.12.2022 Period: 01.01.2022-31.12.2022 77

9	<b>Coverage of entities (in case of consolidated financial statements)</b>	<ol style="list-style-type: none"> <li>1. Central Office of the Ministry;</li> <li>2. LEPL - L. Sakvarelidze National Center for Disease Control and Public Health;</li> <li>3. LEPL - Regulation Agency for Medical and Pharmaceutical Activities;</li> <li>4. LEPL - Social Service Agency;</li> <li>5. LEPL - Agency for Protection and Assistance to Victims and Persons Affected by Human Trafficking;</li> <li>6. LEPL - Emergency Situation Coordination and Urgent Assistance Center;</li> <li>7. LEPL - The Agency for IDPs, Eco-migrants and Livelihood Provision</li> <li>8. LEPL - The State Employment Promotion Agency;</li> <li>9. LEPL - The Labour Inspection Service</li> <li>10. LEPL - Information Technology Agency;</li> <li>11. NNLE - State Medical Holding;</li> <li>12. NNLE -Georgian Solidarity Fund;</li> </ol>
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10	<b>List of main activities</b>	<p>1. Development, implementation and coordination of activities of the state policy of labor, health and social protection of the population;</p> <p>2. Development and implementation coordination of the state policy in the field of social protection and resettlement of displaced persons, persons affected by natural events and subject to displacement;</p> <p>3. Individual medical services and public health protection;</p> <p>4. Regulation of medical and pharmaceutical activities;</p> <p>5. Providing targeted social assistance to the population;</p> <p>6. Childcare and related issues;</p> <p>7. Promotion of labor relations and regulation of labor migration;</p> <p>8. Promotion of employment;</p> <p>9. Mobilization of alternative (non-budgetary) resources for people living in Georgia facing the risk of catastrophic social costs with private and state participation and addressing priority social needs;</p>
11	<b>Reporting currency</b>	GEL
12	<b>Level of rounding</b>	Unit
13	<b>Contact information of the person(s) responsible for preparing and submitting financial statements (address, phone, e-mail)</b>	Nina Kobaidze, nkobaidze@moh.gov.ge; 595113413

Signature

**Accountant:**

**Other authorized person(s) determined by internal policy (if any):**

**Head of the organization:**

Year of 2022

*Period*

**The Ministry of Internally Displaced Persons from the  
Occupied Territories, Health, Labour and Social  
Affairs of Georgia**

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*Organization*

**27 00**

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*Program Code*

Nina Kobaidze

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*Executant*

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*Signature*

Ilia Ghudushauri

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*Head of the Organization*

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*Signature*



Statement of Financial Position				
Line Code	Title	Note <sup>1</sup>	The Final Balance of the Reporting Period	The Final Balance of the Previous Reporting Period
Assets				
Short-term assets				
001	Cash and cash equivalents	S2	7,511,699.68	5,284,175.64
002	Current investments	S2a	-	-
003	Short-term (current) accounts receivables	S2a	203,235,961.43	247,348,370.55
004	Material supplies	S3	167,060,466.19	252,981,959.00
005	Other short-term (current) assets	S4	173,758,184.95	196,952,727.27
006	Total current assets		551,566,312.25	702,567,232.46
Long-term assets				
007	Long-term financial assets	S5	9,088,487.31	9,088,487.31
008	Fixed assets	S6	384,057,696.00	390,111,593.04
009	Investment property	S7	-	-
010	Intangible assets	S8	6,940,881.90	9,381,578.46
011	Preferred service assets	S9	-	-
012	Finance lease assets	S10	-	-
013	Other long-term non-financial assets	S11	157,170,621.86	144,800,560.64
014	Total non-current assets		557,257,687.07	553,382,219.46
015	Total assets		1,108,823,999.32	1,255,949,451.92
Liabilities				
Short-term liabilities				
016	Short-term liabilities with securities	S12	-	-
017	Short-term borrowed funds	S12	-	-
018	Short-term payables, except for interest	S13a	294,370,137.19	585,402,370.75
019	Interest payable	S13a	-	-
020	Current allowances	S13b	47,308,165.28	27,769,530.67
021	Other short-term liabilities	S13a	13,262,937.72	16,451,748.44
022	Liabilities with temporarily placed funds	S13a	69,203.19	44,808.81
023	Total current liabilities		355,010,443.38	629,668,458.67
Long-term liabilities				
024	Long-term liabilities with securities	S12	-	-
025	Long-term borrowed funds	S12	-	-
026	Long-term payables with financial leases	S10	-	-
027	Long-term payables defined in preferential service agreements	S9	-	-
028	Long-term allowances	S13b	-	-
029	Long-term payables	S13a	36,415.82	-
030	Total long-term liabilities		36,415.82	-
031	Total liabilities		355,046,859.20	629,668,458.67
Net Assets/Equity				
032	Authorized capital		-	-
033	Undistributed Surplus/Deficit		753,777,138.42	626,280,993.50
034	Reserves		-	-
035	Total Net Assets/Equity		753,777,138.42	626,280,993.50
036	Total liabilities and net assets/equity		1,108,823,997.62	1,255,949,452.17
Reference reports				
037	Fixed assets received from operating leases	01	-	-
038	Assets received for responsible custody	02	622,029,488.63	601,620,207.80
039	Written off debts of insolvent debtors	03	107,632.00	107,632.00
040	Material stocks written off in costs in operation	04	8,202,245.03	6,472,825.41
041	Contingent assets	05	15,549,986.75	789.00
042	Contingent liabilities	06	-	-
043	Creating capital with own funds	07	-	-
044	Fully depreciated assets in service	08	17,403,689.84	11,587,616.83
045	Overdue debts	09	19,919,289.70	38,264,530.35
046	Movable property for disposal	10	201,521.00	-
047	Bank guarantees	11	19,836,072.00	-
048	Written off payables	12	51,392.00	195,054.00
049	Loss revealed as a result of inventory	13	437.00	

<sup>1</sup> The specified notes reflect the detailed information regarding the articles of the statement of financial posi

Signature

Accountant:

Other authorized person(s) determined by internal policy (if any):

Head of the organization:

Statement of Financial Results						
Line Code	Title	Note1	Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary Funds	Non-budgetary Funds	Total	Total
Revenues						
001	Tax revenue	N14 a	-		-	-
002	Social contributions				-	
003	Revenue from sanctions, fines and penalties	N14 c	8,147,508.90	2,157.99	8,149,666.89	5,163,779.30
004	Revenue from grants	N14 b	60,125,999.07	173,228.46	60,299,227.53	574,421,203.10
005	Transfers and other unclassified income	N14c N15a	75,382,913.59	1,497,054.63	76,879,968.22	40,085,616.67
006	Revenue from internal transfers	N14 c	6,361,827,250.73	-	6,361,827,250.73	6,466,099,358.65
007	Revenue from exchange transactions other than interest and	N15a	27,870.00	3,777,950.13	3,805,820.13	6,559,616.37
008	Gains from the sale of long-term assets	N15b N17a2	-	-	-	-
009	Interest income	N15a	-	682,322.44	682,322.44	637,482.81
010	Impairment reversal income	N16	-	-	-	642,379.78
011	Miscellaneous incomes	N18	27,914,045.52	240.36	27,914,285.88	31,101,585.34
012	Total revenues		6,533,425,587.81	6,132,954.01	6,539,558,541.82	7,124,711,022.02
Expenses						
013	Remuneration of employees	N17a	49,731,822.41	990,850.81	50,722,673.22	47,559,413.73
014	Goods and service	N17a	310,251,521.17	1,388,067.91	311,639,589.08	339,059,442.04
015	Grants	N17b	9,813,642.80	400,451.00	10,214,093.80	402,953,822.82
016	Subsidies	N17c	474,335.60	-	474,335.60	1,626,455.18
017	Transfers and other unclassified expenses	N17a	318,184,675.47	127,724.58	318,312,400.05	391,527,039.32
018	Expenses with internal transfers	N17a	47,390,971.24	-	47,390,971.24	14,305,965.37
019	Depreciation and amortization	N17a	24,245,795.00	74,628.51	24,320,423.51	20,927,357.00
020	Social assistance/security	N17a	5,575,941,526.60	83,870.04	5,576,025,396.64	5,703,795,038.86
021	Loss on sale of long-term non-financial assets	N15b N17a**	-	-	-	-
022	Interest expenses (finance expenses)	N17a	-	1,489.00	1,489.00	20,174.00
023	Impairment costs	N16	44,673,238.19	58,569.00	44,731,807.19	705,685.04
024	Miscellaneous expenses	N18	28,222,261.67	6,955.90	28,229,217.57	24,312,543.16
025	Total expenses		6,408,929,790.15	3,132,606.75	6,412,062,396.90	6,946,792,936.52
026	Period surplus (deficit)		124,495,797.66	3,000,347.26	127,496,144.92	177,918,085.50

<sup>1</sup> The specified notes reflect the detailed information related to the items of the statement of financial results

<sup>2</sup> The difference between the income and expenses received from the sale of long-term assets is reflected

Signature

**Accountant:**

**Other authorized person(s) determined by internal policy (if any):**

**Head of the organization:**

Statement of Changes in Net Assets/Equity							
Reporting Period							
Line Code	Title	Note1	Authorized Capital	Undistributed Surplus/Deficit		Reserves	Total Net Assets/Equity
				Budget Funds	Non-budgetary Funds		
001	Opening balance		-	624,175,705.33	11,029,356.02	-	635,205,061.35
002	Retrospective application of changes in accounting policies	S1		-			-
003	Retrospective recalculation of material errors of previous periods	S1		(8,543,539.76)			(8,543,539.76)
004	Adjustments as a result of one-time revaluation	S1		(380,528.09)			(380,528.09)
005	Adjustments as a result of other changes in equity	S1					-
	Total change:		-	(8,924,067.85)	-	-	(8,924,067.85)
006	Recalculated opening balance		-	615,251,637.48	11,029,356.02	-	626,280,993.50
Change in net assets/equity							
007	Capital contributions						-
008	Withdrawal of capital						-
009	Increase/decrease in reserves	S5					-
010	Surplus/deficit for the period			124,495,797.66	3,000,347.26		127,496,144.92
011	Funds to be distributed to owners						-
	Total change:		-	124,495,797.66	3,000,347.26	-	127,496,144.92
012	Final balance		-	739,747,435.14	14,029,703.28	-	753,777,138.42
Previous Reporting Period							
Line Code	Title	Note 1	Authorized Capital	Undistributed Surplus/Deficit		Reserves	Total Net Assets/Equity
				Budgetary Funds	Non-budgetary Funds		
001	Opening balance			307,610,735.95	9,644,763.63		317,255,499.58
002	Retrospective application of changes in accounting policies	S1		147,528,128.00			147,528,128.00
003	Retrospective recalculation of material errors of previous periods	S1		(7,496,652.97)			(7,496,652.97)
004	Adjustments as a result of one-time revaluation	S1					-
005	Adjustments as a result of other changes in equity	S1					-
	Total change:		-	140,031,475.03	-	-	140,031,475.03
006	Recalculated opening balance		-	447,642,210.98	9,644,763.63	-	457,286,974.61
Change in net assets/equity							
007	Capital contributions						-
008	Withdrawal of capital						-
009	Increase/decrease in reserves	S5					-
010	Surplus/deficit for the period			176,533,494.35	1,384,592.39		177,918,086.74
011	Funds to be distributed to owners						-
	Total change:		-	176,533,494.35	1,384,592.39	-	177,918,086.74
012	Final balance		-	624,175,705.33	11,029,356.02	-	635,205,061.35

<sup>1</sup> Detailed information regarding the items in the statement of net assets/changes in equity is reflected in the specified note.

Signature

Accountant:

Other authorized person(s) determined by internal policy (if any):

Head of the organization:

Statement of Comparison of Budget and Actual Amounts						
			Reporting Period			
Line Code	Title	Note <sup>1</sup>	Approved Budget (initial)	Adjusted Budget (final)	Budget Performance	Performance (%)
<b>Budget Revenues</b>						
001	Taxes					0%
002	Grants					0%
003	Other incomes					0%
004	Decrease in non-financial assets					0%
005	Decrease in financial assets					0%
006	Increase in liabilities					0%
007	<b>Total Budget Revenues</b>		-	-	-	<b>0%</b>
<b>Budget Expenditures</b>						
008	Remuneration of employees		49,464,800.00	43,170,027.00	49,543,336.61	115%
009	Goods and service		235,808,300.00	340,485,107.00	357,044,141.63	105%
010	Interest		-	-	-	0%
011	Subsidies		-	439,273.00	474,335.60	108%
012	Grants		512,000.00	498,795.00	1,108,273.26	222%
013	Social security		5,789,555,700.00	5,736,140,025.00	5,735,880,614.07	100%
014	Other expenses		93,966,000.00	159,941,832.00	162,876,247.67	102%
015	Increase in non-financial assets		162,969,000.00	52,880,291.00	54,900,301.94	104%
016	Increase in financial assets		-	-	-	0%
017	Decrease in liabilities		-	-	-	0%
018	<b>Total budget expenditures</b>		<b>6,332,275,800.00</b>	<b>6,333,555,350.00</b>	<b>6,361,827,250.78</b>	<b>100%</b>
019	<b>Budget balance</b>	<b>N21</b>	<b>6,332,275,800.00</b>	<b>6,333,555,350.00</b>	<b>6,361,827,250.78</b>	<b>100%</b>

<sup>1</sup> The specified note reflects the detailed information regarding the items of the budget and actual amounts comparison report

Signature

Accountant

Other authorized person(s) determined by internal policy (if any):

Head of the organization:

Notes to Financial Statements		
Note N1 Accounting policies and other explanatory notes		
1	The list of instructions and standards according to which the financial statements were prepared; Also, records of standards and instructions that could not be taken into account during the preparation/presentation of financial statements; Also, the causes of these deviations	" Budget classification of Georgia approved by order N99 of April 5, 2019 of the Minister of Finance of Georgia; 2. Instruction on "Financial Accounting and Reporting by Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)" approved by Order N108 of the Minister of Finance of Georgia dated May 5, 2020; 3. "Instructions on the Accounting Plan of Budget Organizations and its Use" approved by Order N17 of the Minister of Finance of Georgia dated January 15, 2020; 4. Instruction "On Reflection of Accounting and Financial Reporting of Depreciation/Amortization by Budget Organizations" approved by Order N289 of the Minister of Finance of Georgia dated December 2, 2020."
2	Descriptions of significant accounting policies	The Ministry conducts accounting and prepares financial statements according to the applicable legislation, as well as the the basic principles, rationale, assumptions set forth in normative acts, approved plan of accounts and financial statement forms approved in accordance with the standards of the IPSAS. Accounting of economic events is carried out according to other sources of financing received from the budget and also determined by legislation. The report reflects the expenses incurred for the purposes of reporting with the grantor and/or donor within the framework of the international and/or grant-specific projects defined by the agreements. In this regard, the Ministry reserves the right to conduct accounting using IPSAS standards and/or standards and forms requested by the donor, if this is stipulated in the agreement signed with the donor. Economic events in accounting are reflected by the principle of double recording, the method of accrual, with the date of its occurrence and belong to the reporting of the period when it took place, except for the cases of the acquisition of utility services defined by the budget classification of Georgia and other continuous services in accordance with the current legislation.
3	A description of changes in accounting policies reflected in the retrospective application of new accounting policies; Also, similar data regarding the comparable information of the previous reporting period	Changes in accounting policies, as well as corrections of errors, inaccuracies, omissions of previous reporting periods are reflected as corrections of the accumulated surplus/deficit in the current reporting period. We note that the adjustment of the accumulated surplus/deficit is also considered the imposition of a refund of the amount paid for the services provided in the previous reporting years within the framework of the financial sanction to the medical institutions provided by the state health care programs, as long as the actual cost recognized/charged in the previous reporting periods is corrected/reduced. Fixed assets that are intended to be transferred to beneficiaries and/or medical institutions are treated as assets received for transfer to other entities and are not subject to depreciation under applicable law.
4	A description of material errors of the prior period(s) that have been corrected as a result of the retrospective restatement; Also, similar data related to the comparable information of the previous reporting period	The balances of the previous period were adjusted and reflected retrospectively on the following accounts: on the claims accounts, which was reflected in Note 2a and Note 4, the accounts of material stocks were adjusted, which was reflected in Note 3, the balances of fixed assets - Note 6, Note 8 and Note 11, and also, substantial adjustments of the balances were made on the accounts of liabilities, which was reflected in note 13 a / 13 b. The mentioned changes also changed the undistributed excess deficit.
5	Description of immaterial errors of prior period(s) that have been corrected prospectively in the current period's statements	
6	Detailed information on the material non-adjusting event, together with a preliminary estimate of the financial result, or an indication of the relevant reasons why the financial result could not be predicted	
7	Descriptions of equity adjustments resulting from one-off revaluations that have been adjusted retrospectively, together with comparable information from the previous reporting period	Based on the necessity, a one-time revaluation of assets to be transferred to another entity and assets with amortized cost was carried out.
8	Descriptions of other equity adjustments (resulting from business combinations, etc.) that have been adjusted retrospectively, together with comparable information from the previous reporting period	



Note N2 Cash and Cash Equivalents				
Line Code	Title		The Final Balance of the Reporting Period	The Final Balance of the Previous Reporting Period
<b>Funds in national currency</b>				
010	<b>A unified account of the treasury, including:</b>		393,168.39	19,511.82
020	State budget funds in national currency	1-11-2110	393,168.39	19,511.82
030	Budget funds of the state budget in national currency	1-11-2111	19,511.82	19,511.82
040	Non-budgetary (own) funds of the state budget in national currency	1-11-2112	373,656.57	
050	Funds of autonomous republics in national currency	1-11-2120	-	-
060	Budget funds of the budget of autonomous republics in national currency	1-11-2121		
070	Non-budgetary (own) funds of the budget of autonomous republics in national currency	1-11-2122		
080	Funds of municipalities in national currency	1-11-2130	-	-
090	Budget funds of municipalities in national currency	1-11-2131		
100	Non-budgetary (own) funds of municipalities' budgets in national currency	1-11-2132		
110	Deposits in the treasury in national currency	1-11-2140		
120	Other accounts in the treasury in national currency	1-11-2190		
130	<b>Cash in the cash register in national currency 1</b>	<b>1-11-1100</b>		
140	Cash balances in commercial banks in national currency 1	<b>1-11-2410</b>	7,118,531.29	5,264,663.82
150	<b>Total funds in national currency</b>		7,511,699.68	5,284,175.64
<b>Cash in foreign currency</b>				
160	<b>Treasury accounts in foreign currency</b>	<b>1-11-2200</b>	-	-
170	Treasury foreign exchange account	1-11-2200		
180	Deposits in the treasury in foreign currency	1-11-2220		
190	<b>Cash in the cash register in foreign currency 1</b>	<b>1-11-1200</b>		
200	<b>Cash balances in commercial banks in foreign currency1</b>	<b>1-11-2420</b>		
210	<b>Total cash in foreign currency</b>		-	-
<b>Cash equivalents</b>				
220	Funds placed in national currency on term deposits for up to 3 months by the State Treasury			
230	Funds placed in national currency on term deposits of up to 3 months by autonomous republics and municipalities			
240	Funds placed in national currency on term deposits up to 3 months by central budget LEPLs and non-entrepreneurial, non-commercial legal entities			
250	Funds placed in national currency on term deposits of up to 3 months by the LEPLs and NNLEs of budgets of autonomous republics and municipalities			
260	<b>Total cash equivalents</b>		-	-
270	<b>Total cash and cash equivalents</b>		<b>7,511,699.68</b>	<b>5,284,175.64</b>

<sup>1</sup> Amounts shown as cash in the statements of organizations are reflected

**Accounting policies:**

Specify the accounting policies used for accounting for cash and cash equivalents

Note N2a Current Investments and Short-term Accounts Receivable								
Line Code	Title		The Final Balance of the Reporting Period			The final balance of the previous reporting period		
			Total Book Value	Accumulated impairment Losses/allowances for	Book Value	Total book value	Accumulated impairment Losses/allowances for	Book Value
Current investments								
060	Total current investments	1-12-0000	-	-	-	-	-	-
Short-term (current) receivables and claims								
070	Short-term (current) receivables related to treasury operations	1-13-1000	125,252,580.61	-	125,252,580.61	170,191,985.60	-	170,191,985.60
080	Short-term (current) receivables of the treasury	1-13-1100	-	-	-	-	-	-
090	Short-term (current) receivables of budgetary organizations to the treasury	1-13-1200	125,252,580.61	-	125,252,580.61	170,191,985.60	-	170,191,985.60
100	Short-term (current) receivables of budgetary organizations to the treasury, with budgetary funds in national currency	1-13-1210	-	-	-	-	-	-
110	Short-term (current) receivables of budgetary organizations to the treasury with targeted financing and grants in national currency	1-13-1220	3,499,384.26	-	3,499,384.26	1,838,867.96	-	1,838,867.96
120	Short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds in national currency	1-13-1230	3,055,243.61	-	3,055,243.61	1,586,011.53	-	1,586,011.53
130	Short-term (current) receivables of budgetary organizations to the treasury, with budgetary funds in foreign currency	1-13-1240	4,292,247.74	-	4,292,247.74	3,902,421.04	-	3,902,421.04
140	Short-term (current) receivables of budgetary organizations to the treasury with targeted financing and grants in foreign currency	1-13-1250	4,233,864.00	-	4,233,864.00	8,874,528.00	-	8,874,528.00
150	Short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds in foreign currency	1-13-1260	-	-	-	-	-	-
160	Other short-term (current) receivables of budgetary organizations to the treasury	1-13-1270	110,171,841.00	-	110,171,841.00	153,990,157.07	-	153,990,157.07
170	Short-term (current) tax receivables	1-13-2000	675,119.90	-	675,119.90	421,521.00	-	421,521.00
180	Income tax	1-13-2100	99,922.39	-	99,922.39	99,250.05	-	99,250.05
190	Profit tax	1-13-2200	30,365.21	-	30,365.21	33,036.60	-	33,036.60
200	Property tax	1-13-2300	86.00	-	86.00	4,639.99	-	4,639.99
210	VAT	1-13-2400	503,216.39	-	503,216.39	284,240.96	-	284,240.96
220	Excise tax	1-13-2500	-	-	-	-	-	-
230	Import tax	1-13-2600	35,616.55	-	35,616.55	-	-	-
240	Other tax requirements	1-13-2700	5,913.36	-	5,913.36	353.40	-	353.40
	Other payment requirements	1-13-2800	-	-	-	-	-	-
250	Short-term (current) receivables in the pension scheme	1-13-3000	202.96	-	202.96	89.32	-	89.32
260	Short-term (current) receivables with accrued interest and penalties	1-13-4000	39,020,021.78	-	39,020,021.78	35,475,254.02	-	35,475,254.02
270	Dividends receivable	1-13-5000	-	-	-	-	-	-
280	Short-term (current) receivables from sales of goods and services	1-13-6000	592,011.36	-	592,011.36	456,283.06	-	456,283.06
290	Short-term (current) requirements for employees and accountants	1-13-7000	38,340.44	-	38,340.44	40,515.18	-	40,515.18
300	Short-term (current) requirements with the disposal (sale) of non-financi	1-13-8000	12,250.00	-	12,250.00	-	-	-
310	Other short-term (current) requirements	1-13-9000	37,645,434.38	-	37,645,434.38	40,762,722.37	-	40,762,722.37
320	Including short-term (current) cash requirements related to non-exchan	1-13-9500	900.00	-	900.00	900.00	-	900.00
330	Total short-term (current) receivables and claims	1-13-0000	203,235,961.43	-	203,235,961.43	247,348,370.55	-	247,348,370.55

Note N2a Current Investments and Short-term Receivables									
Line Code	Title		Total book value					Cancelled on Disposal	The Final Balance of the Reporting Period
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase	Decrease		
Current investments									
010	Short term loans	1-12-1000			-				-
020	Current part of long-term loans	1-12-2000			-				-
030	Current part of finance lease receivables	1-12-3000			-				-
040	Short-term (current) securities, except shares	1-12-4000			-				-
050	Other Current Investments	1-12-9000			-				-
060	Total current investments	1-12-0000	-	-	-	-	-	-	-
Short-term (current) receivables and claims									
070	Short-term (current) receivables related to treasury operations	1-13-1000	170,191,985.60	-	170,191,985.60	6,522,802,422.65	6,567,741,827.64	-	125,252,580.61
080	Short-term (current) receivables of the treasury	1-13-1100			-				-
090	Short-term (current) receivables of budgetary organizations to the treasury	1-13-1200	170,191,985.60	-	170,191,985.60	6,522,802,422.65	6,567,741,827.64	-	125,252,580.61
100	Short-term (current) receivables of budgetary organizations to the treasury, with budgetary funds in national currency	1-13-1210			-	6,361,827,250.78	6,361,827,250.78		-
110	Short-term (current) receivables of budgetary organizations to the treasury with targeted financing and grants in national currency	1-13-1220	1,838,867.96		1,838,867.96	35,567,334.67	33,906,818.37		3,499,384.26
120	Short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds in national currency	1-13-1230	1,586,011.53		1,586,011.53	6,375,999.07	4,906,766.99		3,055,243.61
130	Short-term (current) receivables of budgetary organizations to the treasury, with budgetary funds in foreign currency	1-13-1240	3,902,421.04		3,902,421.04	85,969,572.95	85,579,746.25		4,292,247.74
140	Short-term (current) receivables of budgetary organizations to the treasury with targeted financing and grants in foreign currency	1-13-1250	8,874,528.00		8,874,528.00	14,944,108.00	19,584,772.00		4,233,864.00
150	Short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds in foreign currency	1-13-1260	-		-	33,562.89	33,562.89		-
160	Other short-term (current) receivables of budgetary organizations to the treasury	1-13-1270	153,990,157.07		153,990,157.07	18,084,594.29	61,902,910.36		110,171,841.00
170	Short-term (current) tax receivables	1-13-2000	421,521.00	-	421,521.00	2,734,029.29	2,480,430.39	-	675,119.90
180	Income tax	1-13-2100	99,250.05		99,250.05	1,702.88	1,030.54		99,922.39
190	Profit tax	1-13-2200	33,036.60		33,036.60	-	2,671.39		30,365.21
200	Property tax	1-13-2300	4,639.99		4,639.99	-	4,553.99		86.00
210	VAT	1-13-2400	284,240.96		284,240.96	335,644.58	116,669.15		503,216.39
220	Excise tax	1-13-2500	-		-	-	-		-
230	Import tax	1-13-2600	-		-	2,047,662.90	2,012,046.35		35,616.55
240	Other taxes	1-13-2700	353.40		353.40	349,018.93	343,458.97		5,913.36
	Other payment requirements	1-13-2800	-		-	-	-		-
250	Short-term (current) receivables in the pension scheme	1-13-3000	108.81	(19.49)	89.32	200.74	87.10		202.96
260	Short-term (current) receivables with accrued interest and penalties	1-13-4000	34,758,073.16	717,180.86	35,475,254.02	6,141,593.07	2,596,825.31		39,020,021.78
270	Dividends receivable	1-13-5000		-	-	-	-		-
280	Short-term (current) receivables from sales of goods and services	1-13-6000	464,962.06	(8,679.00)	456,283.06	2,912,323.01	2,776,594.71		592,011.36
290	Short-term (current) receivables for employees and accountable persons	1-13-7000	260,324.18	(219,809.00)	40,515.18	382,068.78	384,243.52		38,340.44
300	Short-term (current) receivables with the disposal (sale) of non-financial	1-13-8000		-	-	99,633.33	87,383.33		12,250.00
310	Other short-term (current) receivables	1-13-9000	37,403,542.50	3,359,179.87	40,762,722.37	3,802,019.47	6,919,307.46		37,645,434.38
320	Including short-term (current) cash receivables related to non-exchange	1-13-9500	900.00		900.00				900.00
330	Total short-term (current) receivables and claims	1-13-0000	243,500,517.31	3,847,853.24	247,348,370.55	6,538,874,290.34	6,582,986,699.46	-	203,235,961.43

Note N2a Current Investments and Short-term Receivables										
Line Code	Title		Accumulated Impairment Losses/Allowances for Doubtful Accounts							
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	5-92-0000	4-91-0000	Cancelled on Disposal	Reclassification of Assets (+/-)	The Final Balance of the Reporting Period
						Impairment Expense/Doubtful and Bad Debts Expense for the year	Income Generated with Reversal			
	<b>Current investments</b>									
010	Short-term loans	1-12-1000			-					-
020	Current part of long-term loans	1-12-2000			-					-
030	Current part of finance lease receivables	1-12-3000			-					-
040	Short-term (current) securities, except shares	1-12-4000			-					-
050	Other current investments	1-12-9000			-					-
060	<b>Total current investments</b>	<b>1-12-0000</b>	-	-	-	-	-	-	-	-
	<b>Short-term (current) receivables and claims</b>									
070	Short-term (current) receivables related to treasury operations	1-13-1000	-	-	-	-	-	-	-	-
080	Short-term (current) receivables of the treasury	1-13-1100			-					-
090	Short-term (current) receivables of budgetary organizations to the treasury	1-13-1200	-	-	-	-	-	-	-	-
100	Short-term (current) receivables of budgetary organizations to the treasury, with budgetary funds in national currency	1-13-1210			-					-
110	Short-term (current) receivables of budgetary organizations to the treasury with targeted financing and grants in national currency	1-13-1220			-					-
120	Short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds in national currency	1-13-1230			-					-
130	Short-term (current) receivables of budgetary organizations to the treasury, with budgetary funds in foreign currency	1-13-1240			-					-
140	Short-term (current) receivables of budgetary organizations to the treasury with targeted financing and grants in foreign currency	1-13-1250			-					-
150	Short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds in foreign currency	1-13-1260			-					-
160	Other short-term (current) receivables of budgetary organizations to the treasury	1-13-1270			-					-
170	Short-term (current) tax receivables	1-13-2000	-	-	-	-	-	-	-	-
180	Income tax	1-13-2100			-					-
190	Profit tax	1-13-2200			-					-
200	Property tax	1-13-2300			-					-
210	VAT	1-13-2400			-					-
220	Excise tax	1-13-2500			-					-
230	Import tax	1-13-2600			-					-
240	Other taxes	1-13-2700			-					-
	Other payment requirements	1-13-2800			-					-
250	Short-term (current) receivables in the pension scheme	1-13-3000			-					-
260	Short-term (current) receivables with accrued interest and penalties	1-13-4000			-	725,974.90		725,974.90		-
270	Dividends receivable	1-13-5000			-					-
280	Short-term (current) receivables from sales of goods and services	1-13-6000			-					-
290	Short-term (current) receivables for employees and accountable persons	1-13-7000			-					-
300	Short-term (current) receivables with the disposal (sale) of non-financial	1-13-8000			-					-
310	Other short-term (current) receivables	1-13-9000			-	159,294.16		159,294.16		-
320	Including short-term (current) cash receivables related to non-exchange	1-13-9500			-					-
330	<b>Total short-term (current) receivables and claims</b>	<b>1-13-0000</b>	-	-	-	<b>885,269.06</b>	-	<b>885,269.06</b>	-	-
						-	-			

Note N3 Material Supplies								
Line Code	Title		The Final Balance of the Reporting Period			The Final Balance of the Previous Reporting Period		
			Value <sup>1</sup>	Decrease in Accumulated Value	Book Value	Value 1	Decrease in Accumulated Value	Book Value
010	Materials and supplies	1-14-1100	-	-	-	-	-	-
020	Other materials and supplies	1-14-1400	164,120,038.01	2,224.00	164,117,814.01	252,981,959.00	-	252,981,959.00
030	Small assets	1-14-1410	3,071,623.40	792.00	3,070,831.40	2,392,885.83	-	2,392,885.83
040	Rest of other materials and	1-14-1420	161,048,414.61	1,432.00	161,046,982.61	250,589,073.17	-	250,589,073.17
090	Unfinished production	1-14-2000	-	-	-	-	-	-
100	Finished product	1-14-3000	-	-	-	-	-	-
110	Goods held for sale	1-14-4000	2,942,652.18	-	2,942,652.18	-	-	-
120	Military supplies	1-14-5000	-	-	-	-	-	-
130	<b>Total</b>	<b>1-14-0000</b>	<b>167,062,690.19</b>	<b>2,224.00</b>	<b>167,060,466.19</b>	<b>252,981,959.00</b>	<b>-</b>	<b>252,981,959.00</b>

Line Code	Cost of material supplies 1		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Receiving					
						by reducing advances from previous reporting periods	through current period purchases	through grants	transfers and other unclassified income	by restoring the loss	through different incomes <sup>2</sup>
010	Materials and supplies	1-14-1100	-	-	-	-	-	-	-	-	-
020	Other materials and supplies	1-14-1400	263,896,647.65	(10,914,688.65)	252,981,959.00	20,277,491.94	142,548,258.12	8,281,082.55	30,448,294.77	-	39.00
030	Small assets	1-14-1410	3,042,892.83	(650,007.00)	2,392,885.83	274,020.00	756,065.96	303,069.19	68,384.99	-	-
040	Rest of other materials and	1-14-1420	260,853,754.82	(10,264,681.65)	250,589,073.17	20,003,471.94	141,792,192.16	7,978,013.36	30,379,909.78	-	39.00
090	Unfinished production	1-14-2000	-	-	-	-	-	-	-	-	-
100	Finished product	1-14-3000	-	-	-	-	-	-	-	-	-
110	Goods held for sale	1-14-4000	-	-	-	-	2,550.00	-	722.47	-	-
120	Military supplies	1-14-5000	-	-	-	-	-	-	-	-	-
130	<b>Total</b>	<b>1-14-0000</b>	<b>263,896,647.65</b>	<b>(10,914,688.65)</b>	<b>252,981,959.00</b>	<b>20,277,491.94</b>	<b>142,550,808.12</b>	<b>8,281,082.55</b>	<b>30,449,017.24</b>	<b>-</b>	<b>39.00</b>

Line Code	Title		Reducing the Cost of Material Stocks								
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expenses for the year 5	Depreciation income for the year 5	Cancelled on disposal	Decrease in accumulated value received	Reclassification of assets (+/-)	The final balance of the reporting period
010	Materials and supplies	1-14-1100	-	-	-	-	-	-	-	-	-
020	Other materials and supplies	1-14-1400	149,834.00	(149,834.00)	-	43,728,274.57	-	43,726,050.57	-	-	2,224.00
030	Small assets	1-14-1410	-	-	-	792.00	-	-	-	-	792.00
040	Rest of other materials and	1-14-1420	149,834.00	(149,834.00)	-	43,727,482.57	-	43,726,050.57	-	-	1,432.00
090	Unfinished production	1-14-2000	-	-	-	-	-	-	-	-	-
100	Finished product	1-14-3000	-	-	-	-	-	-	-	-	-
110	Goods held for sale	1-14-4000	-	-	-	-	-	-	-	-	-
120	Military supplies	1-14-5000	-	-	-	-	-	-	-	-	-
130	<b>Total</b>	<b>1-14-0000</b>	<b>149,834.00</b>	<b>(149,834.00)</b>	<b>-</b>	<b>43,728,274.57</b>	<b>-</b>	<b>43,726,050.57</b>	<b>-</b>	<b>-</b>	<b>2,224.00</b>

Table 3 <sup>5</sup> Explain the reasons for the write-down or reversal of the write-down

#### Accounting policies:

a) The procurement of material supplies in the Ministry is done within the budget allocations, in accordance with the Law of Georgia on State Procurement. Purchase/receipt of commodity material stocks is carried out both for own use and for transfer to other units. Inventories are recognized taking into account all costs of purchase and also the costs incurred to transport the inventory to its intended location and to bring it into proper condition.

b) In the reporting period, both purchase operations and free transfer operations of material stocks took place.

c) Recognition of commodity material stocks is carried out at cost price. Upon purchase/receipt of goods, the basis for recognition on the balance sheet is the primary accounting document, the act of acceptance and delivery and the bill of lading. Stocks of goods are in the warehouse before being put into operation. The transfer of material stocks from the warehouse to the employee is done by the materially responsible person by means of a consignment note. In operation is reflected in the actual costs and belongs to the period when the said transfer took place.

d) Also, during the reporting period, as a result of the inventory of one of the Ministry's warehouses, depreciated and unusable material values were written off from the balance sheet, according to the commission's decision, on the basis of the expert's report and with the approval of the head.



	Disposal										The final balance of the reporting period
with other receipts 3	with compensation in the form of goods	with goods and services	with subsidies	with grants	transfers and other unclassified expenses	with social benefits	with a deficit	by creating capital on your own	with different expenses 2	with other exits 3	
											-
62,525.00	11,742,253.00	9,176,845.20	-	4,325,081.48	83,656,787.35	108,223,020.19	1,202.00	-	54,053,757.35	19,300,665.81	164,120,038.01
42,500.00	503.00	272,019.73		409,766.40	-	40,871.48	1,202.00		36,020.96	4,919.00	3,071,623.40
20,025.00	11,741,750.00	8,904,825.47		3,915,315.08	83,656,787.35	108,182,148.71	-		54,017,736.39	19,295,746.81	161,048,414.61
											-
											-
2,939,685.62							305.91				2,942,652.18
											-
3,002,210.62	11,742,253.00	9,176,845.20	-	4,325,081.48	83,656,787.35	108,223,020.19	1,507.91	-	54,053,757.35	19,300,665.81	167,062,690.19

Note N4 Other Short-term (current) Assets <sup>1</sup>								
Line Code	Title		The Final Balance of the Reporting Period			The Final Balance of the Previous Reporting Period		
			Total Book Value	Accumulated Impairment Loss	Book Value	Total Book Value	Accumulated Impairment Loss	Book Value
Other short-term (current) assets								
010	Advance payments	1-15-1000	171,780,533.07	-	171,780,533.07	193,434,251.59	-	193,434,251.59
020	Advance payments for goods	1-15-1100-1	39,082,043.97	-	39,082,043.97	34,472,567.70	-	34,472,567.70
	Advance payments for service	1-15-1100-2	-	-	-	-	-	-
030	Advance payments for long-term non-financial assets	1-15-1200	96,306,683.05	-	96,306,683.05	123,527,885.19	-	123,527,885.19
040	Advance payments with payables	1-15-1300	36,391,806.05	-	36,391,806.05	35,433,798.70	-	35,433,798.70
050	Short-term (current) non-monetary claims with the transfer of non-financial assets	1-15-2000	620,324.90	-	620,324.90	2,063,047.12	-	2,063,047.12
060	Short-term (current) claims with receivables from barter operations	1-15-3000	-	-	-	-	-	-
070	Short-term (current) non-monetary receivables related to non-exchange operations	1-15-4000	-	-	-	-	-	-
080	Short-term (current) non-monetary receivables with a deficit of non-financial assets	1-15-5000	1,357,326.98	-	1,357,326.98	1,455,428.56	-	1,455,428.56
090	Total	1-15-0000	173,758,184.95	-	173,758,184.95	196,952,727.27	-	196,952,727.27

Line Code	Title		Total book value					
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Increase	Decrease	The Final Balance of the Reporting Period
Other short-term (current) assets								
010	Advance payments	1-15-1000	193,805,238.30	(370,986.71)	193,434,251.59	93,063,948.10	114,717,666.62	171,780,533.07
020	Advance payments for goods	1-15-1100-1	35,068,206.49	(595,638.79)	34,472,567.70	50,727,375.86	46,117,899.59	39,082,043.97
	Advance payments for service	1-15-1100-2	-	-	-	-	-	-
030	Advance payments for long-term non-financial assets	1-15-1200	123,303,233.11	224,652.08	123,527,885.19	25,735,641.96	52,956,844.10	96,306,683.05
040	Advance payments with payables	1-15-1300	35,433,798.70	-	35,433,798.70	16,600,930.28	15,642,922.93	36,391,806.05
050	Short-term (current) non-monetary claims with the transfer of non-financial assets	1-15-2000	2,063,047.12	-	2,063,047.12		1,442,722.22	620,324.90
060	Short-term (current) claims with receivables from barter operations	1-15-3000						
070	Short-term (current) non-monetary receivables related to non-exchange operations	1-15-4000						
080	Short-term (current) non-monetary receivables with a deficit of non-financial assets	1-15-5000	1,455,428.56	-	1,455,428.56	9,768.42	107,870.00	1,357,326.98
090	Total	1-15-0000	197,323,713.98	(370,986.71)	196,952,727.27	93,073,716.52	116,268,258.84	173,758,184.95

Line Code	Title		Accumulated impairment losses/allowances for doubtful accounts						
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Impairment expense for the year	Income Generated with Reversal	Reclassification of assets (+/-)	The final balance of the reporting period
Other short-term (current) assets									
010	Advance payments	1-15-1000	-	-	-	-	-	-	-
020	Advance payments for goods	1-15-1100-1							-
	Advance payments for service	1-15-1100-2			-				
030	Advance payments for long-term non-financial assets	1-15-1200							-
040	Advance payments with payables	1-15-1300							-
050	Short-term (current) non-monetary claims with the transfer of non-financial assets	1-15-2000							-
060	Short-term (current) claims with receivables from barter operations	1-15-3000			-				-
070	Short-term (current) non-monetary receivables related to non-exchange operations	1-15-4000							-
080	Short-term (current) non-monetary receivables with a deficit of non-financial assets	1-15-5000			-	89,216.00	89,216.00		
090	Total	1-15-0000	-	-	-	89,216.00	89,216.00	-	-

Table 2 1 Non-monetary claims on 1-15-0000 accounts are reflected

Accounting policies:

a) In the reporting period, there was a decrease and an increase in claims for advance payments for goods and services.

b) In the reporting period, there was a decrease and an increase in claims with advance payments made under the article of non-financial assets.

c) In the reporting period, there was a decrease and an increase in prepaid claims under the heading of other expenses

d) In the reporting period, in accordance with the conditions defined by the agreement, by transferring non-financial assets to temporary use for short-term (current) non-monetary receivables

Note N5 Long-term Financial Assets						
Line Code	Title		The Final Balance of the Reporting Period			The Final B
			Total Balance	Accumulated impairment loss/allowance for doubtful accounts	Book Value	Total Balance
Long-term financial assets						
010	Long-term credits and loans	1-21-1000	4,844,823.31	-	4,844,823.31	4,844,823.31
020	Investments in equity instruments <sup>1</sup>	1-21-2000	4,243,664.00	-	4,243,664.00	4,243,664.00
030	Other long-term financial assets	1-21-3000	-	-	-	-
040	Other long-term accounts receivables and non-cash receivables	1-21-4000	-	-	-	-
050	Including long-term accounts receivables from financial leases	1-21-4100	-	-	-	-
060	Total long-term financial assets	1-21-0000	9,088,487.31	-	9,088,487.31	9,088,487.31

Line Code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	by purchasing the current period
<b>Long-term financial assets</b>						
010	Long-term credits and loans	1-21-1000	4,844,823.31		4,844,823.31	
020	Investments in equity instruments	1-21-2000		4,243,664.00	4,243,664.00	
030	Other long-term financial assets	1-21-3000			-	
040	Other long-term accounts receivables and non-cash receivables	1-21-4000			-	
050	Including long-term accounts receivables from financial leases	1-21-4100			-	
060	<b>Total long-term financial assets</b>	<b>1-21-0000</b>	<b>4,844,823.31</b>	<b>4,243,664.00</b>	<b>9,088,487.31</b>	<b>-</b>

Line Code	Title		Accumulated impairment losses/allowances for dou			
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expenses for the year <sup>1</sup>
Long-term financial assets						
010	Long-term credits and loans	1-21-1000	-		-	
020	Investments in equity instruments	1-21-2000		-	-	
030	Other long-term financial assets	1-21-3000			-	
040	Other long-term accounts receivables and non-cash receivables	1-21-4000			-	
050	Including long-term accounts receivables from financial leases	1-21-4100			-	
060	Total long-term financial assets	1-21-0000	-	-	-	-

Line Code	Title		Reporting period as of December 31	Previous reporting period as of December 31
010	<b>Long-term accounts receivables from financial leas</b>	<b>1-21-4100</b>	-	-
020	Total investment in finance lease			
030	The present value of the minimum installments of the finance lease			
040	Unearned financial income			

Line Code	Title		Reporting period as of December 31	Increase/decrease reflected in surplus and deficit (+/-)	Increase/decrease reflected in reserves (+/-)	Previous reporting period as of December 31
010	<b>Investments in equity instruments</b>	<b>1-21-2000</b>	-	-	-	-
020	Investments in state commercial enterprises					-
030	Investments in related entities and joint ventures					-

Balance at the Previous Reporting Period		
Accumulated impairment loss/allowance for doubtful accounts	Book Value	
-	4,844,823.31	
-	4,243,664.00	
-	-	
-	-	
-	-	
-	9,088,487.31	

[illegible]

btfu! accounts		
Depreciation reversal income for the year <sup>1</sup>	Reclassification of assets (+/-)	The final balance of the reporting period
		-
		-
		-
		-
		-
-	-	-

Note N6 Fixed Assets										
Line Code	Title		The Final Balance of the Reporting Period				The Final Balance of the Previous Reporting Period			
			Value <sup>1</sup>	Accumulated Depreciation	Accumulated Impairment	Book Value	Value <sup>1</sup>	Accumulated Depreciation	Accumulated Impairment	Book Value
010	<b>Buildings to be used for one's own purposes</b>	<b>1-22-1000</b>	<b>332,337,166.65</b>	<b>26,688,553.68</b>	-	<b>795,448,612.97</b>	<b>317,089,985.29</b>	<b>23,532,830.12</b>	-	<b>293,537,155.17</b>
020	Residential houses	1-22-1100	6,807,087.48	384,952.00	-	6,302,135.48	4,940,484.00	338,024.00	-	4,602,460.00
030	Non-residential buildings	1-22-1200	289,319,516.23	25,830,947.27	-	263,488,568.96	286,696,351.49	22,799,156.58	-	263,897,194.91
040	Other buildings	1-22-1300	1,199,318.11	472,654.21	-	726,663.90	1,106,770.53	415,649.54	-	691,120.99
050	Land improvement	1-22-1400	-	-	-	-	-	-	-	-
060	Land	1-22-1500	24,931,244.83	-	-	24,931,244.83	24,346,379.27	-	-	24,346,379.27
070	<b>Machinery and equipment</b>	<b>1-22-2000</b>	<b>149,188,381.60</b>	<b>60,585,587.57</b>	<b>3,711.00</b>	<b>88,609,083.03</b>	<b>140,617,036.15</b>	<b>44,042,598.28</b>	-	<b>96,574,437.87</b>
080	Transport equipment	1-22-2100	59,696,944.93	21,505,820.31	-	38,191,124.62	58,207,458.31	14,389,713.58	-	44,307,734.73
090	Other machinery and equipment	1-22-2200	89,501,436.67	39,079,767.26	3,711.00	50,417,958.41	82,319,577.84	29,652,874.70	-	52,466,703.14
100	Information, computer, telecommunication and other devices, furniture and equipment	1-22-2210	67,446,711.72	29,128,252.57	3,711.00	38,214,748.15	62,610,975.66	22,276,072.09	-	40,234,902.57
110	Other machinery and equipment	1-22-2220	22,054,724.95	9,951,514.69	-	12,103,210.26	19,708,602.18	7,476,801.61	-	12,231,800.57
120	Military weapon systems	1-22-2300	-	-	-	-	-	-	-	-
130	Cultivated plants and animals	1-22-3000	-	-	-	-	-	-	-	-
140	<b>Total</b>	<b>1-22-0000</b>	<b>471,335,548.26</b>	<b>87,274,141.25</b>	<b>3,711.00</b>	<b>384,057,696.00</b>	<b>457,707,021.44</b>	<b>67,599,428.40</b>	-	<b>390,111,593.04</b>
Line Code	Value of fixed assets <sup>1</sup>		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Receiving				
						by reducing advances from previous reporting periods	with current period purchases	with substantial improvement	with grants	transfers and other unclassified income
010	<b>Buildings to be used for one's own purposes</b>	<b>1-22-1000</b>	<b>317,016,176.29</b>	<b>73,809.00</b>	<b>317,089,985.29</b>	<b>6,675.00</b>	<b>1,617,541.37</b>	<b>800.00</b>	<b>1,381,753.94</b>	<b>691,262.00</b>
020	Residential houses	1-22-1100	4,940,484.00	-	4,940,484.00	-	289.00	-	1,114,609.48	639,142.00
030	Non-residential buildings	1-22-1200	286,722,343.49	(25,992.00)	286,696,351.49	6,675.00	1,617,102.37	800.00	114,031.32	52,120.00
040	Other buildings	1-22-1300	1,106,770.53	-	1,106,770.53	-	-	-	141,897.58	-
050	Land improvement	1-22-1400	-	-	-	-	-	-	-	-
060	Land	1-22-1500	24,346,578.27	99,801.00	24,346,379.27	-	150.00	-	11,215.56	-
070	<b>Machinery and equipment</b>	<b>1-22-2000</b>	<b>140,487,750.24</b>	<b>129,285.91</b>	<b>140,617,036.15</b>	<b>6,486,567.52</b>	<b>2,127,803.88</b>	-	<b>2,389,146.09</b>	<b>892,270.47</b>
080	Transport equipment	1-22-2100	58,544,486.40	32,397.33	58,581,458.31	1,271,367.52	473,381.46	-	210,756.48	-
090	Other machinery and equipment	1-22-2200	82,223,263.84	96,314.00	82,319,577.84	5,215,200.00	1,653,722.42	-	2,178,389.61	892,270.47
100	Information, computer, telecommunication and other devices, furniture and equipment	1-22-2210	62,515,277.66	95,698.00	62,610,975.66	5,215,200.00	603,084.26	-	1,901,402.20	197,336.46
110	Other machinery and equipment	1-22-2220	19,707,886.18	616.00	19,708,602.18	-	1,050,638.16	-	276,987.41	694,934.01
120	Military weapon systems	1-22-2300	-	-	-	-	-	-	-	-
130	Cultivated plants and animals	1-22-3000	-	-	-	-	-	-	-	-
140	<b>Total</b>	<b>1-22-0000</b>	<b>457,503,926.53</b>	<b>203,094.91</b>	<b>457,707,021.44</b>	<b>6,493,242.52</b>	<b>3,744,845.25</b>	<b>800.00</b>	<b>3,770,900.01</b>	<b>1,583,532.47</b>
Line Code	Title		Accumulated depreciation of fixed assets							
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year	cancelled on exit	Accumulated depreciation received	Reclassification of assets (+/-)	The final balance of the reporting period
010	<b>Buildings to be used for one's own purposes</b>	<b>1-22-1000</b>	<b>23,554,307.12</b>	<b>(1,277.00)</b>	<b>23,552,830.12</b>	<b>3,135,724.15</b>	<b>383,736.54</b>	<b>383,735.96</b>	-	<b>26,688,553.68</b>
020	Residential houses	1-22-1100	338,024.00	-	338,024.00	54,365.00	7,437.00	-	-	384,952.00
030	Non-residential buildings	1-22-1200	22,799,156.58	-	22,799,156.58	3,024,254.49	376,199.54	383,735.96	-	25,830,947.27
040	Other buildings	1-22-1300	415,649.54	(1,277.00)	415,648.54	57,004.67	-	-	-	472,654.21
050	Land improvement	1-22-1400	-	-	-	-	-	-	-	-
060	Land	1-22-1500	-	-	-	-	-	-	-	-
070	<b>Machinery and equipment</b>	<b>1-22-2000</b>	<b>45,114,251.66</b>	<b>(1,071,653.38)</b>	<b>44,042,598.28</b>	<b>17,620,857.20</b>	<b>2,775,517.11</b>	<b>1,654,425.55</b>	<b>43,223.66</b>	<b>60,585,587.57</b>
080	Transport equipment	1-22-2100	14,189,723.58	-	14,189,723.58	7,565,151.34	1,055,461.20	806,406.59	-	21,505,820.31
090	Other machinery and equipment	1-22-2200	30,924,528.08	(1,071,653.38)	29,852,874.70	10,055,705.86	1,720,055.92	848,018.96	43,223.66	39,079,767.26
100	Information, computer, telecommunication and other devices	1-22-2210	22,369,703.09	6,370.00	22,376,073.09	7,302,686.08	1,007,085.06	413,314.80	43,223.66	29,128,252.57
110	Other machinery and equipment	1-22-2220	8,554,824.99	(1,078,023.38)	7,476,801.61	2,753,019.78	712,970.86	434,664.16	-	9,951,514.69
120	Military weapon systems	1-22-2300	-	-	-	-	-	-	-	-
130	Cultivated plants and animals	1-22-3000	-	-	-	-	-	-	-	-
140	<b>Total</b>	<b>1-22-0000</b>	<b>68,668,358.78</b>	<b>(1,072,930.38)</b>	<b>67,595,428.40</b>	<b>20,756,581.35</b>	<b>3,159,253.66</b>	<b>2,038,161.51</b>	<b>43,223.66</b>	<b>87,274,141.25</b>

## Accounting policies:

a) In financial statements, the main assets are evaluated using the cost model.

b) Fixed assets will be depreciated using the straight-line method.

c) The minimum period of useful service for depreciation is determined by the instruction approved by the order of the Minister of Finance of Georgia dated December 2, 2020 N289 "On accounting of depreciation/amortization by budgetary organizations and

d) Fixed assets meet all the criteria for recognition as an asset by budget classification, are used for more than one year, are used in multiple service processes, and their value is 500 GEL or more

e) The main assets of the Ministry are purchased within the framework of budget allocations, in accordance with the Law of Georgia on State Procurement. Purchase/acquisition of fixed assets is carried out both for own use and for transfer to other entities.

f) Fixed assets are valued at cost. The cost price is determined by taking into account all costs, as well as the costs incurred in transporting the fixed assets to their destination and bringing them to their proper condition.

g) Depreciation of fixed assets is charged using the straight-line method, according to the useful life of the assets.

h) The useful life and residual value of each class of fixed assets are determined in accordance with the order of the Minister of Finance of December 2, 2020 N289

Accumulated impairment losses on fixed assets								
Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Impairment expense for the year *	Income after reversal of depreciation expense for the year *	Cancelled on exit	Accumulated impairment received	Reclassification of assets (+/-)	The final balance of the reporting period
-	-	-	29,077.55	-	25,366.55	-	-	3,711.00
-	-	-	29,077.55	-	25,366.55	-	-	3,711.00
-	-	-	6,310.52	-	2,599.52	-	-	3,711.00
-	-	-	22,767.03	-	22,767.03	-	-	-
-	-	-	29,077.55	-	25,366.55	-	-	3,711.00



Note N8 Intangible assets										
Line Code	Title		The Final Balance of the Reporting Period				The Final Balance of the Previous Reporting Period			
			Value <sup>1</sup>	Accumulated Depreciation	Accumulated Impairment	Book Value	Value <sup>1</sup>	Accumulated Depreciation	Accumulated Impairment	Book Value
Intellectual property objects										
010	Research and development	1-24-1100	-	-	-	-	-	-	-	-
020	Mineral exploration and evaluation	1-24-1200	-	-	-	-	-	-	-	-
030	Computer programs and databases	1-24-1300	31,588,765.44	26,671,573.85	-	5,317,191.59	31,115,378.80	23,729,855.82	-	7,385,522.98
040	Computer programs	1-24-1310	16,358,539.31	12,039,423.66	-	4,319,115.65	15,435,106.67	10,637,016.94	-	4,798,089.73
050	Databases	1-24-1320	15,830,226.13	14,632,150.19	-	998,075.94	15,680,272.13	13,092,838.88	-	2,587,433.25
060	Entertainment, literary and artistic original samples	1-24-1400	2,307.99	-	-	2,307.99	-	-	-	2,307.99
070	Other intellectual property products	1-24-1500	4,031,522.49	2,442,225.98	-	1,591,296.51	4,046,122.49	2,057,756.50	-	1,988,365.99
080	Total	1-24-1000	36,224,295.92	29,111,799.83	-	6,910,796.09	35,163,809.28	25,787,612.32	-	9,376,196.96
Intangible non-produced assets										
090	Agreements, leases and licenses	1-24-2100	33,685.06	3,599.25	-	30,085.81	5,532.06	150.56	-	5,381.50
100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-
110	Permits for the use of natural resources	1-24-2120	-	-	-	-	-	-	-	-
120	Permits for specific activities	1-24-2130	33,685.06	3,599.25	-	30,085.81	5,532.06	150.56	-	5,381.50
130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-
140	Acquired goodwill	1-24-2200	-	-	-	-	-	-	-	-
150	Total	1-24-2000	33,685.06	3,599.25	-	30,085.81	5,532.06	150.56	-	5,381.50
150	Total	1-24-0000	36,058,280.98	29,117,399.08	-	6,940,881.90	35,169,341.34	25,787,762.88	-	9,381,578.46

Line Code	Value of intangible assets <sup>1</sup>		Opening balance of the reporting period	Change in the final balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Receiving				
						by reducing advances from previous reporting periods	with current period purchases	with substantial improvement	with grants	transfers and other unclassified income
Intellectual property objects										
010	Research and development	1-24-1100	-	-	-	-	-	-	-	-
020	Mineral exploration and evaluation	1-24-1200	-	-	-	-	-	-	-	-
030	Computer programs and databases	1-24-1300	31,115,378.80	-	31,115,378.80	-	553,495.00	-	-	-
040	Computer programs	1-24-1310	15,435,106.67	-	15,435,106.67	-	526,541.00	-	-	-
050	Databases	1-24-1320	15,680,272.13	-	15,680,272.13	-	26,954.00	-	-	-
060	Entertainment, literary and artistic original samples	1-24-1400	2,307.99	-	2,307.99	-	-	-	-	-
070	Other intellectual property products	1-24-1500	4,046,122.49	-	4,046,122.49	-	-	-	-	-
080	Total	1-24-1000	35,163,809.28	-	35,163,809.28	-	553,495.00	-	-	-
Intangible non-produced assets										
090	Agreements, leases and licenses	1-24-2100	5,532.06	-	5,532.06	-	-	-	-	-
100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-
110	Permits for the use of natural resources	1-24-2120	-	-	-	-	-	-	-	-
120	Permits for specific activities	1-24-2130	5,532.06	-	5,532.06	-	-	-	-	-
130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-
140	Acquired goodwill	1-24-2200	-	-	-	-	-	-	-	-
150	Total	1-24-2000	5,532.06	-	5,532.06	-	-	-	-	-
150	Total	1-24-0000	35,169,341.34	-	35,169,341.34	-	553,495.00	-	-	-

			Accumulated amortization of intangible assets							
Line Code	Title		The final balance of the reporting period	Change in the final balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year	Cancelled on exit	Accumulated depreciation received	Reclassification of assets (+/-)	The final balance of the reporting period
Intellectual property objects										
010	Research and development	1-24-1100	-	-	-	-	-	-	-	-
020	Mineral exploration and evaluation	1-24-1200	-	-	-	-	-	-	-	-
030	Computer programs and databases	1-24-1300	23,715,550.82	14,305.00	23,729,855.82	3,163,323.33	308,271.97	86,666.67	-	26,671,573.85
040	Computer programs	1-24-1310	10,622,711.94	14,305.00	10,637,016.94	1,547,012.92	231,271.97	86,666.67	-	12,039,233.66
050	Databases	1-24-1320	13,092,838.88	-	13,092,838.88	1,616,311.31	77,000.00	-	-	14,632,150.19
060	Entertainment, literary and artistic original samples	1-24-1400	-	-	-	-	-	-	-	-
070	Other intellectual property products	1-24-1500	2,057,756.50	-	2,057,756.50	397,069.48	12,600.00	-	-	2,442,225.98
080	Total	1-24-1000	25,773,307.32	14,305.00	25,787,612.32	5,166,392.81	326,871.97	86,666.67	-	29,113,799.83
Intangible non-produced assets										
090	Agreements, leases and licenses	1-24-2100	150.56	-	150.56	3,448.69	-	-	-	3,599.25
100	Marketable operating leases	1-24-2110	-	-	-	-	-	-	-	-
110	Permits for the use of natural resources	1-24-2120	-	-	-	-	-	-	-	-
120	Permits for specific activities	1-24-2130	150.56	-	150.56	3,448.69	-	-	-	3,599.25
130	Exclusive rights to future goods and services	1-24-2140	-	-	-	-	-	-	-	-
140	Acquired goodwill	1-24-2200	-	-	-	-	-	-	-	-
150	Total	1-24-2000	150.56	-	150.56	3,448.69	-	-	-	3,599.25
150	Total	1-24-0000	25,773,457.88	14,305.00	25,787,762.88	8,163,841.50	320,871.97	86,666.67	-	29,117,399.99

Accounting policies:

- Intangible assets are purchased within the framework of budget allocations, in accordance with the Law of Georgia on State Procurement. Purchase/acquisition of fixed assets is carried out both for own use and for transfer to other entities.
- Purchased intangible assets meet all the criteria for recognition as an asset by budgetary classification, are used for more than one year, are used in multiple service processes, and their value is 500 GEL or more. An intangible asset purchased during the reporting period, which
- Intangible assets are recognized using the cost model. Cost is determined by taking into account all costs.
- Depreciation of intangible assets is charged using the straight-line method, taking into account their useful life. Useful service period for intangible assets is defined as 10 years.
- The useful life and residual value of each class of fixed assets are determined in accordance with the order N289 of December 2, 2020 of the Minister of Finance
- Change in the value of intangible assets due to corrective actions implemented in the reporting period

			Disposal						Final balance of the reporting period
by restoring the loss	with different incomes <sup>2</sup>	with other receivings <sup>3</sup>	with selling	with grants	transfers and other unclassified income	with loss	with different <sup>2</sup> expenses	with other exits <sup>3</sup>	
									-
									-
-	-	628,163.67	-	-	-	-	87,416.73	220,855.30	31,988,765.44
		628,163.67		-			87,416.73	143,855.30	16,358,539.31
								77,000.00	15,830,226.13
								-	2,307.99
								12,600.00	4,033,522.49
-	-	628,163.67	-	-	-	-	87,416.73	233,455.30	36,034,595.92
-	-	28,153.00	-	-	-	-	-	-	33,885.06
									-
		28,153.00							33,885.06
									-
-	-	28,153.00	-	-	-	-	-	-	33,885.06
-	-	656,316.67	-	-	-	-	87,416.73	233,455.30	36,058,280.98

Note N 11 Other Long-term Non-financial Assets										
Line Code	Title		The Final Balance of the Reporting Period				The Final Balance of the Previous Reporting Period			
			Value <sup>1</sup>	Accumulated Depreciation	Accumulated Impairment Loss	Book Value	Value <sup>1</sup>	Accumulated depreciation	Accumulated Impairment Loss	Book Value
010	Values	1-27-1000	-	-	-	-	-	-	-	-
020	Tangible non-produced assets	1-27-2000	309.60	-	-	309.60	309.60	-	-	309.60
030	Legacy assets	1-27-3000	-	-	-	-	-	-	-	-
040	Unfinished assets	1-27-4000	157,156,900.30	-	-	157,156,900.30	144,789,439.08	-	-	144,789,439.08
050	Unfinished construction	1-27-4100	3,909,278.14	-	-	3,909,278.14	3,094,843.90	-	-	3,094,843.90
060	Assets whose title has not yet been acquired or accepted for transfer to other	1-27-4200	153,099,556.94	-	-	153,099,556.94	141,694,595.18	-	-	141,694,595.18
070	Substantial improvements to operating leased property	1-27-4300	-	-	-	-	-	-	-	-
080	Long-term non-financial assets held for sale	1-27-4400	-	-	-	-	-	-	-	-
090	Biological assets in the process of growth	1-27-4500	-	-	-	-	-	-	-	-
100	Unfinished intangible asset	1-27-4600	148,065.22	-	-	148,065.22	-	-	-	-
110	Costs of transferring title to non-produced assets (except land)	1-27-5000	13,411.96	-	-	13,411.96	10,811.96	-	-	10,811.96
120	Total	1-27-0000	157,170,621.86	-	-	157,170,621.86	144,800,560.64	-	-	144,800,560.64

Receiving														
Line Code	Title		Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	by reducing advances from previous reporting periods	with current period purchases	with substantial improvement	with grants	transfers and other unclassified income	by restoring the loss	by creating capital with one's own effort	with different incomes 2	with other receivings 3
010	Values	1-27-1000			-									
020	Tangible non-produced assets	1-27-2000	309.60		309.60									
030	Legacy assets	1-27-3000			-									
040	Unfinished assets	1-27-4000	141,140,672.73	3,648,766.35	144,789,439.08	35,777,145.44	35,054,320.16	-	4,604,911.72	41,874,432.20	-	-	49,350.00	2,649,057.21
050	Unfinished construction	1-27-4100	3,094,843.90	-	3,094,843.90	20,000.00	3,543,106.40			-				
060	Assets whose title has not yet been acquired or accepted for transfer to other entities	1-27-4200	138,045,828.83	3,648,766.35	141,694,595.18	35,757,145.44	30,793,498.54		4,604,911.72	41,874,432.20			49,350.00	2,649,057.21
070	Substantial improvements to operating leased property	1-27-4300	-	-	-		-		-	-				
080	Long-term non-financial assets held for sale	1-27-4400	-	-	-		-		-	-				
090	Biological assets in the process of growth	1-27-4500		-	-		-		-	-				
100	Unfinished intangible asset	1-27-4600		-	-		717,715.22		-	-				
110	Costs of transferring title to non-produced assets (except land)	1-27-5000	10,811.96		10,811.96		2,600.00							
120	Total	1-27-0000	141,151,794.29	3,648,766.35	144,800,560.64	35,777,145.44	35,056,920.16	-	4,604,911.72	41,874,432.20	-	-	49,350.00	2,649,057.21

Line Code	Title		Accumulated depreciation of other non-financial long-term assets								Accumulated impairment			
			Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year (if any)	Cancelled on exit	Accumulated depreciation received	Reclassification of assets (+/-)	The final balance of the reporting period	Opening balance of the reporting period	Change in the opening balance of the reporting period (+/-)	The recalculated opening balance of the reporting period	Depreciation expense for the year4
010	Values	1-27-1000			-					-			-	
020	Tangible non-produced assets	1-27-2000			-					-			-	
030	Legacy assets	1-27-3000			-					-			-	
040	Unfinished assets	1-27-4000	-	-	-	-	-	-	-	-	-	-	-	-
050	Unfinished construction	1-27-4100			-					-			-	
060	Assets whose title has not yet been acquired or accepted for transfer to other entities	1-27-4200			-					-			-	
070	Substantial improvements to operating leased property	1-27-4300			-					-			-	
080	Long-term non-financial assets held for sale	1-27-4400			-					-			-	
090	Biological assets in the process of growth	1-27-4500			-					-			-	
100	Unfinished intangible asset	1-27-4600			-					-			-	
110	Costs of transferring title to non-produced assets (except land)	1-27-5000			-					-			-	
120	Total	1-27-0000	-	-	-	-	-	-	-	-	-	-	-	-

Accounting policies:

a) Assets to be transferred to other entities are shown

b) Assets transferred to other entities are recognized at cost

Disposal						The final balance of the reporting period
by selling	with grants	transfers and other unclassified expenses	with loss	with different expenses <sup>2</sup>	with other exits <sup>3</sup>	
						-
						309.60
						-
-	272,642.83	10,964,065.92	4,292.01	6,955.90	96,393,798.85	157,156,900.30
	-	-	-	-	2,748,672.16	3,909,278.14
	272,642.83	10,964,065.92	4,292.01	6,955.90	93,075,476.69	153,099,556.94
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	569,650.00	148,065.22
						13,411.96
-	272,642.83	10,964,065.92	4,292.01	6,955.90	96,393,798.85	157,170,621.86

Losses on other non-financial non-current assets				
Income by reversal of depreciation expense for the year 4	Accumulated impairment received	Cancelled on exit	Reclassification of assets (+/-)	The final balance of the reporting period
				-
				-
				-
-	-	-	-	-
				-
				-
				-
				-
				-
				-
-	-	-	-	-



Note N14 Revenue from Non-exchange Transactions				
N14a				
Tax Revenues <sup>1</sup>				
Line Code	Title		Turnover of the reporting period	Turnover of the previous reporting period
	Income and profit tax	4-11-0000	-	-
010	Income tax from individuals	4-11-1000		
020	Tax on profits from corporations and other enterprises	4-11-2000		
030	Property tax	4-12-0000		
040	VAT	4-13-0000		
050	Excise	4-14-0000		
060	Customs and import duties	4-15-0000		
070	Other tax revenues	4-16-0000		
080	Total	4-10-0000	-	-

53191442.15

N14 b Revenues from Grants											
Line Code	Title		Turnover of the reporting period						Turnover of the previous reporting period		
			Budget funds			Non-budgetary funds					
			Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
010	Grants received in cash form	4-31-1000	41,744,796.87	1,724,308.00	43,469,104.87	173,228.46	-	173,228.46	6,904,666.92	5,239,917.18	12,144,584.10
020	Received from foreign governments	4-31-1100			-			-	2,972,480.00	5,236,701.18	8,209,181.18
030	Received from international organizations	4-31-1200	41,651,095.87	1,724,308.00	43,375,403.87	173,228.46		173,228.46	3,590,078.92	3,216.00	3,593,294.92
040	Received from state entities	4-31-1300	93,701.00	-	93,701.00	-	-	-	342,108.00	-	342,108.00
050	Received from state units of the same level	4-31-1310	93,701.00		93,701.00			-	329,148.00		329,148.00
060	Received from other level state units	4-31-1320			-			-	12,960.00		12,960.00
070	Grants received in the form of goods	4-32-1000	8,281,082.55	8,375,811.65	16,656,894.20	-	-	-	425,875,898.66	136,400,720.34	562,276,619.00
080	Received from foreign governments	4-32-1100	2,772,932.00	3,048,974.30	5,821,906.30			-	22,808,926.00	8,935,862.32	31,744,788.32
090	Received from international organizations	4-32-1200	5,355,036.13	2,439,606.49	7,794,642.62			-	63,345,550.90	6,221,660.57	69,567,211.47
100	Received from state entities	4-32-1300	153,114.42	2,887,230.86	3,040,345.28	-	-	-	339,721,421.76	121,243,197.45	460,964,619.21
110	Received from state units of the same level	4-32-1310	4,454.28	2,887,230.86	2,891,685.14			-	338,553,268.76	121,243,197.45	459,796,466.21
120	Received from other level state units	4-32-1320	148,660.14	-	148,660.14			-	1,168,153.00	-	1,168,153.00
130	Total		50,025,879.42	10,100,119.65	60,125,999.07	173,228.46	-	173,228.46	432,780,565.58	141,640,637.52	574,421,203.10

8,375,811.75	8,375,811.65	0.10
8,281,082.55	8,281,082.55	-

29590390.84

N14 c Income from Other Operations						
Line Code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budget funds	Non-budgetary funds	Total	
010	Revenue from sanctions, fines and penalties	4-44-0000	8,147,508.90	2,157.99	8,149,666.89	5,163,779.30
020	Transfers and other unclassified income	4-45-0000	75,382,913.59	1,497,054.63	76,879,968.22	40,085,616.67
050	Current transfers and other unclassified income from non-exchange transactions	4-45-1000	31,801,847.95	1,463,444.63	33,265,292.58	39,097,762.36
080	Capital transfers and other unclassified income from non-exchange transactions	4-45-2000	43,581,065.64	33,610.00	43,614,675.64	987,854.31
090	Revenues from internal transfers	4-50-0000	6,361,827,250.73	-	6,361,827,250.73	6,466,099,358.65
100	Revenues from internal current transfers	4-52-0000	6,306,926,948.54	-	6,306,926,948.54	6,385,082,466.49
110	Revenues from domestic capital transfers	4-51-0000	54,900,302.19	-	54,900,302.19	81,016,892.16
120	Total		6,445,357,673.22	1,499,212.62	6,446,856,885.84	6,511,348,754.62

6,361,827,250.78	0.05
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#### Accounting policies:

a) Revenues are recognized using the accrual method.

b) In the reporting period, there were both monetary grants received from foreign governments, international organizations and state entities, as well as free of charge /

c) In the reporting period, there were also incomes received in the form of transfers from the private sector.

Note N15 Revenue from Exchange Transactions						
Note N15a Revenue from Exchange Transactions other than Gain/(loss) on Disposal of Long-term Assets						
Line Code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budget funds	Non-budgetary funds	Total	
010	<b>Income from property</b>	<b>4-41-0000</b>	-	740,998.89	740,998.89	637,482.81
020	Interest income	4-41-1000		682,322.44	682,322.44	637,482.81
030	Income from dividends	4-41-2000		-	-	
040	Income from rent	4-41-3000		58,676.45	58,676.45	
050	<b>Revenues from sales of goods and services</b>	<b>4-42-0000</b>	27,870.00	3,719,273.68	3,747,143.68	6,559,616.37
060	Revenues from sales of goods		15,062.00	1,770,159.10	1,785,221.10	5,778,096.07
070	Revenues from the provision of services		12,808.00	1,949,114.58	1,961,922.58	781,520.30
080	<b>Transfers and other unclassified income</b>	<b>4-45-0000</b>	-	-	-	-
090	Current transfers and other unclassified income from exchange operations	4-45-1000			-	
100	Capital transfers and other unclassified income from exchange transactions	4-45-2000			-	
110	<b>Total</b>		<b>27,870.00</b>	<b>4,460,272.57</b>	<b>4,488,142.57</b>	<b>7,197,099.18</b>

Note N15b Income from the sale of long-term non-financial assets						
Line Code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			budget funds	Non-budgetary funds	Total	
010	<b>Proceeds from the sale of long-term assets</b>	<b>4-43-0000</b>	-	-	-	-
020	Proceeds from the sale of fixed assets				-	
030	Income from sale of investment property				-	
040	Income from the sale of intangible assets				-	
050	Income from the sale of other long-term non-financial assets				-	



Note N16 Impairment Expenses and Impairment Reversal Income						
Line Code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budget funds	Non-budgetary funds	Total	
Impairment Reversal Income						
010	Incomes generated by reversal of allowance for bad debts	4-91-0000			-	-
020	Incomes arising from the reversal of the reduction in the value of material stocks	4-92-0000			-	6,408.78
030	Incomes generated by reversal of impairment of fixed assets	4-93-0000			-	-
040	Incomes arising from reversal of impairment of investment property	4-94-0000			-	-
050	Incomes arising from the reversal of impairment of intangible assets	4-95-0000			-	-
060	Incomes arising from the reversal of impairment of concessional service assets	4-96-0000			-	-
070	Incomes arising from the reversal of impairment of assets received under finance leases	4-97-0000			-	-
080	Incomes arising from reversal of impairment of other non-financial assets	4-98-0000			-	635,971.00
090	Income arising from reversal of impairment of financial assets (except receivables)	4-99-0000			-	-
100	Total incomes arising from impairment reversals		-	-	-	642,379.78
Impairment costs						
110	Costs of doubtful accounts	5-91-0000	885,269.06	-	885,269.06	368,120.00
120	Expenses for reducing the value of material stocks	5-92-0000	43,669,873.57	58,371.00	43,728,244.57	132,413.01
130	Impairment costs of fixed assets	5-93-0000	28,879.56	198.00	29,077.56	205,152.03
140	Investment property impairment charges	5-94-0000	-	-	-	
150	Impairment costs of intangible assets	5-95-0000	-	-	-	
160	Impairment charges for preferred service assets	5-96-0000	-	-	-	
170	Impairment costs of financial leased assets	5-97-0000	-	-	-	
180	Impairment costs of other non-financial assets	5-98-0000	-	-	-	
190	Impairment costs of financial assets (except receivables).	5-99-0000	89,216.00	-	89,216.00	
200	Total impairment charges		44,673,238.19	58,569.00	44,731,807.19	705,685.04

Note N17 Operating Expenses						
N17 a						
Line Code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budgetary funds	Non-budgetary funds	Total	
010	Labor costs	5-10-0000	48,731,822.41	990,850.81	50,722,673.22	47,559,413.73
020	Costs of goods and services	5-20-0000	310,251,511.17	1,388,087.91	311,639,599.08	339,059,442.04
030	Including salary of freelancers	5-20-1000	163,847,739.46	713,955.92	164,561,695.38	119,275,388.98
040	Lease costs		352,837.97	11,434.64	364,272.61	55,708.00
050	Business trip expenses	5-20-2000	3,991,069.61	156,140.99	3,947,210.60	3,737,832.23
060	Depreciation and amortization expenses	5-40-0000	24,245,795.00	74,628.51	24,320,423.51	20,927,357.00
070	Depreciation expenses	5-41-0000	20,684,219.68	72,362.63	20,756,582.31	17,484,505.00
080	Amortization expenses	5-42-0000	3,561,575.32	2,265.88	3,563,841.20	3,442,852.00
090	Expenses with internal transfers	5-50-0000	47,350,971.24	-	47,350,971.24	14,305,965.37
100	Expenditures with internal capital transfers	5-51-0000	1,303,135.00	-	1,303,135.00	7,072,470.00
110	Expenditures with internal current transfers	5-52-0000	46,087,836.24	-	46,087,836.24	7,233,495.37
120	Social assistance/security	5-60-0000	5,575,941,526.60	83,870.04	5,576,025,396.64	5,703,795,038.86
130	Other expenses	5-70-0000	318,184,675.47	129,213.58	318,313,889.05	391,547,213.32
140	Interest expenses	5-71-0000	-	1,489.00	1,489.00	20,174.00
150	Rent expenses	5-72-0000	-	-	-	-
160	Transfers and other unclassified expenses	5-73-0000	318,169,665.47	127,720.58	318,297,386.05	391,527,037.77
170	Current transfers and other unclassified expenses	5-73-1000	109,872,836.22	124,585.58	109,997,421.80	278,448,630.57
180	Current transfers and other unclassified expenses with exchange operations	5-73-1100	11,367,783.11	97,450.58	11,465,233.69	10,371,322.15
190	Current transfers and other unclassified expenses with non-exchange operations	5-73-1200	98,505,053.11	27,135.00	98,532,188.11	268,077,308.42
200	Capital transfers and other unclassified expenses	5-73-2000	208,296,829.25	3,135.00	208,299,964.25	113,078,407.20
210	Capital transfers and other unclassified expenses with exchange transactions	5-73-2100	28,405.13	3,135.00	31,540.13	2,770.58
220	Capital transfers and other unclassified expenses with non-exchange transactions	5-73-2200	208,268,424.12	-	208,268,424.12	113,075,636.62
230	Expenses related to the property, other than interest	5-74-0000	15,010.00	4.00	15,014.00	1.55
240	Cost related to sale of non-current assets	5-75-0000	-	-	-	-
250	Expense related to the sale of fixed assets		-	-	-	-
260	Expense related to the sale of intangible assets		-	-	-	-
270	Expense related to sale of investment property		-	-	-	-
280	Expense related to the sale of other long-term non-financial assets		-	-	-	-
290	Total		6,325,746,311.80	2,666,630.85	6,328,412,942.74	6,517,194,430.32

0.66

N17 b Expenses with Grants											
Line Code	Title		Turnover of the reporting period						Turnover of the previous reporting period		
			Budget funds			Non-budgetary funds					
			Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
010	In monetary form	5-31-0000	2,587,216.24	-	2,587,216.24	400,451.00	-	400,451.00	1,991,293.04	-	1,991,293.04
020	Issued to foreign governments	5-31-1100	-	-	-	-	-	-	-	-	-
030	Issued to international organizations	5-31-1200	1,849,228.65	-	1,849,228.65	4,277.00	-	4,277.00	467,824.24	-	467,824.24
040	Issued to state units	5-31-1300	737,987.59	-	737,987.59	396,174.00	-	396,174.00	1,523,468.80	-	1,523,468.80
050	Issued to state units of the same level	5-31-1310	148,669.18	-	148,669.18	196,174.00	-	196,174.00	1,523,468.80	-	1,523,468.80
060	Issued to other level state units	5-31-1320	589,318.41	-	589,318.41	200,000.00	-	200,000.00	-	-	-
070	In commodity form	5-32-1000	4,325,081.47	2,901,345.09	7,226,426.56	-	-	-	343,831,352.62	57,131,177.16	400,962,529.78
080	Issued to foreign governments	5-32-1100	767,796.89	246,200.00	1,013,996.89	-	-	-	-	-	-
090	Issued to international organizations	5-32-1200	-	-	-	-	-	-	-	-	-
100	Issued to state units	5-32-1300	3,557,284.58	2,655,145.09	6,212,429.67	-	-	-	343,831,352.62	57,131,177.16	400,962,529.78
110	Issued to state units of the same level	5-32-1310	3,547,820.83	406,976.59	3,954,797.42	-	-	-	343,831,352.62	57,131,177.16	400,962,529.78
120	Issued to other level state units	5-32-1320	9,463.75	2,248,168.50	2,257,632.25	-	-	-	300.37	12,005.70	12,306.07
130	Total		8,912,297.71	2,901,345.09	9,813,642.80	400,451.00	-	400,451.00	345,822,645.66	57,131,177.16	402,953,822.82

2,901,345.09	2,901,345.09	(0.00)
4,325,081.47	4,325,081.48	(0.01)

2,901,345.09

N17 c						
Line Code	Title		Turnover of the reporting period			Turnover of the previous reporting period
			Budget funds	Non-budgetary funds	Total	
010	Subsidies to public corporations	5-33-0000	439,272.20	-	439,272.20	1,172,579.00
020	To non-financial public corporations	5-33-1000	439,272.20	-	439,272.20	1,172,579.00
030	To financial public corporations	5-33-2000	-	-	-	-
040	Subsidies to private enterprises	5-34-0000	-	-	-	-
050	To non-financial private enterprises	5-34-1000	-	-	-	-
060	To financial private enterprises	5-34-2000	-	-	-	-
070	Subsidies to other sectors	5-35-0000	35,063.40	-	35,063.40	453,876.18
080	Total		474,335.60	-	474,335.60	1,626,455.18

Accounting policies:

a) Expenses are recognized by the accrual method, as soon as they are incurred.

b) In fact, the basis for recognition in expenses is the relevant primary accounting documentation based on the content of the operation.

c) The basis of remuneration of employees working on a permanent basis and also those employed under an employment contract is the basis of accrual, which is compiled according to the tables presented by the structural subdivisions.

d) The primary accounting documentation is the basis of the corresponding costs of the goods and services recognized in the relevant articles, the goods put into operation and the services provided: when goods are put into operation, the documents of passage and attachment of inspection acts of handover/acceptance when providing services.

Note N18 Miscellaneous Income and Expenses				
Line Code	Title	Turnover of the reporting period		
		Budgetary funds	Non-budgetary funds	Total
Miscellaneous income				
010	Gains from holdings due to changes in foreign currency exchange rates	27,797,239.67	240.36	27,797,480.03
020	Gains from holdings resulting from the translation of assets in foreign currency	2,337,938.01	-	2,337,938.01
030	Profit from holding as a result of recalculation of liabilities in foreign currency	25,459,301.66	240.36	25,459,542.02
	Income from ownership of assets and liabilities (report effective in 2021)			
040	Profit from holding investments accounted for by the equity method	116,805.85		116,805.85
050	Profit from holding investments accounted for by the equity method	27,914,045.52	240.36	27,914,285.88
Total miscellaneous income				
060	Losses arising from holdings due to changes in foreign currency exchange rates	28,222,261.67	6,955.90	28,229,217.57
070	Loss arising from holding as a result of translation of assets in foreign currency	2,329,978.15	6,955.90	2,336,934.05
080	Loss arising from holding as a result of recalculation of liabilities in foreign currency	25,892,283.52	-	25,892,283.52
	Losses arising from the holding of assets and liabilities (report effective in 2021)			
090	Losses arising from holding investments accounted for by the equity method			
100	Total miscellaneous income	28,222,261.67	6,955.90	28,229,217.57



### **Explanatory Notes for the 2022 Annual Financial Statements of the Ministry of Internally Displaced Persons from the Occupied Territories of Georgia, Labor, Health, and Social Affairs**

These financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), budgetary classification, and the normative acts governing accounting and reporting in Georgia. The accounting policies employed adhere to the provisions of applicable legislation. The Ministry's accounting policy remained unchanged throughout the reporting period. The financial statements are primarily compiled using the accrual method, with the cash method applied as prescribed by the methodology.

The consolidated financial statements for the year 2022 are based on individual financial statements submitted by controlled units of the Ministry IDPs from the occupied territories, Labor, Health, and Social Affairs of Georgia. Financial information is presented in the formats authorized by the Minister of Finance of Georgia through Order No. 24, dated February 4, 2021, titled "Approval of the Instruction for the Preparation and Submission of Financial Statements of Budgetary Organizations." These financial statements are also fully aligned with the core principles and requirements of the International Public Sector Accounting Standards (IPSAS). Throughout the process of preparing these accounting and reporting documents, we have diligently observed all relevant legislative requirements pertaining to accounting and reporting, which are detailed within the explanatory notes.

The purpose of these explanatory notes is to provide supplementary information from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs. This information pertains to the Ministry's operational outcomes, asset management practices, and resource allocation strategies.

Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, identified by program code 2700, is a state-budget-funded organization. The Ministry's

consolidated financial statements encompass comprehensive details concerning the central office and controlled entities, presenting information on the financial position, assets, liabilities, net assets/capital, income, and expenses. These statements are prepared in adherence to the International Public Sector Accounting Standards (IPSAS) and are in line with key principles. They are presented in the form of comprehensive financial statements and accompanying explanatory notes.

Within the reporting period, the financial statements include the following forms:

- a) Financial Statement
- b) Financial Results Report
- c) Statement of Changes in Net Assets/Capital
- d) Comparison Statement of Budget and Actual Amounts
- e) Explanatory Notes

To provide a deeper understanding of the aforementioned forms, the financial statements are complemented by additional information presented in the form of explanatory notes, which include analytical accounting details.

As previously mentioned, the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs carries out its primary functions and responsibilities through programs/sub-programs, utilizing both its central office and legal entities of public law under its state control.

In the year 2022, several significant changes were introduced within the Ministry's organizational structure:

1. Pursuant to Resolution No. 319 of the Government of Georgia, dated June 14, 2022, an amendment was made to Government Resolution No. 473, issued on September 14, 2018, which pertains to the approval of the regulations of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs. This amendment entrusted the implementation of referral services to the Legal Entity of Public Law (LEPL) - National Health Agency, which operates under the state control of the Ministry. Furthermore, this resolution designated the Non-Commercial Legal Entity (NNLE) Georgian Solidarity Fund as the legal successor of both the Ministry and the LEPL National Health Agency. Additionally, Government Decree No. 682, dated April 15, 2022, amended Government Decree No. 1022, dated June 9, 2014, transferring all the founder's authorities as outlined in the fund's charter and Georgian legislation to the Ministry.

Units under the jurisdiction of the Ministry include:

1. LEPL - L. Sakvarelidze National Center for Disease Control and Public Health
2. LEPL - State Fund for the Protection and Assistance of Victims of Human Trafficking
3. LEPL - Agency for Regulation of Medical and Pharmaceutical Activities
4. LEPL - Social Service Agency
5. LEPL - Emergency Situations Coordination and Urgent Assistance Center
6. LEPL - Agency for IDPs, Eco-Migrants, and Livelihood
7. LEPL - National Health Agency
8. LEPL - Employment Promotion Agency
9. LEPL - Labor Inspection Service
10. LEPL - Information Technology Agency
11. NNLE - Medical Holding of Georgia
12. NNLE - Georgian Solidarity Fund
13. JSC Scientific-Practical Center of Infectious Pathology, AIDS, and Clinical Immunology

The current consolidated financial statements encompass the financial reports of IDPs from the occupied territories of Georgia, the controlled entities of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, as well as the balances from the financial statements of the Legal Entity of Public Law (LEPL) - Akhlagori Children's Educational Institution, as of December 31, 2022. These financial statements are prepared based on the assumption of "going concern," designed to meet the informational needs of users, and are characterized by their reliability. The presented information accurately reflects the financial position and performance results of the organization. It's important to note that the information presented in these statements captures the economic essence of operations and events, not just their formal presentation.

The financial reporting is characterized by neutrality and is devoid of subjective bias. The Ministry's deviations from the mandatory requirements of the International Public Sector Accounting Standards (IPSAS) can be attributed to the specific nature of its activities, the principles of Georgia's budgetary system, and the regulatory framework governing its operations.

In light of the unique characteristics of its activities, the Ministry has diligently disclosed any deviations resulting from economic events in the reporting period within these explanatory notes to the financial statements. These notes provide clear explanations for the reasons underlying these corresponding deviations.

#### Funding Sources:

In accordance with the "Budgetary Code of Georgia," the treasury is responsible for executing the budget. The Ministry's financing primarily stems from various sources, including funding received from the state budget, targeted grants, and revenue generated from economic activities (conducted by select controlled entities). Expenditures are incurred to fulfill commitments made within the allocated appropriations. Additionally, the financial statements encompass expenses covered by donors through direct contributions.

#### Key Activities:

The Ministry's core mandate entails the exercise of executive authority in various areas, notably: Development, execution, and coordination of state policies concerning labor, health, and social protection of the population; Formulation and implementation of state policies in the realm of social protection and the resettlement of internally displaced persons, displaced individuals, those impacted by natural disasters, and eco-migrants; Supporting the healthcare system of Georgia; Facilitating the management of the novel coronavirus disease (COVID-19), including initiatives such as "Supporting the Health Care System of Georgia" and "Emergency Response Management for COVID-19," funded by the World Bank, the European Investment Bank, and the Asian Development Bank.

#### Principles of Consolidation:

The individual financial statements submitted by the entities under the Ministry's control are subject to consolidation. This process aligns with the provisions outlined in international accounting standards for the public sector (IPSAS) as adopted by the Ministry. In compliance with international standards, full exclusion or elimination, as per IPSAS-35 "Consolidated Financial Statements," was partially implemented in cases where subordinate units engaged in providing various services and had made advance payments or "cash grants" after the services were delivered. In such instances, only income and expenses were excluded from consolidation, as a complete consolidation of operations with a reduction in funding would have resulted in discrepancies with Form 5 of the financial statements, "Statement of Comparison of Budget and Actual Amounts," which contradicts the requirements of IPSAS 24 for presenting budget information in financial statements. It is important to note that following the implementation of the electronic treasury ledger, such operations will be fully aligned with international standards.



#### Reporting Currency:

Consolidated financial statements are prepared in the national currency - Georgian Lari.

#### Foreign Currency Operations:

During the 2022 reporting period, as part of the emergency response management programs for COVID-19, there were transactions conducted in a currency different from the reporting currency. These transactions are treated as foreign currency operations in accordance with the standard and are subject to the requirements specified in IPSAS-4 "Foreign currency exchange rate changes and induced consequences." Following the provisions of this standard, monetary items denominated in foreign currency were recalculated as of the reporting date using the official exchange rate established by the National Bank at the end of the reporting period. Non-monetary items, on the other hand, were recorded in the accounts based on the exchange rate in effect at the time of the initial advance.

The information in the present explanatory notes is derived from practical activities and includes certain deviations from standard practices, along with explanations of economic operations and information about adjustments in the financial statements.

#### Central Office of the Ministry:

In accordance with the "Budgetary Code of Georgia," the treasury is responsible for executing the budget. The primary funding sources for the Central Office of the Ministry include allocations from the state budget (including third-party payments reflected in the state budget), targeted grants, and credits. Financial reporting incorporates information regarding the execution of the state budget, prepared in compliance with current legislation, utilizing the cash method. Expenditures are incurred to fulfill commitments made within the budgetary allocations. Additionally, the financial statements encompass expenses incurred by donors through direct contributions. It's essential to note that the information in these explanatory notes is based on practical activities.

#### Assets and Liabilities:

Assets and liabilities within the financial statements are categorized into long-term and short-term items.

The financial statements of the Ministry's central office adhere to the International Public Sector Accounting Standards (IPSAS), recognizing economic events in the accounting process as soon as

they occur, in accordance with the accrual principle and based on the primary accounting documents provided.

Assets, including goods and material values, received from donors such as international organizations and foreign governments, as well as private legal entities without any exchange, are valued at the price determined by the supplier, representing the actual value of these assets for the organization. Assets received gratuitously from government entities are recognized at their cost as documented in the primary accounting records.

#### Tangible Assets and Long-term Small-Value Assets:

Material stocks in the statement of financial position are presented at a cost that encompasses all expenses associated with their acquisition.

During the reporting period, a significant portion of the movement (inflow and outflow) of goods and material values is attributed to the CCVIO-19 pandemic. These goods were acquired or received for distribution or service to beneficiaries and various government sector units, including medical first-aid supplies of various types and purposes. The handling of these supplies was less intensive and voluminous compared to the previous year.

Furthermore, as a response to urgent humanitarian needs for the population affected by events in Ukraine in 2022, the Ministry, in accordance with the Government of Georgia's Decree No. 363, dated February 26, 2022, procured medical assets using resources allocated from the Government of Georgia's reserve fund. Material supplies (specifically, medical first-aid goods) were obtained free of charge and subsequently dispatched as humanitarian aid. The cost of this humanitarian aid amounted to 1013 996.89 GEL.

To determine the write-off of commodity-material values at their cost, the Ministry's office employs the weighted average method.

In the reporting period, the Ministry received material supplies valued at 1,856,536 GEL in the form of commodity grants. This includes material supplies worth 1,854,751 GEL from international organizations and material supplies worth 1,785 GEL from state entities. Additionally, the private sector contributed medical supplies worth 591,090 GEL as other income. Furthermore, aside from receiving commodity stocks, the Ministry conducted operations involving the free transfer of material stocks that were both purchased and obtained free of charge to various state entities. A total of 50,430,279 GEL worth of material stock was provided to state units as commodity grants.

During the reporting period, as a result of an inventory process initiated by order N01-418/O on October 18, 2021, the Ministry assessed, wrote off, and transferred to the Legal Entity of Public Law (LEPL) State Property National Agency those material stocks that were deemed unfit for operation. These material stocks were located in Warehouse No. 2 in the village of Mukhrani.

#### Fixed Assets:

The primary assets for the reporting period are reflected as balances in the financial statement (balance sheet) - Form N I. For a clearer understanding of the financial statements, the analytical record of receipts and outflows of non-financial assets is presented in the explanatory notes (Note 6, Note 8, Note N11).

#### Basis of Assessment:

The main assets acquired by the Ministry's office comply with the requirements outlined in the standard. In the preparation of the current consolidated financial statements, the initial (historical) value was utilized for recognizing fixed assets. This is because budgetary organizations do not employ the revaluation method. The Ministry's fixed assets are recognized and evaluated at their original (initial) value, in accordance with consistent methodological rules and principles. An exception to this rule is the real (one-time revalued) value of an asset intended to be transferred in the form of a numerical lease on the Office of the Ministry balance sheet. This asset was assessed in accordance with Legal Entity of Public Law (LEPL) rules, based on the product examination report from the Samkharauli National Examination Bureau dated September 27, 2022, numbered 5006610822. The reassessed value of the asset amounted to 980,000 GEL. This asset was leased to NNLE "Jo Ann University Hospital" from April 27, 2022, to December 31, 2022, under agreement No. 1 dated November 4, 2022. The lease rent value specified in the contract was 99,633.33 GEL, of which 87,383.33 GEL was allocated to the budget, and 12,250 GEL was paid on January 4, 2073.

Fixed assets that were acquired or received for the Ministry's own use and are recognized in the financial statements meet the criteria for recognition as assets, as they are expected to provide economic benefits or service potential, and their value can be reliably measured. These fixed assets are actively utilized in current operations. The cost of a fixed asset encompasses all expenses directly associated with bringing the asset to its designated location and making it operational.

In accordance with the International Public Sector Accounting Standards (IPSAS), depreciation on depreciable assets is charged based on their expected useful service periods. This aligns with the instructions on reflecting depreciation/amortization in accounting and financial statements, as outlined in the Minister of Finance's Order dated December 2, 2020, No. 289. The depreciable cost of fixed assets is systematically allocated over the asset's estimated useful life. It is important to note that

during the reporting period, the Ministry did not conduct the mandatory inventory as required by legislation. Consequently, asset valuation in operation was based on their actual value, and the determination of the corresponding useful service life was not possible due to the absence of inventory. We wish to clarify that in the upcoming reporting period, the Ministry has plans to carry out the inventory of assets recorded in the financial statements, ensuring compliance with standard requirements for fixed/intangible assets. Simultaneously, the inventory commission will verify assets shown on off-balance sheet accounts and assess them based on their current condition and potential value.

The Office of the Ministry recognizes maintenance and repair costs related to fixed assets that do not increase the asset's accounting value as expenses. However, when there is a substantial improvement to an existing asset, significantly enhancing its quality and extending its useful life, the Ministry treats it as a substantial improvement of the asset and accounts for it as a purchase in the corresponding classification article. During the reporting period, there was one such case amounting to 800 GEL, which, based on the classification, was considered a purchase of fixed assets/substantial improvement.

In addition to assets acquired or received for its own purposes, the Office of the Ministry, as part of its core activities, acquires/receives primary assets intended for transfer to beneficiaries (displaced persons, eco-migrants) and other entities (state clinics) under agreements signed within the framework of state programs. Assets acquired or received free of charge for transfer to other units are recorded by the Ministry's office under balance account 1-27-4200. In accordance with standard requirements and the instructions outlined in Order No. 289 dated December 2, 2020, the Office of the Ministry does not charge depreciation on assets transferred to other entities. The receipt/disposal of assets transferred to other entities is reflected in explanatory notes N11 in the financial statements.

When receiving tangible assets and fixed assets through non-exchange transactions (free of charge), although the standard requires their assessment at fair value, assets are recognized at their cost value at the date of acquisition. In order to save the costs associated with evaluation/expertise of budgetary funds, as evaluating them would entail additional expert expenses, the Ministry deems it prudent to use the cost model for accounting fixed assets. Specifically, unlike the requirements of the standard, fixed assets obtained through non-exchange operations are evaluated/recognized through (primary accounting) documentation with a specified cost.

#### Intangible assets

According to IPSAS standards, are recognized as assets when it is expected that economic benefits or service potential can be obtained from their use, and the asset's value can be reliably measured. Intangible assets recognized by the Ministry are used in ongoing activities. Due to the inability to conduct the mandatory inventory in 2022, intangible assets that do not meet the required criteria are recorded on the Ministry's balance sheet.

The concept of an asset and its criteria, including identifiability, legal right (the right to use), the expectation of receiving economic benefits, and the ability to control risks, are being actively reviewed, studied, and assessed for impairment by the LEPL Information Technologies Agency in collaboration with the Ministry's office. Based on the commission's decision, those intangible assets that are not in operation during the current period or do not meet the criteria for recognition as assets in the current period, considering their characteristics and intended usage, will be separated.

#### Financial assets and liabilities

Financial assets and liabilities are categorized as short-term and long-term financial assets and liabilities. Financial assets and receivables are valued at their nominal value. Fines and sanctions accrued on financial assets and claims are recognized as income, and the corresponding asset account is adjusted accordingly. Financial claims primarily result from advance payments. Additionally, on the Ministry's balance sheet, there are requirements transferred from the balance sheets of organizations that were liquidated in different periods in previous years. A significant portion of these requirements is old and not identifiable, and they will undergo testing and recognition on the relevant accounts based on the findings and decisions of the inventory commission. It is worth noting that during the reporting period, there was a reduction in the requirement previously recognized as a fine in previous years, amounting to 37,875 GEL, based on Enforcement Order #3/6422-17 issued by the Civil Affairs Board of the Tbilisi City Court on August 2, 2019.

#### Financial Obligations

Obligations, as shown in the financial position statement, are categorized as financial liabilities and payables, both of which can be either short-term or long-term.

According to the Ministry's balance sheet data, both receivables and payables arising from previous years, as well as claims and liabilities recognized as a result of economic transactions in the current period, are included. As of December 31, 2022, the Ministry's office reported receivables of 216,000,760 GEL and payable debts of 130,785,982 GEL for the reporting period. There has been a decrease in claims that were transferred as advances in previous years, which is reflected in the relevant notes (Note 3, Note 6, Note 11, Note 4).

According to the Ministry's balance sheet data, "Long-term budgetary loans" have been accrued based on Government of Georgia Decree #309 dated February 20, 2014. These long-term budgetary loans were issued, and at the beginning of 2019, the outstanding loan amount was 4,844,824 GEL. The creditor clinics did not reduce this obligation during the reporting period.

The 2021 financial statements did not reflect the Legal Entity of Public Law (LEPL) agreement between the National Agency of State Property and the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, which was signed on September 24, 2021. This agreement granted the Ministry the right to manage the state-owned shares of JSC "Scientific-Practical Center of Infectious Pathology, AIDS and Clinical Immunology," with an invested capital of 4,243,664 GEL. This oversight was corrected in the current reporting period using the appropriate adjustment account due to significant errors in the recording of investments in equity instruments (Account 1-21-2000).

The Ministry's balance sheet data also includes liabilities from liquidated organizations that accumulated in various periods of previous years. A significant portion of these liabilities is old and unidentifiable. These liabilities will be subject to verification by the inventory commission, and based on the commission's decision, they will be recognized in accordance with their assessed values in the relevant accounts.

#### Statement of Comparison of Budget and Actual Amounts

The statement comparing budget and actual amounts provides data on cash payments categorized according to the budget classification. In the 2022 reporting period, the approved budget amounted to 92,400,000 GEL, the adjusted budget was 107,568,654 GEL, and actual cash expenditures reached 97,633,668 GEL.

#### Surplus/Deficit Adjustments:

During the reporting period, corrective actions were taken concerning the Office of the Ministry assets, liabilities, and undistributed surplus/deficit. These adjustments were applied retrospectively and had an impact on the opening balances for 2022. These corrections were implemented in accordance with the recommendations of the State Audit Service. The financial statements for the previous year (2021) were adjusted (increased) by 6,696,533 GEL.

Adjustments were made to the following balance accounts:

1. Reduction of short-term claims (fines/discharges) by 32,980 GEL.
2. Adjustment of advance payment requirements for 2020-2021 based on documentation submitted by suppliers, resulting in an increase in the balance arising from advance payment requests at the end of 2021 by 224,652 GEL.
3. One-time revaluation of an asset in accordance with the conclusion #5006610822 of the LEPL Levan Samkharauli National Bureau of Forensic Expertise, resulting in a one-time revaluation of the asset to be transferred to another entity, amounting to 413,500 GEL.

4. Adjustment of the value of assets to be transferred to another unit purchased in the year 2020-2902, resulting in a reduction by 2,253,760 GEL as per the presented document.
5. Depreciation adjustment of fixed assets, resulting in an increase of 1,447 GEL.
6. Adjustment of liabilities recognized in 2021, resulting in a reduction by 4,153 GEL based on the submitted document.
7. Adjustment of fixed assets transferred in 2021, resulting in an increase by 4,731 GEL.
8. Increase of long-term financial assets by 4,243,664 GEL based on the agreement signed in 2021 between the LEPL State Property Agency and the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, as well as the extract from the share register.

Changes in the prior year balances of the financial statements are documented in the relevant notes to the financial statements: Note 2a, Note 4, Note 5, Note 6, Note 11, and Note 13.

We provide the explanatory notes for the 2022 individual financial statements of the entities subordinated to the Ministry.

### **Explanatory Notes for the 2022 Annual Financial Statement of LEPL Levan Sakvarelidze National Center for Disease Control and Public Health.**

The purpose of these explanatory notes is to provide additional information about the results of the organization's activities, asset management, resource deployment, and more for LEPL Levan Sakvarelidze National Center for Disease Control and Public Health.

The financial statements are prepared in accordance with IPSAS and the normative acts regulating accounting and reporting in Georgia. Accounting policies allowed by current legislation are applied. Due to the specific nature of the center, the consolidation of two independent financial accounts is carried out to accommodate the center's independent team, including a financial team, for the financing of global projects.

The financial statements of the Center up to and including December 31, 20022 include the following state programs:

- 27 01 03 disease control and epidemiological safety program management;
- 27 03 02 01 Early detection and screening of diseases;



27 03 02 02 01 Immunization;  
 27 0302 02 02- Immunization (administration of vaccinations against the new coronavirus disease - CCVI0 19);  
 27 03 02 03 Epidemic supervision;  
 27 03 02 04 safe blood;  
 27 03 02 05 public health, environmental and occupational health.  
 promotion of obligations in the field;  
 27 03 02 0602 Tuberculosis management;  
 27 03 02 07 02 HIV infection/AIDS;  
 27 03 02 08 02 Maternal and child health;  
 27 03 02 10 health promotion;  
 27 03 02 11 02 Hepatitis C management;  
 27 03 03 10 01 03 Management of infection (CCVI-19) caused by the new corona virus (5#N5-C0V-2) measures to be implemented by the center for promotion;  
 27 03 02 06 03 Program for Universal Access to Quality Diagnosis and Treatment of All Forms of Tuberculosis;  
 27 03 02 07 03 Support to Prevention of HIV Infection/AIDS in Georgia, improving the quality of life of people living with HIV/AIDS by improved treatment and care measures.

In 2022, the center's funding sources included funding from the state budget, targeted grants, including direct payments, and commercial activities.

Following IPSAS 3 and the accounting policy "Changes in Accounting Estimates and Errors," and in response to deficiencies identified in the Center's 2021 financial statements by the State Audit Service of Georgia, adjustments were made to the opening balances in the 2022 financial statements. Specifically, in the "Statement of Changes in Net Assets/Equity," adjustments were made due to other changes in equity, including:

- Based on the state audit recommendation, outstanding returned assets from 2021 were adjusted by 49,942 GEL.
- An asset issued in 2021 and returned in 2022, amounting to 1,483,771 GEL, was recognized as income.
- Billing of medical expenses to suppliers in 2021 was reduced by 131,745 GEL due to duplication.
- The price of the non-residential building was adjusted by 25,992 GEL based on the state audit recommendation.
- An information asset was adjusted by 90,967 GEL according to the state audit service recommendation.

As of January 1, 2022, the Center's own funds account had a balance of 3,028,496 GEL, with 3,015,610 GEL held in the 18C Bank, and 12,886 GEL in the Treasury Service of the Ministry of Finance.

Non-financial assets:

During the reporting period, the Center received a total of 2,508,942 GEL worth of non-financial assets, which are detailed in the appropriate balance sheet. These assets include information about the donor, their respective values, and related accounting transactions.

In 2022, the Center transferred a total of 341,731 GEL under the category of non-financial assets, which encompass equipment (10,200 GEL), targeted grants (203,247 GEL), the state immunization program (26,944 GEL), and cash expenses incurred from its own income (76,560 GEL).

Additionally, 108,582 GEL was transferred from the targeted grant to the LEPL Information Technology Agency for software (module installation). However, neither the Center nor the recipient capitalized this amount, as the module is not included in the balance sheet of any organization.

Furthermore, cash expenses of 20,845 GEL were incurred for the customs clearance of a vehicle within the limits of own income. These expenses represent the costs associated with the subsequent customs clearance of the vehicle as instructed.

Notes #3 and #6 include 244,832 GEL in income, comprising 228,057 GEL in cash and 16,775 GEL that has been capitalized.

Material supplies:

Throughout the reporting period, the center received material supplies totaling 38,209,933 GEL. These supplies are detailed in the appropriate balance sheet, providing information about the donor, values, and associated accounting procedures.

During 2022, the center wrote off 24,426,123 GEL worth of inventory, including vaccines, test systems, and other consumables, due to expiration. However, certain expired items listed on the center's year-end balance sheet and in the stock module, totaling 1,114,285 GEL, were not written off. This decision was made following the recommendation of the permanent write-off commission established by the director's order. The relevant structural units explained that these items could still be used, offering potential savings for the state budget, and thus no decision was made to write them off. These items are being utilized gradually.

#### Utilization of fixed capital:

Depreciation on fixed capital was conducted at the end of the 2022 reporting period in accordance with the "Approval of the Instruction on the Accounting of Depreciation/Amortization by Budgetary Organizations and Its Reflection in Financial Statements," issued by the Minister of Finance of Georgia on December 2, 2020. As per the instructions outlined in Order No. 289, the accumulated depreciation amounted to 5,455,823 GEL, comprising 5,318,898 GEL in depreciation of assets and 136,925 GEL in amortization of intangible assets.

#### Accounts receivable:

As of the end of the reporting period, receivables total 15,287,837 GEL, primarily from the following major suppliers:

- 494,4561 GEL) from the state immunization program, aimed at facilitating the vaccination process for Georgia's population. This is in accordance with the regulatory norms specified in the Law of Georgia on the State Budget of Georgia (Chapter VIII, Article 30). The center utilizes a mechanism for providing vaccines and consumables through the United Nations Children's Fund CNIC, based on advance invoices transferred in advance.
- 2,776,312 GEL from the tuberculosis and HIV/AIDS state program, aimed at the elimination of these diseases, with advance payments made to foreign suppliers of first-line medicines.
- 604,502 GEL from the state program of epidemic surveillance, intended for providing the drug SOLFAK for malaria prevention among the population.
- 262,794 GEL from targeted grants obtained by the Center, as per the Government of Georgia's resolution. An advance of 1,057,670 GEL was transferred to co-implementers, both domestically and abroad, in relation to these grants. Of this amount, 622,120 GEL was transferred to foreign partners, and 435,550 GEL to legal entities under public law (names and amounts are provided in the appendix). As the center receives documentation confirming completed work, receivables decrease accordingly.
- 46,417 GEL for services rendered by the center, as established by the decree of the Government of Georgia, within the limits of its own income.
- 1,232,344 GEL in sanctions imposed by the Center on healthcare service providers due to improper execution of state procurement contracts, and also an amount to be returned to the budget due to test systems transferred from the state and utilized by providers participating in the state program of COVID-19 testing as vouchers. An amount of 82,393 GEL was paid to the budget as fines during the year. The budget incurs a loss of 316,104 GEL in relation to imposed but unpaid sanctions. Since payment is occurring gradually, the financial and economic department has initiated legal measures concerning the outstanding sanctions.

- Additionally, in 2022, the Center allocated 1,407,950 GEL to the state budget. This amount was obtained as an advance transfer from the United Nations Children's Fund and from the purchase of first-line medicines from foreign suppliers.
- As of December 31, 2022, the Center's targeted grants in the state treasury in the national currency amount to 237,389 GEL. A similar balance is also recorded in the accounting program ORIS. However, in the statement of the Center's targeted grant under the organizational code 27 01 03, as of December 31, the balance is 217,264 GEL. The difference of 20,125 GEL represents the balance of expired grants in the treasury account. The Center has initiated a request to the treasury service of the Ministry of Finance of Georgia to transfer this balance to the state budget.
- In 2022, based on the decision of the inventory commission established by the General Director's order, assets worth 89,217 GEL were written off. These assets, which consist of various denominations, include 54 lost and unaccounted-for units. Additionally, materials related to these assets have been handed over to law enforcement authorities. Furthermore, a accounts payable from 2003, owed by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs to the Center, in the amount of 82,550 GEL, was written off during this year.

Accounts payable:

The total accounts payable stands at 8,280,212 GEL, classified as follows:

Employee Salary Arrears: 226,267 GEL, comprising 82,550 GEL of unpaid salaries from 2003, and 25,750 GEL accrued from targeted grants in December 2023, including unpaid travel expenses and salary arrears (anticipated funding from donors). Currently, these debts are settled through targeted grants. The outstanding work for existing donors amounts to 5,263,173 GEL.

Provider Services in 2022: Services rendered under state healthcare programs, represented by vouchers and documented through acceptance and delivery acts, total 2,073,606 GEL. This amount is financed in 2023 with an expected deduction of 687,194 GEL.

Budget and Actual Amounts Comparison:

Over the 12-month period in 2022, the center incurred cash expenses totaling 137,214,640 GEL through state programs, targeted grants, and its own revenues. This includes 15,575,727 GEL from targeted grants and 1,877,506 GEL from the center's revenues, which were not reflected in the reported forms.

Note N 6 Fixed Assets / Note N 8 Intangible Assets / Note N 11 Other Non-Financial Long-term Assets:

As of the reporting period's end, fixed assets are valued at 5,428,985 GEL. Acquisitions during the period amount to 936,048 GEL, with 644,869 GEL in current purchases and 291,179 GEL from unfinished assets in other non-financial assets.

The book value of intangible assets at period's end is 851,831 GEL. Acquisitions in the current period total 569,650 GEL, pertaining to unfinished assets in other non-financial assets. Following the audit service's recommendation, accumulated depreciation was recalculated by 14,305 GEL due to the revision of application lifespans, setting a 10-year term for two applications previously deemed indefinite.

In 2022, expenditures on non-financial assets were 1,078,638 GEL, against asset receipts of 1,505,698 GEL, resulting in a 427,060 GEL difference. This is attributed to short-term accounts payable for non-financial assets (including previous period obligations of 6,092 GEL and end-of-period debt of 448,515 GEL), reclassification of transferred amounts under non-financial assets (17,582 GEL), and exchange rate variations (2,220 GEL).

Note N3 material supplies:

In 2022, a total of 13,204,752 GEL of material stock was received on the balance sheet of the center, and the cost of exit is 12,415,172 GEL. In the current period, the Center recognized a depreciation reserve of 6,380 GEL, of which the value of written-off and destroyed stocks at the end of the reporting period is 4,948 GEL. In the current period, the value of the previous reporting period was reduced by the accumulated impairment reserve, since the mentioned assets were written off and destroyed.

in previous accounting periods; This change did not affect the inventory value of the previous period.

Statement of changes in net assets/equity.

In the current period, the initial balance of the undistributed surplus/deficit was recalculated with the following operations: 11,964,911 GEL was recognized as a liability of the previous period's cash balance/paid advances in order to recognize conditional grants; 198,795 GEL recognized as income in previous periods paid by the donor as an advance to a third party, which was returned to the donor during 2022; 15,578 GEL adjustment of depreciation/amortization amount of the previous period.

Note N2a Current investments and short-term receivables/Note N4 Other short-term (current) assets

At the end of the reporting period, the receivables amount to 4,844,336.00 GEL. between them:

a) Short-term receivables to the treasury amount to 4,346,257 GEL, which includes the funds available within the target grant in both national and foreign currencies (US dollars); g) short-term tax receivables with value added tax of 401,668 GEL, which includes refundable VAT for the purchase of goods/services within the scope of the targeted grant; c) Receivables with fines amounting to 96,411 GEL, which includes the fine imposed for untimely performance of procurement contracts.

At the end of the reporting period, the value of advances paid for goods and services amounts to 617,570 GEL. In the current period, the balance of the previous reporting period was recalculated with a net amount of 187,845 GEL, which represents the amounts paid by the donor as an advance to a third party, which was returned to the donor during 2022, and the recognition of the amount paid to the supplier by the center as an advance based on a credit note.

Note N13 Accounts payable, Interests, and Other Liabilities:

As of the reporting period's end, short-term liabilities totaled 7,207,306 GEL, comprising:

a) Short-term Accounts payable: 2,258,792 GEL. The initial balance was recalculated with an increase of 2,270 GEL due to higher transportation costs of goods in direct payments for 2021.

b) Other Short-term Liabilities: Including advanced grants received from donors, totaling 4,948,514 GEL. The initial liability balance was reevaluated and set at 11,964,911 GEL. This adjustment accounts for conditional grants received but unspent by the end of 2021, advances from the previous accounting period, and refundable VAT paid in 2021, recognized as additional liabilities in the opening balance for 2022.

Note N14 Income from Non-Exchange Operations:

The targeted grant from the Global Fund, a conditional grant, mandates the execution of activities as per the approved budget (service provision/goods procurement) and the donor's validation of the corresponding annual expenses. Income from internal transfers in the current reporting period is 26,273,891 GEL, reflecting the cash expenditure of 2022, adjusted for advances at the start and end of the period, obligations, and refundable VAT, which is not an expense as it is a tax to be refunded.

Current transfers and other unclassified income from non-exchange transactions in 2022 amount to 102,539 GEL. This figure represents penalties imposed for non-fulfillment of purchase agreements.

#### Reference Article:

The Center records long-term assets and consumables purchased for transfer to other organizations under grant agreements and approved budgets in reference accounts. As per donor regulations and guidelines, ownership of these assets during the grant implementation period transfers to service-providing organizations responsible for the program's activities. These organizations are accountable for the assets' accounting, maintenance, and operational costs. The Center also maintains a consolidated asset register for reporting to the donor.

As of December 31, 2022, the residual value of long-term assets transferred to service providers is 7,409,637 GEL, with pharmaceuticals and consumables balance at 3,561,795 GEL.

#### **Explanatory Notes to 2022 Financial Statements of LEPL Medical and Pharmaceutical Regulatory Agency**

These notes offer further insight into the Regulatory Agency's activities.

The financial statements comply with Georgia's prevailing accounting-reporting regulations, including:

- The February 4, 2021, N24 Order of the Finance Minister, "On the approval of instructions for preparing and submitting financial statements of budget organizations."
- The May 5, 2020, N108 Order of the Finance Minister, "On approval of instructions for financial accounting and reporting by budget organizations according to International Public Sector Accounting Standards (IPSAS)."
- The June 15, 2020, N17 Order of the Finance Minister, "On approval of the accounting reports plan for budget organizations and instructions for its use."
- The December 2, 2020, N289 Order of the Finance Minister, "On approval of instructions for accounting depreciation/amortization by budget organizations and their reflection in financial statements."

LEPL Agency for Regulation of Medical and Pharmaceutical Activities carried out its activities on the basis of the regulations approved by the Minister of IDPs from the Occupied Territories, Labor, Health and Social Protection of December 30, 2011 #64.

The source of financing of the regulatory agency is the state budget and own revenues. In 2022, cash expenses from the state budget amounted to 5,610,168.49 GEL, own revenues amounted to 2,081,016.55, and actual expenses amounted to 2,022.

This year, budget funds amounted to 6,108,090.84 GEL, and non-budgetary (own) funds to 269,704.83 GEL.

In 2022, the regulatory agency has received 458,397 GEL of capital grants in the form of goods, the grantor is the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs.

Cash and their equivalents The agency has a receivable balance of 1,419,610.98 GEL, of which 1,400,099.16 GEL balance in commercial banks and 19,511.82 GEL generated by the registration fees of drugs pre-paid by foreign companies at different times, to the unified state budget account.

At the end of 2022, short-term receivables in the amount of 1,001,016,000 GEL accrue to the Regulatory Agency: short-term (current) receivables of budgetary organizations to the treasury, with non-budgetary (own) funds 1,038,712.36 GEL; Tax receivables 11,127.13 GEL.

Depreciation/amortization for the reporting year was calculated taking into account the useful service terms determined by the instruction "On Accounting and Financial Reporting of Depreciation/Depreciation by Budget Organizations" approved by the Order X289 of the Minister of Finance of Georgia dated December 2, 2020 (by dividing the initial values by the number of years of useful service).

At the end of 2021, the regulatory agency had a short-term accounts payable of 21,962.88 GEL, comprising tax liabilities (21,946.16 GEL in VAT and 16.72 GEL in pension fund contributions). Additionally, there was another accounts payable of 1,021,123.08 GEL, stemming from non-tax income (own income) received in advance.

During the reporting year, the agency generated its own income amounting to 2,031,016.55 GEL, of which 1,995,600.00 GEL came from the sale of goods and services, and 35,416.55 GEL from interest charged by a commercial bank.

An accounting error from 2021 amounting to 616.08 GEL was rectified. In 2021, the agency received a laptop from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, with an initial cost of 3,080.38 GEL and accumulated depreciation of 616.08 GEL. It was erroneously recorded on the balance sheet at its residual balance value of 2,464.30 GEL, instead of the initial value. This error was corrected in 2022.



## **Explanatory Notes to the 2022 Financial Statements of LEPL National Health Agency**

The 2021 financial statements of the LEPL National Health Agency (hereinafter "the Agency") have been prepared in accordance with the accounting and reporting normative acts in force in Georgia. These include key regulations such as the Order N24 of the Minister of Finance of Georgia dated February 4, 2021, "On approving the instruction on the production of financial accounting and reporting by budgetary organizations based on International Public Sector Accounting Standards (IPSAS)"; Order N108 of the Minister of Finance of Georgia dated May 5, 2020; and the June 15, 2020 Order N17 of the Minister of Finance of Georgia "on the approval of the plan of accounting reports and the instruction on its use". Additionally, the agency adheres to the "On the approval of the instruction on the reflection of depreciation/amortization by budget organizations in accounting and financial reporting" of the Minister of Finance of Georgia dated December 2, 2020 N28 9 orders.

The Agency's activities are governed by the Resolution N36 of the Government of Georgia dated February 21, 2013, "On some measures to be carried out in order to transition to universal health care"; the Resolution N169 of the Government of Georgia dated April 20, 2015, "On the Approval of the State Program for Hepatitis C Management"; and various Government of Georgia decrees regarding the approval of state health care programs in respective years, which outline the provision of social services including medical services and medication supply.

The insights and details in these explanatory notes are aligned with the accounting policies adopted by the Agency. Here, we outline the principal accounting approaches employed:

- Economic events are recorded in the accounts using the accrual method, based on the event's occurrence date, except in cases involving the purchase of utility services and other continuous services as defined by the budget classification of Georgia. In these instances, accounting entries may be made on the date of the confirming document's preparation, irrespective of the actual event date.
- Considering the deadlines for medical service provision set by state healthcare programs, the submission and review of intermediate documentation from medical institutions, and the finalization of acceptance acts, there are instances of economic events from the reporting period not yet fully confirmed (currently under review, with potential adjustments to the amounts requested by the medical institutions).
- Penalties imposed as fines are recognized as receivables (1-13-4610) on the date of the relevant fine act/decision execution. Such assets are categorized as income from sanctions and fines (4-44-0000).
- Refunds of payments made to the organization in previous years under financial sanctions are treated as overpaid short-term (current) receivables (1-13-9400) and income from current

external transfers not classified elsewhere (4-45-1000). These receivables are recognized based on the date of the relevant act/decision execution.

- The material stocks accounts (1-14-00000) record assets of minor value and other materials and supplies essential for the agency's own activities and for distribution to others (primarily beneficiaries) either freely or at a nominal value.
- Upon acquisition, material stocks are valued at cost. When received gratis from public institutions, they are valued according to the amount noted in the transfer document (receipt-handover act).
- For interchangeable material supplies, either individual or weighted average cost formulas are employed to ascertain costs. Receipts from budget organizations via non-exchange transactions are recognized as income in the form of current commodity grants (4-32-1000). For supplies from other legal entities, income is recognized as other current external transfers (4-45-1000).
- When material supplies are utilized, they are recorded as actual expenses in the respective goods and services expense category (5-20-0000). If transferred free to budgetary organizations, they are categorized under current commodity grant expenses (5-32-1000). For transfers to beneficiaries and other legal entities, they are recorded as social (5-63-0000) and other current external transfers in the expense category (5-73-1000).
- Small-value assets in use are recorded on off-balance accounts in the relevant reference articles (8 04) until their write-off, following the established legal procedures and the head's decision.
- In cases of non-financial asset transfers, short-term (current) non-monetary receivables (01-15-2100) are recognized for legal entities receiving non-financial assets (e.g., medicines, medical equipment, materials) as a free transfer, which are ultimately to be transferred or utilized by the beneficiary.
- "Fixed Assets" (1-22-0000): When purchased, these assets are valued at cost. When received free of charge from public institutions, they are valued at the amount stated in the transfer document (handover act).
- Spare parts and auxiliary equipment used exclusively with a specific fixed asset are classified as fixed assets. Depreciation of fixed assets is calculated using the straight-line method, with the useful service periods and residual value of each class of fixed assets determined as per the instruction approved by the Minister of Finance's Order N289 dated December 2, 2020, "On accounting for depreciation/amortization by budgetary organizations and reflection in financial statements".
- Income from fixed assets received from budgetary organizations through non-exchange operations is recognized as a capital grant (4-32-2300) in commodity form.
- When transferring basic assets free of charge to budgetary organizations, the expense is recognized as a capital grant (5-32-2300). For transfers to beneficiaries and other legal entities, it is recognized in the social (5-63-0000) and other capital external transfers (5-73-2000) expense category.

- After determining the balance sheet value, main assets are recorded in off-balance sheet accounts, in the relevant reference articles (8 08), until written off according to the commission procedure, as established by legislation and by the head's decision.
- Intangible Assets (1-24-0000) are evaluated using the cost model.
- Intangible assets will be amortized using the straight-line method.
- The useful service terms for calculating depreciation are established by the instruction approved under the Order N289 of the Minister of Finance of Georgia, dated December 2, 2020, titled "On Accounting of Depreciation/Amortization and Reflection in Financial Statements by Budgetary Organizations".
- Assets intended for transfer to other entities (1-27-4200) include long-term assets acquired or received for subsequent distribution to other legal entities to provide services to beneficiaries. The agency retains these assets for a brief period (less than 1 year), distributing them as appropriate cases arise. Upon their utilization for the intended purpose, the expenses are recorded under social services (5-63-0000).
- A cash grant refers to a targeted grant either received or disbursed directly in cash, or involving the receipt/disbursement of cash. The free transfer of other financial assets (receivables) from and to budget organizations is recognized as income from commodity grants (4-32-0000) and as an expense (5-32-0000).
- Income from the sale of goods and services is classified as non-budgetary income permitted by law - own funds. Here, the sale of goods and services is treated as work performed by a non-market institution.
- When fines levied on suppliers or amounts to be paid/returned to other budgets are included in the central budget, a non-tax liability to the treasury (2-13-1200) is incurred, which is reflected in the expenses as internal current transfers (5-52-0000).
- Payments made to private legal entities or individuals, as well as costs arising from court-imposed amounts and other unclassified expenses, are categorized as expenses with external transfers (5-73-0000).
- Impairment of assets is recorded in the account for accumulated impairment loss of short-term (current) assets (1-19-0000) and as expenses arising from other economic flows (5-90-0000).

Pursuant to the Government of Georgia's Resolution N509 dated August 17, 2020, "On the Establishment of a Legal Entity under Public Law - National Health Agency," the Agency was designated as the successor to LEPL - Social Service Agency in managing state healthcare programs. Based on this resolution, during 2022, within the state program for providing drugs for chronic disease treatment, a balance of 1,302,521 GEL in own funds income was transferred from LEPL - National Health Agency to LEPL - Social Services Agency. This transfer was classified as income from a cash grant (4-31-0000). Additionally, various requests totaling 1,477,091 GEL and a commitment of 14,690 GEL were received from LEPL - Social Service Agency (2-16-1000 - Commitments. Temporarily placed with funds in the treasury). The receipt of assets was recognized as income with

current in-kind grants (4-32-0000), and the receipt of liabilities as expenses with current in-kind grants (5-32-0000).

As per Article 2 of the Government of Georgia's Resolution N319 dated June 14, 2022, which amends the September 14, 2018, N473 Resolution "On Approving the Regulations of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, the responsibilities for making decisions regarding the provision of appropriate medical care within the "referral service" were transferred to NNLE Solidarity Fund of Georgia. This included the functions, rights, and duties outlined in the Government of Georgia's Resolution N331 of November 3, 2010, with LEPL National Health Agency being the legal successor in terms of requirements and obligations. According to Article 2, Clause 2 of the Resolution, in 2022, NNLE Solidarity Fund of Georgia was awarded by LEPL National Health Agency within the "referral service" state program to provide necessary medical assistance (treatment/diagnosis) outside of Georgia, to medical institutions in foreign countries. From 2010 to 2022, receivables in the form of unverified amounts transferred as advance totaled 26,037,126 GEL. The issuance of claims was recognized as an expense under current commodity grants (5-32-0000).

The categorization of the transfer of receivables and obligations as a commodity grant is attributed to the lack of specific accounts for interdepartmental movements of receivables and obligations during rights transfers in situations mentioned above, as per the account plan outlined in the "Accounting Plan of Accounts of Budgetary Organizations and Instructions on Its Use," approved by Order N17 of the Minister of Finance of Georgia dated January 15, 2020.

Medications and pharmaceutical products are recorded on the agency's balance sheet under material supplies (1-14-1420). These supplies are initially stored and then periodically or directly issued (as in the case of medical consumables and medicines purchased under the "State Program of Dialysis and Kidney Transplantation" of Georgia) within the framework of state healthcare programs, for distribution at participating clinics and pharmacies. These medicines remain on the balance account until directly dispensed to beneficiaries, at which point they are expensed as social services (5-63-0000). Medicines that expire or become unusable for other reasons are recorded in the reference account as assets held for responsible custody (8 02). Any reduction in value of these medicines, whether due to expiration or other reasons, during the reporting period is considered a decrease in the accumulated value of material supplies (1-19-3000) and an expense for the reduction in value of material supplies (5-92-0000).

The order of the Director of LEPL National Health Agency dated September 10, 2021, NI0-103/o, regarding the approval of forms for consumables and medicine requests within the "Purchase and Delivery of Dialysis Facilities, Materials, and Medicines Needed for Hemo and Peritoneal Dialysis" component of the "State Dialysis and Kidney Transplantation Program," rendered the June 25, 2020,

N04-316/O order of the LEPL Social Service Agency invalid. The latter required medical facilities to provide monthly reports on the expenditure of medical facilities, materials, and medicines for hemodialysis and peritoneal dialysis received from component supplier medical institutions (Klitsyki0), which was omitted in the September 10, 2021, X10-103/O order. Consequently, clinics did not submit reports on the expenditure of funds, materials, and medicines after August 2021.

To ascertain precise data on the accounting of dialysis facilities, materials, and medicines for hemo and peritoneal dialysis, the agency analyzed information from its statistics and testing service and service provider institutions (clinics). The agency's department responsible for organizational assurance, monitoring, treatment, and medical devices administration of state health protection programs utilized reporting cards to determine the expenditure data for supplies provided by the clinics in 2021 and 2022. Consequently, the expenditure data for 2021 was adjusted upwards by 11,475,426 GEL using the undistributed surplus/deficit adjustment report (3-22-0000), and the expenditure data for the reporting period of 25,340,153 GEL was recorded in 2022 (5-63-0000 – expenses with other social assistance).

Under the state health protection programs, the performance of medical service providers is subject to inspection at any stage, with various financial sanctions applied for detected violations:

- a) Refusal to fully compensate for the incident: In such cases, the provided services are not recognized in accounting until the agency, upon identifying the violation, agrees to pay the amount.
- b) Return of the amount in cases of already paid: This involves two scenarios. 1) If the amount reimbursed is for services rendered in the current reporting period, the claim to the supplier is recognized as a short-term (current) receivable with overpaid amounts (1-13-9400) and a reduction in the cost of social services (5-63-0000). 2) If the amount reimbursed is for services rendered in the previous accounting period, the short-term (current) receivable with overpaid amounts (1-13-9400) is recognized as other unclassified income (4-45-1000), because the sanction, based on the relevant act/decision, is imposed on the current date, and the information about the amount to be returned would not exist without the current period's verification and act/decision.
- c) Additional financial fine: In such instances, the request to the supplier is recognized as a short-term (current) demand for fines, sanctions, and penalties (1-13-4610), and an increase in income from sanctions, fines, and penalties (4-44-0000).

Sanctions are imposed following the identification of a defect/violation or the conclusion of an inspection conducted as per the state health protection programs' requirements, based on the pertinent act/decision. The request is recognized in accounting on the date of this act/decision. If a medical institution contests the act/decision, the request remains on the balance account until the

court's final verdict. Should the court ultimately annul the imposed sanction, the corresponding amount is removed from the balance sheet as an asset impairment, specifically under interest on doubtful short-term (current) receivables (1-19-2000) and doubtful/bad debt expense (5-91-0000).

Per the Government of Georgia's Resolution N36 dated February 21, 2013, "On some measures to be implemented in order to transition to universal health care," financial sanctions levied on medical service providers are treated as a monetary obligation (payable) due to the state budget or state program budget. This resolution also outlines the procedures for enforcing financial sanctions, which include withholding/deducting funds from the reimbursement amount due to the supplier (for medical services provided in the current period). Thus, when deducting the amount, reimbursement is made minus the deductible amount as determined by the acceptance-handover act, and the residual amount is recognized as a reduction in the demand recorded as a financial sanction. In instances where the supplier voluntarily pays the financial sanction (or a part of it), the amount is deposited into the central budget under the relevant revenue code, and this transaction leads to a reduction in the demand recorded as a financial sanction.

In 2022, the Unallocated Surplus/Deficit Adjustment Report (3-22-0000) was utilized to amend the initial balance sheet data for the reporting period, addressing missing or incomplete information. This adjustment led to a decrease in the capital surplus/deficit rate by 8,862,452 GEL. The initial balances of specific balance sheet items were recalculated as follows:

- Short-term (current) receivables (1-13-0000) were reduced by 349,456 GEL, accounting for the write-off of unreal receivables totaling 333,110 GEL identified in the 2021 inventory report, along with the payment of previous years' sanction amounts into the budget and the reduction of erroneously duplicated sanction amounts by 16,346 GEL. Conversely, they were increased by 1,596,947 GEL to reflect the adjustment of receivables identified as sanctions in 2021.
- Material supplies (1-14-0000) decreased by 11,475,426 GEL due to the adjustment of the 2021 expenditure rate on dialysis facilities, materials, and medicines for hemo and peritoneal dialysis beneficiaries within the State Program of Dialysis and Kidney Transplantation. There was a nominal increase of 52 GEL related to the state program for managing the "new coronavirus (SARS-CoV-2) infection (COVID-19)" for December 2021.
- Other short-term (current) assets (1-15-0000) decreased by 406,353 GEL, reflecting adjustments to funds transferred in advance to foreign clinics under the "referral service state program" based on documentation confirming service provision in previous years.
- Short-term (current) payables (2-13-0000) increased by 226,271 GEL due to the recognition of outstanding obligations from 2021 with adjustments. There was a decrease of 1,998,055 GEL, which included a reduction of erroneously duplicated obligations by 496,672 GEL and a decrease of 1,497,462 GEL due to the cancellation of data in the "Financial Module" and

"Hesperus" programs that were initially marked "approved" (on which basis the liabilities were recognized in 2021) and the absence of finalized acceptance-handover acts.

- The retrospective adjustments reflecting economic events from previous years in the balance sheet data impacted the following accounts:
- Short-term (current) receivables (1-13-0000) decreased by 38,069 GEL. This reduction was due to the re-evaluation of existing demands from imposed sanctions by 37,675 GEL based on a decision/act from 2019. The LEPL - Social Service Agency did not reduce the demand, and the full amount was transferred to LEPL - National Health Agency in 2022. Consequently, the reduction of the sanction amount, during the period when it was absent from the agency's balance sheet, was retrospectively adjusted and recognized as an expense for doubtful/bad receivables (5-91-0000). Additionally, a prospective adjustment reduced the amount already transferred to the budget by 394 GEL, categorized as expenses with current transfers made by revenue-collecting units to the treasury (5-52-1000).
- Short-term (current) payables (2-13-0000) increased by 11,344,178 GEL. This increase was due to the lack of information about services provided by clinics in 2021 at the time of preparing the 2021 financial statements. The necessary documentation was either not presented or was in the process of being processed in paper form and on CD, and thus not reflected in the relevant programs ("Financial Module" and "Hesperus"). The account then decreased by 146,997 GEL as a result of processing the 2021 service documentation from the clinics. The liabilities were initially recognized based on the data in the approved status in the relevant programs ("Financial Module" and "Hesperus"). The cancellation of these data and the absence of finalized acceptance-handover acts led to the liabilities being retrospectively adjusted and offset with a reduction in other social assistance expenses (5-63-0000).

In the financial reporting note N13 (accounts payable, interest, and other liabilities), the cash percentage increase/decrease in accounts payable reflects the portion of liabilities scheduled for payment with 2022 budget allocations or own funds. Other increases/decreases are attributed to different reasons. This includes:

- Increase/decrease in liability, encompassing: recognition/reduction of non-tax liability to the treasury when clinics pay sanction amounts to the central budget; and the portion of obligations from received medical services which, under the financial sanctions imposed according to the Government of Georgia's Resolution N36 dated February 21, 2013, "On some measures to be implemented in order to transition to universal health care," are deducted from the amounts to be reimbursed to the clinics (where the imposed sanction and the recognized obligation offset each other).
- The decrease in the initial balance of short-term (current) interest (2-14-0000) by 25,444,471 GEL in note N13 (accounts payable, interests, and other liabilities) results from the signing of

acceptance-handover acts for confirmed amounts after processing the documentation submitted for medical services provided by clinics. Of this, 2,325,060 GEL in previous interest was reversed after processing the documentation for medical services with unconfirmed amounts (lacking acceptance acts), leading to a reduction in interest.

- In note N14b (income from grants), grants received in the form of goods include material supplies worth 8,165,397 GEL; fixed assets valued at 2,711,580 GEL; and receivables totaling 1,477,091 GEL received from the LEPL Social Service Agency. In note N17b (expenditures with grants), grants issued in the form of goods include material supplies worth 600 GEL; fixed assets valued at 828,059 GEL; receivables amounting to 26,037,126 GEL transferred to the NNLE Georgian Solidarity Fund; and 14,690 GEL in accounts payable received from the LEPL Social Service Agency.
- In note N14c (income from other operations), transfers and other unclassified incomes include medicines valued at 29,586,606 GEL provided free of charge by private companies. Additionally, it encompasses the recognition of 1,179,175 GEL in sanctions from programmatically reimbursed and refundable amounts from previous years (1-13-9400) and 27,251 GEL in other unclassified receivables (1-13-9900) as unclassified income.

Within the scope of the "State Program of Referral Services," there were certain financial transactions and adjustments:

- An undisclosed amount of 19,348 GEL, returned to the treasury's currency account from foreign clinics, currently remains as a balance on the currency account.
- Post-June 2022, advance payments amounting to 41,875 GEL, returned from foreign clinics, have been transferred to the NNLE Georgia Solidarity Fund under N17 (operating expenses).

In the category of Transfers and other unclassified expenses:

- Medications valued at 37,235 GEL were provided free of charge to private companies.
- Medicines worth 977 GEL were transferred to an expert company for examination purposes as samples.
- Commission fees totaling 333 GEL were withheld by intermediary financial institutions during the transfer of embezzled and excessively received funds from foreign companies to the foreign currency account.
- Other unclassified services, fees, and payments incurred during the reporting period amounted to 50,886 GEL.
- Payments of 125,599 GEL were made pursuant to court judgments.

Regarding the claims recorded on the agency's balance sheet in the form of sanctions imposed on clinics (1-13-4610 - short-term (current) claims for other fines, sanctions, and surcharges; 1-13-9400 - short-term (current) monetary claims with excessively paid amounts by mistake), most are contested by the clinics. These cases are currently under consideration at various court instances. As of



December 31, 2022, legal proceedings are ongoing for claims amounting to 40,221,310 GEL, and final decisions are yet to be made.

Since its inception, the Agency has been involved in numerous court cases, predominantly concerning the annulment of decisions to deny payment for medical services based on the inspection of medical case reporting documentation. In these instances, the disputes are addressed through administrative proceedings in court, with the focus being on invalidating individual administrative-legal acts. The claimant medical institutions pay the state duty at a rate set for non-property disputes, as the disputed acts do not specify the reimbursement amount refused by the medical institution.

If the dispute resolves in favor of the medical institution, the medical cases are re-evaluated by the Department of Health Protection State Program Management. Only after this reclassification is the amount due for reimbursement for the disputed medical case determined. Consequently, at the court proceedings stage, in most cases, the plaintiffs do not specify the value of the dispute (i.e., the disputed amount). Currently, there are several lawsuits pending concerning decisions to deny reimbursement of medical services, where the amounts involved have not been quantified. These amounts have not been recognized as either interest or contingent liabilities in the financial statements.

Liability and expense recognition regarding these disputes will occur upon reimbursement of the amount mandated by the final court decision. This recognition will take place on the date the relevant court decision is issued.

The 2021 inventory process for property, receivables, and liabilities at the agency was conducted from November 2021 to April 2022. Following this process, the inventory results protocol, finalized on May 30, 2022, led to the decision to write off unreal receivables totaling 333,110 GEL and unreal accounts payable amounting to 2,665 GEL. This adjustment was partially accommodated through the use of the account (3-22-0000) for surplus/deficit adjustment.

Beginning in October 2022, the agency initiated the mandatory inventory process for the year 2022. By March 6, 2023, the inventory of main assets and supplies (excluding medical and medicinal supplies) was completed. The results protocol from this inventory indicated a decision to commence write-off procedures for damaged, non-functional office equipment and inventory that were no longer suitable for further use. Accordingly, March 30, 2023, was designated as the deadline for finalizing the results and conclusions of the inventory of medical facilities, supplies, receivables, and liabilities.

**Explanatory Notes to the 2022 Financial Statements of NNLE Solidarity Fund of Georgia (within the context of the "referral service state program,")**

As per Article 2 of the Government of Georgia's Resolution N319 dated June 14, 2022, "On Approving the Regulation of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs" and the preceding regulation dated September 14, 2018, the functions, rights, and duties established by the Government of Georgia's Resolution X331 of November 3, 2010, were assigned to the NNLE - Solidarity Fund of Georgia. This transfer designated the NNLE - Solidarity Fund of Georgia, in part, as the legal successor of the LEPL - National Health Agency in the realm of the referral service. In line with Article 2, Clause 2 of the Resolution, in 2022, the NNLE - Solidarity Fund of Georgia received a transfer from the LEPL - National Health Agency under the "referral service" state program. This transfer involved the provision of relevant medical assistance (treatment/diagnosis) to medical institutions outside of Georgia. During the period from 2010 to 2022, there were receivables in the form of unverified amounts transferred in advance, totaling 26,037,125.97 GEL. These receivables were recognized as income from current commodity grants (4-32-0000).

The transfer of claims as a commodity grant is classified as such due to the absence of accounts designated for interdepartmental movement of requirements and liabilities during rights transfers in the "Accounting Plan of Accounts of Budgetary Organizations and Instructions on Its Use," approved by Order N17 of the Minister of Finance of Georgia dated January 15, 2020.

In financial statement note N13 (Accounts payable, Interests, and Other Liabilities), the cash percentage increase/decrease in accounts payable indicates the portion of liabilities subject to 2022 budget allocations. Other increases/decreases refer to changes in obligations for various reasons, including the transfer of income received by foreign currency clinics to the treasury, accounting for the exchange rate difference.

Note N14b (Income from Grants) details grants received in the form of goods, comprising material supplies valued at 6,550 GEL, fixed assets worth 6,678 GEL, and receivables totaling 26,037,126 GEL received from the LEPL National Health Agency.

Note N17 (Operating Expenses) includes transfers and other unclassified expenses, such as 332 GEL retained by intermediary financial institutions as commission fees during the transfer of funds from foreign companies to foreign currency accounts.

## **Explanatory Notes to 2022 Financial Statements of LEPL Labor Inspection Service**

The 2022 annual financial statement of the LEPL Labor Inspection Service (organizational code 27 05 02) was prepared in accordance with the Minister of Finance of Georgia's Order dated February 4, 2021, #24. This order approved the instruction "On the Preparation and Submission of Financial Statements of Budgetary Organizations." In aligning with these instructions, the Labor Inspection Service adhered to the main principles and requirements of the International Public Sector Accounting Standards (IPSAS). Additionally, in the process of "production of accounting" and report preparation, all relevant legislative requirements for accounting and report preparation were meticulously observed. This compliance is further elaborated in the explanatory card.

The 2022 accounting at the LEPL Labor Inspection Service was conducted using the ORIS accounting program, as stipulated by the Minister of Finance of Georgia's Order dated May 5, 2020, N108. This order pertains to the "Preparation of Financial Accounting and Reporting by Budgetary Organizations Based on the International Public Sector Accounting Standards (IPSAS)" and the approval of the "Instruction on the Plan of Accounting Reports of Budgetary Organizations and Its Use," as per Order #17 dated January 15, 2020. In accordance with the requirements of these "instructions," the Labor Inspection Service also utilized the allowed exceptions specified in the orders, including the employment of a developed work report plan.

The LEPL Labor Inspection Service engaged auditing firms for the assessment of assets. Below are essential explanations that underpin its financial statements:

- The LEPL Labor Inspection Service conducts its accounting in strict adherence to relevant legislation and its internally developed accounting policy document.
- The financial reporting within the LEPL Labor Inspection Service was meticulously prepared using standardized rules, methods, and forms.
- For the preparation of its 2022 accounting and financial statements, the LEPL Labor Inspection Service utilized the following standards:
  - a) IPSAS 1 – Presentation of Financial Statements;
  - b) IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors;
  - c) IPSAS 9 – Revenue from Exchange Transactions;
  - d) IPSAS 12 – Inventories;
  - e) IPSAS 17 – Fixed Assets;
  - f) IPSAS 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers);
  - g) IPSAS 24 – Presentation of Budget Information in Financial Statements;

- h) IPSAS 31 – Intangible Assets;
- i) IPSAS 34 – Separate Financial Statements;
- j) IPSAS 39 – Employee Benefits.

The selection of these standards was guided by the specific nature of the LEPL Labor Inspection Service's operations and the non-requirement of other standards during the 2022 accounting period and the financial statement preparation process.

#### Financial Statement

In the 2022 report, short-term assets amounted to 3,019,858 GEL for the reporting year. We will explain this figure according to its sub-components. Regarding the sub-components of current assets:

1. Line 003 includes 1,777,400 GEL from the previous reporting period (2021). As of January 1, 2022, this amount stood at 1,777,400 GEL in the account 003 of the Labor Inspection Service for the previous reporting period. Out of this, 2,972,096 GEL constitutes the total amount of fines imposed by the Service, which remained unpaid until January 1, 2023, and is accordingly reflected in the current receivables account. Additionally, 32,000 GEL represents own funds received by the Service, which have been placed in the relevant account of the Treasury Service and are reflected in the current receivables account.

2. Line 004 displays the initial and final balances of available stocks and small inventory as of 01.01.2023.

3. On line 005, under other short-term assets from the previous reporting period, we have the amounts transferred as advances within the framework of agreements based on bank guarantees. Specifically, 656,400 GEL is the amount transferred as an advance for the purchase of cars, and 6,123.74 GEL is the amount transferred as an advance for the purchase of specialized shoes for inspectors. The total advances amount to 662,523.74 GEL, and these have been utilized during 2022. Consequently, the advances have been reduced. For the current reporting period, 150 GEL represents the amount paid as an advance to the accountants of the Imereti regional office, transferred from the state with the right of lifetime use.

As of January 1, 2022, short-term liabilities amount to 500.03 GEL, which are covered in the 2022 provision. Additionally, during 2022, short-term liabilities in the amount of 2,242 GEL were incurred, and these were covered in the first quarter of 2023.

In the 2022 report, long-term assets amounted to 7,138,126 GEL for the reporting year. Detailed information about these assets will be provided in the explanatory notes.

To provide clarity regarding the assets and liabilities recorded in the consolidated statement of financial position, we explain the main principles defined by the accounting policy:

- ✓ Assets and liabilities are accounted for using the accrual method.
- ✓ Material stocks are recognized at their cost price.
- ✓ The First in – First Out (FIFO) method is employed to write off material stocks, including long-term small-value assets and material stocks; this means that the items acquired first are the first to be utilized.
- ✓ Valuation and accounting of the main assets are performed using the cost model.
- ✓ Depreciation of fixed assets is conducted using the linear method of depreciation.
- ✓ Valuation and accounting of intangible assets are carried out using the cost model.
- ✓ Intangible assets are amortized using the straight-line method of amortization.
- ✓ The useful life and book value of each class of fixed assets and intangible assets are determined in accordance with the instruction "On approving the instruction on the accounting of depreciation/amortization by budget organizations and reflection in financial statements," as approved by the order of the Minister of Finance of Georgia dated December 2, 2020, under number 289.
- ✓ In line with the first paragraph of Article 4 of the Instruction "On Approving the Instruction on Depreciation/Amortization Accounting and Financial Reporting by Budgetary Organizations," as approved by Order No. 289 of the Minister of Finance of Georgia dated December 2, 2020, the LEPL Labor Inspection Service does not charge depreciation to assets in the warehouse that are not yet in operation and are not being depreciated.

#### Consolidated Statement of Financial Results

1. Revenues from sanctions, fines, and penalties amounted to 3,337,732 GEL, comprising:
  - 3,309,700 GEL, representing the total fines imposed by the LEPL Labor Inspection Service in accordance with legislation during the year 2022.
  - 28,032 GEL, reflecting fines imposed for violations of agreement terms.
2. Income from grants totaled 226,160 GEL, broken down as follows:
  - 20,151 GEL, a capital grant received from an international organization.
  - 14,179 GEL, a current grant received from the international organization.
  - 20,898 GEL, a capital grant received from the same level state body.
  - 170,932 GEL, a current grant received from the same level state body.

Notably, the current grant from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs amounted to 14,638 GEL, while the capital grant was 164,361 GEL.

Detailed information about grants will be provided in the accompanying notes.

3. Revenues from internal transfers amounted to 5,484,828 GEL, representing funding received from the budget.

4. Income of 32,000 GEL was obtained from exchange operations, comprising fees for accrediting educational institutions. A sum of 32,300 GEL is recorded in Treasury data. An additional 300 GEL represents amounts erroneously deposited by an individual, pending return, and hence, not recognized as income.

5. Miscellaneous income totaled 1,727,200 GEL, consisting of a one-time assessment of assets transferred to the LEPL Labor Inspection Service free of charge from the state, granting the right of lifetime use (for the opening of Adjara and Imereti regional offices). It should be noted that since this initial receipt pertained to the LEPL Labor Inspection Service's establishment in 2021, recalculating the previous period is not feasible. Consequently, all asset valuations are reflected under miscellaneous income.

6. Internal transfers include expenses amounting to 2,175,036 GEL, comprising:

- 2,147,004 GEL from fines imposed by the LEPL Labor Inspection Service in accordance with the law (years 2021-2022), with funds directed to the budget during 2022.
- 28,032 GEL, representing funds directed to the budget due to penalties imposed for violations of agreement terms.

7. Of the 79,746 GEL reflected in grant costs:

- 77,460 GEL represents a capital grant transferred from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs.
- 7,286 GEL represents a cash grant issued to an international organization.

The above definitions and data amounts pertain to operations carried out since 2021.

All revenues and expenses will be recognized by the LEPL Labor Inspection Service using the accrual method, except for cases defined by law or other exceptions. Specifically, revenues from internal transfers will be recognized using the cash method. However, for utility and non-stop services where

expense identification is challenging or allocation is insufficient, the expense for December may be recognized based on the document creation date.

### A Consolidated Statement Comparing Budget and Actual Amounts

In the report comparing the budget and actual amounts, the budget performance includes cash data as follows: - Approved budget: 6,325,000 GEL; Adjusted budget: 5,554,168 GEL; Cash expenditure: 5,489,828 GEL.

### Explanatory Information Regarding the Forms of Explanatory Notes and the Accounting Policies Used

#### 1. Note #2a.

- The 2,940,096 GEL reflected in the note represents the total fines imposed by the LEPL Labor Inspection Service in accordance with legislation from 2021 to January 1, 2023, which remained unpaid as of January 1, 2023, and are recorded as receivables.
- An additional 32,000 GEL consists of funds received as own income, which is documented in requests to the Treasury using non-budgetary (own) funds in the national currency.

#### 2. Note #3.

- Concerning material stocks, the net realizable value is not determined, and the accounting of stocks is based on their cost price.
- Supplies totaling 35,077 GEL were received in the form of grants from various organizations:
  - i. 14,638 GEL worth of inventory and other material supplies were provided by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs.
  - ii. 1,794 GEL worth of low-cost furniture was received from the Office of the Minister for Reconciliation and Civil Equality.
  - iii. Low-cost computer equipment valued at 3,867 GEL was obtained from LEPL Revenue Service.
  - iv. Low-cost computer equipment worth 600 GEL was received from the Ministry of Justice.
  - v. 2,175 GEL was granted for a guide from the International Organization for Migration.
  - vi. Office equipment valued at 7,421 GEL was obtained from the "Regional Development Agency."
  - vii. Low-cost office phones worth 4,583 GEL received from UNDP.

- An amount of 6,124 GEL represents the corresponding reflection of advance payments made in 2021 for inspectors' special shoes, which were utilized in 2022.
- Furthermore, 42,500 GEL reflected in other receipts corresponds to a one-time assessment of furniture provided free of charge by the state to the regional offices.

### 3. Note N4

- An advance payment of 150 GEL for the metering of the regional office.

### 4. Note N6

- An asset valued at 191,083 GEL was received as a grant, consisting of:
  - i. Vehicles with a balance value of 74,301 GEL provided by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs.
  - ii. Various assets of different denominations with a balance sheet value of 90,060 GEL received from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs.
  - iii. Fixed assets with a book value of 6,571 GEL obtained from the Ministry of Internal Affairs.
  - iv. Fixed assets with a book value of 8,740 GEL obtained from the "Regional Development Agency."
  - v. Various fixed assets with a book value of 11,411 GEL received from "UNDP."
- An amount of 1,851,755 GEL presented in the column of other receipts includes:
  - i. The land of the Imereti regional office was assessed at 853,500 GEL (one-time assessment).
  - ii. The Imereti regional office building was assessed at 430,000 GEL (one-time assessment).
  - iii. The Adjara regional office building was valued at 395,000 GEL (one-time valuation).
  - iv. Part of the furniture delivered to the regional offices was valued at more than 500 GEL, totaling 6,200 GEL (one-time evaluation).
  - v. An accumulated depreciation of 75,253 GEL on cars.
  - vi. An accumulated depreciation of 72,341 Lari on information, computer, telecommunication, and other devices, furniture, and equipment.
  - vii. An accumulated depreciation of 19,461 GEL on other machinery and equipment.
- An amount of 656,400 GEL represents the reduced advances from the previous reporting period, reflecting the amounts paid in advance for the purchase of automobiles, which were subsequently ordered in 2022.
- An amount of 77,460 GEL represents cars (two units) issued as a grant, transferred from the occupied territories of Georgia to the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs.



- Accumulated depreciation of 40,441 GEL reflected in the column of other withdrawals was canceled during withdrawal.

#### 5. Note N8

- The movement of intangible assets in the note is carried out according to the same principle as in Note N6.
- Intangible assets were detailed and distributed in the appropriate categories based on applicable instructions and form-specific requirements.

#### 6. Note N13

- Accounts payable incurred during 2022 amounts to a total of 2,242 GEL, comprising:
  - i. 1,672 GEL in debt related to services provided by suppliers.
  - ii. 570 GEL in debt related to business trips.

#### 7. Note #14

- Details about received grants are explained in the explanation provided in Note N6.
- Revenues from sanctions, fines, and penalties totaling 3,337,732 GEL consist of:
  - i. 3,309,700 Lari, representing the total fines imposed by the LEPL Labor Inspection Service in accordance with the legislation during the year 2022.
  - ii. 28,032 Lari, representing the total fines imposed due to violations of the terms of agreements.

#### 8. Note N15

- 32,000 GEL represents income received in accordance with the issuance of accreditation as stipulated by legislation.

#### 9. Note N17

- Internal transfers include a payment of 2,147,004 GEL from fines imposed in 2021-2022, as well as a payment of 28,032 GEL to the budget due to violations of agreement terms.
- Additionally, 99,557 GEL was paid to the budget in 2022 from fines imposed before 2021. Since the LEPL Labor Inspection Service was established in 2021 and cannot record the previous period, information about payments in 2022 based on fines imposed before 2021 will be provided by the LEPL Labor Inspection Service in an explanatory note.

#### 10. Note N18

- The amount of 1,727,200 GEL on line 050 represents the result of a one-time assessment of assets, which is explained in detail in the discussion of Notes 3 and 6.

Taking into account all the above information and transactions, the total positive balance of unallocated surplus/deficit for the reporting period amounted to 10,155,783 GEL.

## **Explanatory Notes for the 2022 Annual Financial Statements of the LEPL Social Services Agency**

These explanatory notes provide additional information on the organization's financial results and activities.

The financial statement is prepared in accordance with the regulatory acts governing accounting and reporting in Georgia. It primarily follows the requirements defined by the following acts: "On the Approval of Instructions for the Preparation and Submission of Financial Statements of Budgetary Organizations," Minister of Finance of Georgia Order dated February 4, 2021, No. 24. "On the Approval of the Instruction on Financial Accounting and Reporting by Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)," Minister of Finance of Georgia Order dated May 5, 2020, No. 108. "On the Approval of the Plan of Accounting Reports of Budgetary Organizations and the Instruction on Its Use," Minister of Finance of Georgia Order dated June 15, 2020, No. 17. "On the Approval of the Instruction on Accounting for Depreciation/Amortization by Budgetary Organizations and Reflection in Financial Statements," Minister of Finance of Georgia Order dated December 2, 2020, No. 289.

1. The LEPL Social Services Agency makes transfers related to various state expenses. These transfers are recognized as expenses in the current period. In cases where funds from the previous period need to be returned due to incorrect calculations, the death of the beneficiary, or other reasons, these claims are recognized as short-term (current) claims with interest on overpaid amounts. Capital adjustments are made as a result of fundamental (substantial) errors. These adjustments do not affect the current year's expenses.

- In 2022, the "Corrections as a result of fundamental (substantial) errors" report reflects the amounts returned from the previous period in both 2022 and 2021. This is due to amendments to the Law "On Social Assistance," which affected excessively issued subsistence allowances and social packages. As a result, receivables amounting to 221,759.54 GEL were written off. Many debtors were notified of their debts, and some organizations provided receipts confirming payment, which had been made in the previous period. Consequently, the capital adjustment for the previous year amounted to 1,908,850.28 GEL.

2. Transfers of 1,477,090.9 GEL to the LEPL National Health Agency and 137,100 GEL to the LEPL Employment Promotion Agency are classified as current commodity grants (totaling 1,614,190.9 GEL), while the transfer of obligations (14,690,365 GEL) is recognized as income from current commodity grants. The classification of the transfer of requirements and obligations as a commodity grant is due to the absence of specific reports intended for interdepartmental movements of requirements and obligations during the transfer of rights. This is similar to the situation mentioned in the plan of accounts developed by the "Accounting Plan of Accounts for Budgetary Organizations and Instructions on Its Use," approved by Minister of Finance of Georgia Order No. 17, dated January 15, 2020. It's important to note that cash grants refer to grants received or issued directly in cash.

## **Explanatory Notes for the 2022 Financial Statements of LEPL Emergency Situations Coordination and Urgent Assistance Center**

The purpose of these explanatory notes is to provide additional information regarding the organization's activities, asset management, and resource deployment by the LEPL Emergency Situations Coordination and Urgent Assistance Center.

The "Financial Statement" has been prepared in accordance with the regulatory acts governing accounting and reporting in Georgia. It adheres to accounting policies allowed under current legislation. The primary basis for these financial statements is the requirements defined by the following acts:

- "On Approving the Instructions for the Preparation and Submission of Financial Statements of Budgetary Organizations," Minister of Finance of Georgia Order No. 24, dated February 4, 2021.
- "On the Approval of the Instruction on the Production of Financial Accounting and Reporting by Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)," Minister of Finance of Georgia Order No. 108, dated May 5, 2020.
- "On Approval of the Plan of Accounting Reports of Budgetary Organizations and Instructions on Its Use," Minister of Finance of Georgia Order No. 17, dated January 15, 2020.
- "On Approving the Instruction on Accounting for Depreciation/Amortization by Budgetary Organizations and Reflecting It in Financial Statements," Minister of Finance of Georgia Order No. 289, dated December 2, 2020.

The Center is a state-funded organization, and its financial statements encompass various state programs as of December 31, 2022. These programs include:

270106 - Coordination of emergency situations and management of urgent assistance.

27 03 03 07 01 - Primary and emergency medical care provision sub-program.

27 03 03 10 01 07 - Measures to be implemented by the emergency center to promote the management of the infection caused by the new coronavirus (COVID-19).

The change in the balance from the previous reporting period for the Center, amounting to 721,392 GEL (821,192.79 - 99,801 GEL), is attributed to the retrospective recalculation of significant errors from previous periods. Specifically:

- An increase in capital by 99,801 GEL due to the adjustment of land value.
- A reduction in capital due to material supplies that were transferred to village doctors in previous years. These supplies were initially recorded on the center's balance sheet as small and disposable supplies, resulting in a decrease of 821,192.79 GEL.

During 2022, the Center's funding primarily came from the state budget. This funding includes targeted grants and own revenues.

As of January 1, 2023, the balance in the Center's own funds account is 2,541,193 GEL. This balance is distributed as follows:

- Balance in the deposit account at "TBC" Bank: 2,206,993 GEL.
- Balance in the deposit account at "Bank of Georgia": 334,200 GEL.
- Balance in the Treasury Service of the Ministry of Finance: 211,395 GEL.

#### Material Supplies:

In 2022, a total of 21,395,026 GEL worth of material assets were added to the center's balance sheet. Among these assets, 17,196,177 GEL worth were acquired through purchases, and 4,198,849 GEL worth were received free of charge. Additionally, supplies valued at 4,055,478 GEL were transferred to the center from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs. As of January 1, 2023, the remaining balance of material supplies is 12,795,027 GEL.

#### Main Assets:

In 2022, a total of 19,119,278 GEL worth of main assets were added to the center's balance sheet. This includes assets worth 5,953,840 GEL acquired through purchases and assets valued at 1,3165,438 GEL received free of charge. Notably, main assets amounting to 12,304,176 GEL were transferred to the center from the Ministry of IDPs, Labor, Health, and Social Protection for IDPs from the occupied territories of Georgia. As of January 1, 2023, the remaining balance of main assets is 88,290,498 GEL.

#### Utilization of Fixed Capital:

Depreciation on fixed capital was recorded at the end of the 2022 reporting period. Following the guidelines set in the instruction approved by the order X289 of the Minister of Finance of Georgia dated December 2, 2020, the total depreciation charged amounted to 366,472 GEL.

#### Accounts Payable / Receivable:

At the conclusion of the reporting period, short-term (current) receivables amount to 831,875 GEL.

The amount of short-term accounts payable is 147,629 GEL, and other short-term liabilities, which are related to targeted grants, total 373,044 GEL. Therefore, the total short-term liabilities amount to 520,673 GEL.

#### Comparison of Budget and Actual Amounts:

In 2022, the center incurred cash expenditures amounting to 146,127,889 GEL. Additionally, the center utilized 271,978 GEL from its own income for expenses during the same period.

**Explanatory Notes to 2022 Annual Financial Statements of LEPL State Employment Promotion  
Agency**

Note #2(a)

Short-term (current) receivables with accrued interest and penalties had an initial balance of 4,800 GEL for the reporting year.

This amount represents fines imposed on companies for border crossings without Ministry approval, related to migration issues.

By the end of the reporting year, the balance had increased to 141,000 GEL.

On December 5, 2022, the LEPL Social Service Agency transferred receivables totaling 137,100 GEL to the LEPL Employment Promotion State Agency. These receivables also arose from fines imposed on organizations for unauthorized border crossings without Ministry consent.

Other short-term (current) receivables.

The initial and final balance for the reporting year is 1,400 GEL.

This amount represents excess compensation payments made during the 2020 Covid pandemic.

Note #3

In the social assistance section of the appendix, low-cost work equipment and other material supplies provided to socially vulnerable individuals employed in public works are included, totaling 181,115 GEL.

Note #4

020 - Advance payments for goods and services - 89,957 GEL has been pre-paid based on a bank guarantee.

030 - Advance payments for long-term non-financial assets - 279,027 GEL has been pre-paid based on a bank guarantee.

Note #6 - Obtained

In the grant acceptance section of the annex, the LEPL State Employment Promotion Agency received the following items free of charge from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs:

1. "Non-residential buildings 1-22-1200" - with a book value of 672,007 GEL.
2. "Vehicles 1-22-2100" - with a book value of 168,432 GEL.
3. "Other machinery and equipment 1-22-2220" - with a balance value of 2,177.36 GEL.

Other entries in the annex reflect the following:

1. "Non-residential buildings 1-22-1200" - depreciation of assets received by grant amounting to 11,044 GEL.
2. "Vehicles 1-22-2100" - depreciation of assets received by grant amounting to 165,207 GEL.
3. "Other machinery and equipment 1-22-2220" - depreciation of assets received by grant amounting to 7,471.65 GEL.

Accumulated depreciation of fixed assets

Accumulated depreciation received (+) - item is shown:

"Non-residential buildings" provided free of charge by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs - accumulated depreciation 11,044 GEL;

"Vehicles" provided free of charge by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs - accumulated depreciation 165,207 GEL;

"Other machinery and equipment" provided free of charge by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs - accumulated depreciation 7471.65 GEL.

Note N13a

040 - Accounts payable related to employees and scholarships - the amount of 2022 business trips charged to employees is 30 GEL, which was paid in the first quarter of 2023.

060 - Accounts payable related to the supply of goods and services - accounts payable arising from the provision of goods and services in 2022 amount to 9543 GEL, which were paid in the 1<sup>st</sup> quarter of 2023.

## **Explanatory Notes for the 2022 Financial Statements of LEPL Internally Displaced Persons, Eco-Migrants and Livelihood Agency**

These explanatory notes provide additional information on the organization's activities. The opinions and specifics mentioned herein align with the accounting policy of LEPL IDPs, Ecomigrants, and Livelihood Agency, as outlined in the agency's approved accounting policy in collaboration with the Ministry.

The financial statement is prepared in accordance with the regulatory acts governing accounting and reporting in Georgia. It primarily adheres to the requirements specified in the following acts:

- "Approval of Instructions for the Preparation and Submission of Financial Statements for Budgetary Organizations," Minister of Finance of Georgia Order dated February 4, 2021 (N24).
- "Approval of the Instruction for Financial Accounting and Reporting by Budgetary Organizations Based on International Public Sector Accounting Standards (IPSAS)," Minister of Finance of Georgia Order dated May 5, 2020 (N108).
- "Approval of the Plan for Accounting Reports of Budgetary Organizations and Instructions for Its Use," Minister of Finance of Georgia Order dated June 15, 2020 (N17).
- "Approval of the Instruction for Depreciation/Amortization Accounting by Budgetary Organizations and Its Reflection in Financial Statements," Minister of Finance of Georgia Order dated December 2, 2020 (N289).

As of January 1, 2022, the agency had "non-residential buildings" with a book value of 671,100 GEL on its balance sheet. The value of "non-residential buildings" remained unchanged as of January 1, 2023.

On January 1, 2022, the agency had "transportation equipment" valued at 1,412,649 GEL on its balance sheet. During the current period, the LEPL Emergency Situations Coordination and Urgent Assistance Center provided four units of cars with a total value of 155,685.00 GEL, and one unit was received from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, with a car worth 108,781.11 GEL. In total, the agency received 4 units of vehicles valued at 264,466.11 GEL, and this receipt was classified as income in the form of capital grants received in the form of goods. Additionally, the agency transferred one unit of a car worth 89,218.92 GEL to the ministry. As of January 1, 2023, "transportation equipment" with a total value of 1,704,702 GEL is recorded on the agency's balance sheet.

As of January 1, 2022, the agency's balance sheet included "other machinery and equipment" valued at 549,871 GEL. During the current period, the agency received 31,424 GEL in machinery and equipment from various sources, including the United Nations Development Program, "Promotion of Economic and Social Involvement of Vulnerable Internally Displaced Persons and Local Population in the Caucasus - EPIC," "World Vision International," the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs. Machinery and equipment worth 33,610 GEL received from NNLE CARE Caucasus were classified as income in the form of capital grants, and the receipts were recorded as income through transfers. Additionally, the agency acquired equipment worth 142,150.00 GEL, categorized as the purchase of "plants" and equipment. During the current period, fully depreciated assets with a total value of 130,428 GEL are reflected in the relevant reference account. As of January 1, 2023, "other machinery and equipment" worth 626,627.00 GEL is recorded on the agency's balance sheet.

As of January 1, 2022, residential houses valued at 100,240,325 GEL were listed on the agency's balance sheet, and these houses were purchased from internally displaced persons. Depending on the intended use for displaced persons, they are recognized as "assets for which ownership rights have not yet been obtained or accepted for transfer to other entities," and no depreciation has been applied. During the current period, residential houses worth 38,040,661 GEL (including 30,138,062 GEL with reductions in advances) were acquired, and residential houses worth 2,711,394 GEL were received from the National State Property Agency and the Ministry of Internal Affairs of Georgia. Residential houses worth 88,054,372 GEL were allocated to internally displaced persons.

As of January 1, 2022, the agency's balance sheet included "material stocks" valued at 462,652 GEL. During the current period, it received 36,323 GEL from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, UNDP, and "World Vision International" from the occupied territories of Georgia. Additionally, it received 9,448 GEL worth of inventory and supplies from NNLE CARE Caucasus. Simultaneously, the agency made purchases of "material supplies" totaling 408,765 GEL, and withdrawals amounted to 504,201 GEL. "Material supplies" worth 27,510 GEL were issued in the form of current grants in the form of goods. As of January 1, 2023, "material stocks" worth 385,476 GEL are recorded on the agency's balance sheet.

On January 1, 2002, the agency's balance sheet included 48,650,723 GEL in receivables. Out of this amount, 30,188,162 GEL was recognized as an asset, and 307.25 GEL, representing an unused advance received in the previous year, was returned to the treasury's unified account by LLC "SOCAR Georgia." During the current period, 375,263 GEL was transferred as an advance based on bank guarantees. Receivables decreased by 29,813,206 GEL during the current period, and as of January 1, 2023, 18,837,517 GEL in receivables are listed on the agency's balance sheet. It should also be noted that in 2022, the cash expenditure under the economic classification article "Increase in non-financial



assets" amounted to 8,369,912 GEL. Out of this, 7,902,599 GEL and 92,050 GEL were recognized as assets, while 375,263 GEL represents the amount transferred as an advance.

There is an ongoing legal dispute for 7,972,021.20 GEL, which was transferred as an advance based on bank guarantees. This dispute involves "GD Group" LLC and the insurance company JSC "Ardi Insurance". Additionally, 86,967 GEL in services provided outside the budget year has been recognized as accounts payable, mainly carried over to the next period.

A court dispute is currently in progress due to the violation of the terms of the contract signed with "GD Group" LLC. This dispute involves the refusal to pay the fine and the amount of the extortion fee, which totals 3,827,940 GEL. These amounts are recognized as conditional obligations. Furthermore, 3,285,622 GEL, which was imposed on "Davide" LLC for violating the terms of the contract, is also recognized as a contingent liability.

### **Explanatory Notes to 2022 Financial Statement of LEPL Information Technology Agency**

The 2022 financial statements of the LEPL Information Technology Agency are the report of the "Development and Management of Information Technology Systems" subprogram (program code: 27 01 10).

LEPL "Information Technology Agency" sources of financing:

- State budget
- Targeted grant
- Own funds

Statement of changes in net assets/equity.

Retrospective recalculation of material errors of prior periods. The change is the result of the adjustment of the accumulated depreciation of the fixed asset of the previous period.

#### **Note #2**

Represents other accounts in the treasury in national currency, consisting of income received from own funds, the expenditure of which could not be realized in 2022.

#### **Note #2a.**

Represents short-term receivables and claims in national currency, consisting of international grants and income from own funds, which were actually credited in January 2023.

#### **Note #6**

During the reporting period, the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, from balance to balance, free of charge, for life, which is presented in the form of a table. In addition, 3 vehicles were evaluated once, as a result of which the balance value of the evaluated vehicles increased by 32,971 GEL. The change caused by the said assessment is reflected in the statement of capital changes in net assets.

Date	Vehicle	Historic Value ~	Residual Value

23.02.2022	KIA SPORTAGE, state plate No WW593WW	83,539.87	62,654.90
23.02.2022	KIA RIO SEDAN, state plate No VV950SV	47,813.00	47,663.29
23.02.2022	KIA RIO SEDAN, state plate No II131CI	47,640.64	47,610.64
04.07.2022	KIA CERATO, state plate No RW232WR	24,750.00	-
04.07.2022	KIA CERATO, state plate No TB961BB	22,011.00	-
04.07.2022	SUZUKI SX 4S-CROSS, state plate No TB037BB	32,062.31	6,529.08

In addition, the transfer of immovable property listed on the balance sheet of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs, located at the following addresses:

1. Tbilisi, Akaki Tsereteli Ave. 144 (16th floor, 617.34 m<sup>2</sup>) with an initial historical value of 712,354.12 GEL and a residual book value of 637,611.72 GEL.

2. Tbilisi, Akaki Tsereteli Ave. 144 (2nd floor, 38.88 m<sup>2</sup>) with an initial historical value of 44,864 GEL and a residual book value of 40,156.71 GEL.

3. Tbilisi, Asatiani St. 9 (78.37 m<sup>2</sup>) with an initial historical value of 99,962.69 GEL and a residual balance value of 98,530.27 GEL.

Note #13.

Service costs from Rompetrol Georgia LLC, Magticom LLC, Georgia Post LLC, Silknet LLC, Telco Systems LLC, and value-added tax for the month of December.

#### Note #14

An agreement was signed between LEPL Information Technology Agency and (UNICEF) "Randomized controlled study to evaluate SMS messages in order to increase the demand for HIV vaccination in Georgia - a targeted grant received for implementation.

An agreement was signed between LEPL - Information Technology Agency and (UNFPA) "Minimizing the impact of the spread of COVID-19 in Georgia through telemedicine and digital health" - received a targeted grant for implementation.

An agreement was signed between LEPL - Information Technology Agency and (IOM) "Electronic Labor Migration Management System" - received a targeted grant for implementation.

#### Note #15

LEPL - Information Technologies Agency in 2027 had its own income in the amount of 633,494.68 GEL from the services provided to the L. Sakvarelidze National Center for Disease Control and Public Health.

### **Explanatory Notes to the 2022 Financial Statements of NNLE Medical Holding of Georgia**

The purpose of these notes is to provide additional information about the organization's results, management of assets and resources, etc., by NNLE Medical Holding of Georgia (hereinafter referred to as the "Holding").

The financial statements are prepared in accordance with IPSAS.

The organization, "NNLE Georgian Medical Holding," is established by the state, represented by LEPL - the National Agency of State Property, which is part of the Ministry of Economy and Sustainable Development of Georgia. After the organization's establishment, the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs and the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs exercise all the founder's powers as provided in the organization's charter and Georgian legislation.

The primary focus of the organization is the provision and organization of medical services, including the operation of subsidiary companies. Currently, there are no evaluations of the clinics transferred to the holding, so they are not included in the holding's financial statement. The holding's financial

statement represents an individual one. Subsidiary clinics will be reflected in the financial statements after their evaluation, and retrospective recalculations will occur.

The majority of the organization's revenue comes from budgetary funds, and its own revenues, which contributed to its formation in 2022, are minimal. This includes income from leased premises and income generated from reducing the capital of the affiliated clinic - Central University Clinic named after Academician Nikoloz Kipshidze LLC.

#### Short-term Receivables

Currently, the organization does not maintain accounts in commercial banks, and all transactions are conducted through the state treasury, including both budgetary and own funds. As of the end of 2022, NNLE Medical Holding of Georgia received 30,683.89 GEL from its own funds in the state treasury, and 960,125.95 GEL from the remaining budget funds was credited to the CI2 project (grant project), from which funds were not expended in 2022. These receivables also include 44,965 GEL in receivables resulting from uncollected lease amounts.

#### Material Supplies

On the other hand, tangible stock includes small assets totaling 337,831.26 GEL, other materials and supplies totaling 132,361.64 GEL, and stocks held for sale totaling 1,116,633.07 GEL, which are intended for transfer to subsidiary companies. As of January 1, 2022, these items were reclassified, as they were not separately identified in the 2021 report. Specifically, the "Goods held for sale / small-value assets to be transferred to another entity" were separated from the "Other materials and supplies" category reported in the 2021 financial statements.

#### Other Short-Term (Current) Assets

In December 2021, in response to requests from affiliated clinics, the organization provided advances for equipment and rehabilitation, totaling 27,157,972 GEL. The source of this funding was Government of Georgia resolutions N2404, N2134, and N2405. According to Government Decree N1689 dated September 16, 2022, the clinics were permitted to use these funds for a broader range of purposes. As of today, the remaining balance of this amount is 26,910,735.995 GEL, while the rest has been expended by the clinics.

This category also encompasses "short-term (current) non-monetary claims with a deficit of non-financial assets," totaling 8,307.47 GEL, which were identified during the 2022 inventory.

#### Fixed Assets and Intangible Assets

The fixed asset account comprises fixed assets, vehicles, and intangible assets. These are recorded at their original cost, reduced by accumulated depreciation and amortization expenses. In the 2021

financial statements, building assets were also included, but they were reclassified as they were not directly used by the holding. Additionally, in the 2021 financial statements, balances related to other machinery and equipment and inventory were consolidated under the "other machinery and equipment and inventory" accounts. Furthermore, in 2022, a review was conducted of purchases made in 2021. During this review, circumstances arose where the primary assets received were documented and transferred to subsidiary companies, but supporting documents confirming the transfer to the subsidiary companies or the holding could not be found. Therefore, these assets were included in the balance sheet as capital items. Correspondence with accounts was adjusted accordingly.

#### Other Long-Term Non-Financial Assets

This category encompasses assets on the holding's balance sheet that are not intended for direct use by the holding but are earmarked for transfer to subsidiary companies upon their request. Similarly, a reclassification occurred here, adding assets intended for transfer to subsidiary companies from the fixed assets categories.

#### Depreciation

The calculation of depreciation on fixed assets is performed using the straight-line method, which evenly distributes depreciation and amortization costs of assets over their expected useful life. As the inventory commission did not determine the expected useful life of each asset, the organization followed the guidelines outlined in the order of the Minister of Finance of Georgia dated December 2, 2020 (No. 289), titled "On the Approval of the Instruction on the Accounting of Depreciation/Amortization by Budget Organizations and Reflection in Financial Statements." Depreciation was accrued based on the limits specified in the aforementioned order. Additionally, depreciation accrued in previous periods was reviewed, and as of January 1, 2022, depreciation and amortization expenses from prior years were adjusted through recalculation on a daily basis.

#### Short-Term Payables, Excluding Interest

Short-term accounts payable include a accounts payable owed to the subsidiary company "Nikoloz Kipshidze Central University Clinic LLC, totaling 29,303.63 GEL. This debt was recorded in the 2021 report and requires clarification.

Furthermore, a significant portion of the accounts payable recorded in the 2021 report (accounts payable to employees) was settled in the first quarter of 2022.

#### Changes in Equity (Restated Balance from the Previous Year)

In the 2022 financial statements, the capital from 2021 increased by 139,628,378 GEL due to a retrospective recalculation of the previous year. This increase is attributed to the following circumstances: In 2021, the holding acquired the "PCR-Laboratory," for which both receipts and expenditures were documented in the accounting records. However, the transfer document could not

be located, neither within the holding nor with the receiving party. Additionally, the said asset was not recorded in the balance sheet of the receiving party. Consequently, this asset, with a purchase value of 996,480.00 GEL in 2021 (accounting account of the asset 1-27-4000), was included in the balance sheet under the capital account.

A similar situation arose in relation to agreements signed in 2021 with various entities, including "Zelman" LLC (39,600 GEL), "Medical Gas Systems" LLC (20,375.79 GEL), "Technoservice 1" LLC (947,293 GEL), "Enkos" LLC (60,665.10 GEL), and "GlobalService" LLC (268,417,296 GEL). In these cases, the suppliers provided interim acceptance-handover acts for the mentioned amounts. However, the final acceptance-handover acts required the submission of a report from a licensed expert, which would determine the balance value of the assets. In 2021, these assets were recorded as transferred to subsidiary companies in the accounting records. However, no legal documents confirming the transfer were found, either within the holding or with the subsidiary companies. Consequently, these assets were not recorded in the subsidiary companies' balance sheets. Nevertheless, the actual existence of these assets was confirmed by an inventory conducted in 2022. Like the asset mentioned above, these assets were included in the balance sheet data through a correspondence between the asset and capital accounting accounts.

Additionally, the capital change includes depreciation expenses totaling 1,277.00 GEL.

#### Affiliated Clinics

On August 25, 2021, based on Government of Georgia Decree NI471, six clinics were transferred to the holding under a purchase agreement on August 30 of the same year. These clinics and their respective identification numbers are as follows:

1. JSC Nikoloz Kipshidze Central University Clinic – I/C: 205165453
2. JSC "Universal Medical Center" - I/C: 405001466
3. Regional Health Center LLC - I/C: 236035517
4. Tbilisi Children's Infectious Clinical Hospital LLC - I/C: 204871594
5. Mental Health and Drug Addiction Prevention Center LLC - I/C: 404945164
6. JSC National Center of Tuberculosis and Lung Diseases - I/C: 202172136

Furthermore, plots of land and the buildings attached to them were also transferred to the holding for a symbolic amount of 1 GEL each. These properties have not been valuated and, therefore, are not included in the report.

At the end of the reporting year, the balance amounted to 259,722.00 GEL, comprising:

- 1,559,454 - Targeted grant amount
- 101,380 - Amount of own funds account
- 307 - Amount on the balance according to the data of LEPLs of 2010
- 1,067 - Tax assets (income and property)
- 13,325 - Fines charged by the agency to suppliers due to contract violations
- 15,484 - Claims to beneficiaries registered with co-funding

Note N3.

In the grant receipts annex, supplies provided free of charge by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs in the amount of 253,338 GEL are documented.

External transfers, not classified elsewhere, include supplies received free of charge from various private organizations/individuals totaling 43,850 GEL.

Note N4

020 - Prepayments for Long-term Non-Financial Assets - Reflected in Banking:

A total of 269,725 GEL was prepaid based on a guarantee.

080 - Short-term (Current) Non-Monetary Claims with a Deficit of Non-Financial Assets (Account 1-15-5000).

The balance of the asset deficit is 2,854 GEL.

Note N6 - Receipts

In the grant acceptance annex, the following assets provided free of charge by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs are documented:

- "Non-residential buildings (Account 1-22-1200)" - with a balance value of 736,058 GEL
- "Other machinery and equipment (Account 1-22-2220)" - with a balance value of 3,759 GEL

Additionally, assets received from USAID (Account 05#I0) are as follows:

- "Residential buildings (Account 1-22-1100)" - with a balance value of 1,114,609 GEL
- "Residential buildings (Account 1-22-1300)" - with a balance value of 141,898 GEL
- "Other machinery and equipment (Account 1-22-2220)" - with a balance value of 227,071 GEL

External transfers, not classified elsewhere in the appendix, reflect non-financial assets received free of charge from various private organizations:

- "Residential buildings (Account 1-27-1100)" - with a balance sheet value of 639,142 GEL
- "Information, computer, telecommunication, and other devices, furniture, and equipment (Account 1-



22-2210)" - with a balance value of 18,140 GEL

- "Other machinery and equipment (Account 1-22-2220)" - with a balance value of 67,628 GEL

Under other acceptances of the appendix, the following depreciation of assets received by the grant is reflected:

- "Non-residential buildings (Account 1-22-1200)" - Depreciation of assets received by the grant amounting to 5,168 GEL

- "Other machinery and equipment (Account 1-22-2220)" - Depreciation of assets received by the grant amounting to 5,341 GEL

The grants reflect the following assets provided free of charge to the LEPL National Health Agency:

- "Non-residential buildings (Account 1-22-1200)" - with a book value of 79,405 GEL

- "Non-Residential Buildings (Account 1-22-1200)" - Outlined LEPL National Health Agency

- Accumulated depreciation of property transferred to the agency free of charge is 7,437 GEL.

Information, computer, telecommunication, and other equipment, furniture, and equipment - initial values of depreciated assets.

Other machinery and equipment - initial values of depreciated assets.

Accumulated Depreciation of Fixed Assets

Canceled (-) at exit shows:

- "Non-Residential Buildings (Account 1-22-1200)" - Reflects accumulated depreciation of non-residential building 7,437 transferred to LEPL National Health Agency at no charge.

Information, computer, telecommunication, and other equipment, furniture, and equipment - initial values of depreciated assets.

Other machinery and equipment - initial values of depreciated assets.

Accumulated depreciation received (+) - Article shows:

- "Non-residential buildings" provided free of charge by the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs - accumulated depreciation 5,168 GEL

- depreciation of assets obtained free of charge from the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health, and Social Affairs:

Note N13 (a)

040 - Accounts payable Related to Employees and Scholarships:

The amount of 2022 business trips charged to employees is 840 GEL, which was covered in the first

quarter of 2023.

060 - Accounts payable Related to the Supply of Goods and Services:

Accounts payable arising from the provision of goods and services in 2022 amounted to 22,998 GEL, which were settled in the 1st quarter of 2023.

Incomes from Short-term (Current) Advances Received Through Grants and Other Non-Exchange Operations:

The unutilized part of the tranche credited by the donor organization within the framework of the targeted grant.

120 - Non-tax Income Received as a Short-term (Current) Advance (Account 2-15-1200):

7,871 GEL of income received in advance by individuals wishing to adopt.

Note N15 - Income from Exchange Operations

Provision of Services -Income accrued within the framework of co-financing and adoption training is reflected.

Current Transfers and Other Unclassified Income from Exchange Operations - donations to the agency's special funds account.

Note N18 - Miscellaneous Income and Expenses.

040 - Other Profit from Ownership (Account 4-82-0000) - Profit resulting from write-offs.

110 - Other Losses Resulting from Possession (Account 5-82-0000) - Losses resulting from write-offs.

**Nina Kobaidze**

**Chief Accountant**

(signed)



**Consolidated Units**

1. LEPL Social Service Agency
2. LEPL National Health Agency
3. LEPL National Center for Disease Control and Public Health
4. LEPL Emergency Situation Coordination and Urgent Assistance Center
5. LEPL State Agency for Refugees, Eco-migrants, and Stateless Persons
6. Administrative Unit
7. LEPL Agency For State Care And Assistance For the (Statutory) Victims of Human Trafficking
8. NNLE Georgian Solidarity Fund
9. NNLE Georgian Medical Holding
10. LEPL Information Technology Agency
11. LEPL State Employment Support Agency
12. LEPL State Agency for Regulation of Medical and Pharmasutical Activities
13. LEPL Labor Inspection Office
14. Akhalgori Children's Educational Institution.

## Appendix #1

Program expenditures:

In GEL

2022

Budget code	Description	Approved budget for current year <sup>1</sup>	Actual expenditures for budget code as a whole	Actual expenditures for current year Human capital program	Cumulative expenditure for the Human Capital program Reference to the DLR	Reference to the DLR
27 01 01	Policy development and management in the field of IDPs from occupied territories, labor, health and social protection	11,194,349	11,020,769	98,841	98,841	1.2.1, 1.2.2, 1.3, 1.4, 2.2, 2.3,
27 01 02	Medical activity regulation program	5,624,645	5,610,168	420	420	1.3, 1.4
27 01 09	Management of health care programs	3,480,140	3,479,908	80,560	80,560	1.2.1, 1.2.2
27 01 10****	Development and management of information technology systems	7,922,207	7,882,037	258,535	258,535	1.2.1, 1.2.2, 1.4, 4.2 ,3.3.1
27 03 01*	Universal health Care program	946,232,718	946,232,681	-	-	1.2.1, 1.2.2
27 03 03 07	Provision of primary and emergency medical care	168,837,462	168,556,665	26,250	26,250	4.3
27 03 03 10	Management of the novel coronavirus disease - COVID 19	529,921,224	520,502,789	26,500	26,500	1.4
27 02 02	Social assistance of target population groups	1,148,349,750	1,148,333,787	33,920	33,920	1.5.1.
27 01 08**	Management of employment promotion services	1,153,440	1,141,210	2,347	2,347	3.1.1
27 05 01	Development of employment promotion services	718,650	717,388	71,338	71,338	3.2
27 05 03***	Raising the professional qualifications of job seekers	2,123,910	2,080,866	2,080,866	2,080,866	3.2
<b>Total</b>		<b>2,825,558,495</b>	<b>2,815,558,268</b>	<b>2,679,577</b>	<b>2,679,577</b>	

<sup>1</sup>The revised version of the appropriations approved by the Law of Georgia "On the 2022 State Budget of Georgia" (date of adoption 17.12.2021)

Note:

\* 27 03 01 - Medical services provided in November-December 2022 were reimbursed in 2023

\*\*In 2022, inventory was not purchased.

\*\*\*The training course started in 2021 and completed in 2022 - 528,048 GEL.

\*\*\*1 319 575.12 GEL starting in 2022 and ending in the same year.

\*\*\*1,149,065.99 GEL starting in 2022 and ending in 2023.

\*\*\*\*Also, 10 employees of the Information Technology Agency should be considered, who worked on the worknet program, and their official salary in 2022 amounted to 79,895 GEL.

In GEL

2022

Source of additional funding of program	Program areas covered (description)	Current year	Cumulative to date
WHO	DLR 1.4, 2.2, 2.3,	172,500	172,500

## Contact Information

<b>Web Page and Social Media</b>	<a href="https://www.sao.ge/">https://www.sao.ge/</a> <a href="https://www.budgetmonitor.ge/ka">https://www.budgetmonitor.ge/ka</a> <a href="http://www.blog.sao.ge/">http://www.blog.sao.ge/</a> <a href="http://www.sai.ge/main/">http://www.sai.ge/main/</a> <a href="https://www.linkedin.com/company/stateauditoffice/">https://www.linkedin.com/company/stateauditoffice/</a> <a href="https://www.youtube.com/user/saogeorgia">https://www.youtube.com/user/saogeorgia</a> <a href="https://www.facebook.com/www.sao.ge">https://www.facebook.com/www.sao.ge</a>
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